

Relationship Based. Value Driven.



TRI PROPERTIES
Corporate Services Division

Tri Properties, Inc.

Corporate Services

Whether your organization requires acquisition and/or disposition services for leased or owned property, relocation services, build-to-suit representation, expansion or contraction analyses, or general market analyses, Tri Properties Corporate Services offers a fully-integrated, “turn-key” corporate real estate solution.

Our objective is to form long-term strategic partnerships with organizations whose on-going corporate real estate needs warrant professional, dedicated and innovative representation.

Through a comprehensive and collaborative analysis of each client’s short and long-term business objectives, Tri Properties Corporate Services will formulate and execute on a strategic plan designed to lower occupancy costs, increase flexibility and establish a competitive advantage within the marketplace.

As trusted advisers, our clients’ fiduciary interests are protected from potential conflicts of interest often present in the marketplace.

Our documented process establishes a strong negotiating position and assures that your interests always come first. Our clients look to us to determine whether or not a specific transaction decision or strategy is in the best interest of their organization.



focus



analysis



advantages



decisions



solutions



Consulting Services

Lease Negotiations

New Leases
Relocations
Renewals/Restructures
Expansions
Sublease/Assignments
Lease Buyouts
Build-To-Suits

Acquisition/Disposition

Leased or Owned Properties
Sale/Lease-back
Debt Placement/Structure Financing
Like-kind (1031) Exchanges

Market Analysis

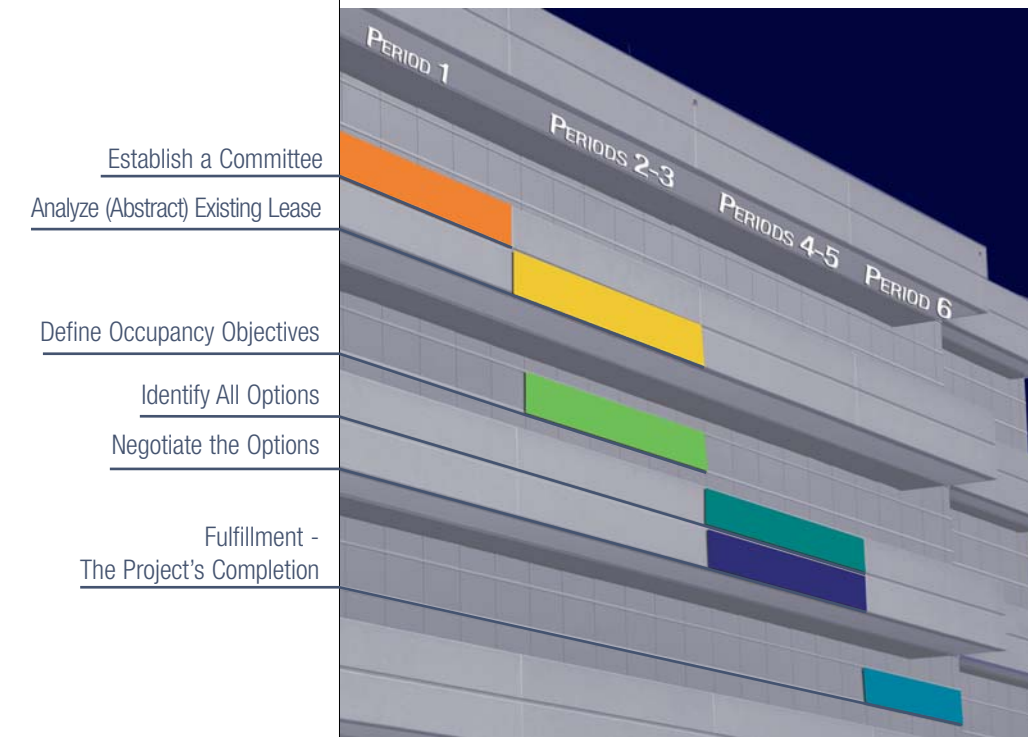
Multi-market metrics including vacancy rates, weighted average rental rates, absorption levels, etc.
Multi-market property surveys (office, warehouse, R&D)
Demographic analyses
Competitor comparisons
State-by-state incentive comparisons (including local and regional variances)
Employee zip code analyses

Additional Services

Lease vs. Buy Analysis
Comparative Financial Analyses
OPEX Auditing/Reconciliation
Portfolio Assessment/Management
Design/Construction Management
Facilities Management
Workplace Standards Development

Representative Process For Comparative Lease Analysis And Strategic Negotiations

Sample Timeline



1 Establish A Committee



It is critical to establish a well-balanced committee capable of providing on-going input on strategic, budget and operational issues. Ideally this committee has **representation from Senior Management, Finance and Operations.** This committee, in conjunction with your Tri Properties' consultant(s), will facilitate the process from concept to fulfillment.

2 Analyze (Abstract) Existing Leases



Identify lease expiration dates, options, key notice dates, and compare current occupancy costs to comparable corporate leases in the marketplace.

(See enclosed sample lease abstract and cash flow comparison)

3 Define Occupancy Objectives



Identify the organization's short and long-term occupancy objectives and future staffing needs and generate general programming elements including office to workstation ratios, conference and training requirements, labs, storage, etc. This phase of the process will evaluate and update existing corporate standards and assist in the development of new standards on an as-needed basis.

This phase of the project will generate key parameters necessary in the evaluation of options in the marketplace, including square footage requirements, geographic and budget parameters, building class preferences, minimum footprint sizes and key infrastructure requirements.

Additionally, the committee will jointly assess the quantitative elements of the analysis most important/relevant to the organization's culture. These elements may include image, geographic location, accessibility, and proximity to customers and/or employees and amenities.

Tri Properties consultants can help identify additional service providers during this phase, including architects, space planners, engineers and construction management consultants.

4 Identify All Options



Using the team's newly established occupancy objectives and parameters, Tri Properties, Inc. will, through its extensive national network, **conduct a comprehensive survey of the marketplace (locally, regionally and/or nationally) utilizing advanced web-based software and proprietary databases.**

Upon completion, Tri Properties, Inc. will present surveys, maps, aerial photographs and building materials in a comparative matrix highlighting key financial and non-financial elements of each option. Tri Properties, Inc. will then coordinate a property tour with the team, from which a "short list" of buildings will be jointly established.

5 Negotiate The Options

6 Fulfillment- The Project's Completion



Tri Properties, Inc. will develop a customized Request for Proposal (RFP) around your organization's short and long-term occupancy objectives, which we will then issue to each of the owners on the "short list". The RFP process assures that all prospective Landlords (including your current Landlord if applicable) respond in a uniform/consistent format, addressing all of your specific requirements. **This document establishes a competitive platform for the negotiating process, providing key leverage with select owners in the marketplace.**

Throughout the negotiating process, your Tri Properties, Inc. team will provide detailed financial analyses using proprietary software. These analyses include cash flow comparisons, NPV calculations, net effective rental rates, efficiency analyses and more. The reports may be customized to suit the needs of publicly traded or privately held entities. *(See enclosed sample cash flow analysis)*

Once final deal terms are agreed upon, Tri Properties, Inc. will consult with your in-house or outside counsel to assist with review of pertinent transaction documents (i.e. LOIs, leases, purchase/sale agreements, assignment/sublease documents, etc.). Should your company require corporate real estate legal representation, we can help identify legal resources to represent your interests. **Your Tri Properties consultant(s) and legal expert will see these negotiations through full execution of all pertinent transaction documents.**

Using in-house resources, **Tri Properties, Inc. can offer construction management services to oversee the successful buildout of your space, providing a competitive bid process and assuring an on-time/on-budget delivery.** Additionally, Tri Properties, Inc. can coordinate your move with the help of our **in-house Facilities Management team.** These services may be tailored to your needs, and may range from a "turn-key" move package to individual vendor selections for services such as furniture, IT infrastructure, vending services and more. Following occupancy our **Property Management team** is available to assist with OPEX evaluations and reconciliations, as well as on-going CAPEX analyses and building system evaluations, liability and property insurance evaluations.

Let Us
Turn Your Real Estate
Into a
Competitive Advantage


We're ready to begin outlining your corporate real estate strategy today.

919.941.5745 • www.triprop.com

TRI PROPERTIES
CORPORATE SERVICES DIVISION
Relationship Based. Value Driven.

Sample Lease Cash Flow Analysis

Prepared By: Tri Properties, Inc - Corporate Services Division

	Building A	Building B	Building C
Assumptions			
Commencement Date	1/1/2007	1/1/2007	1/1/2007
Expiration Date	2/28/2012	4/30/2012	12/31/2011
Lease Term	5 Years 2 Months	5 Years 4 Months	5 Years
Floor	2nd	3rd	1st
Rentable Square Feet	10,000	10,750	11,018
Core Factor	15.00%	15.00%	13.00%
Usable Square Feet	8,696	9,348	9,750
Contract / Face Rate	\$19.50	\$20.75	\$20.15
# of Mos. Of Free Rent	2.00	4.00	1.00
\$ Value of Free Rent / SF	\$3.25	\$6.92	\$1.68
Tenant Improvement Allowance	\$25.00	\$27.00	\$23.00
Tenant Contribution	\$2.00	\$0.00	\$4.00
OPEX Structure	Base Year	Base Year	Base Year
Base Year / Stop	2007	2007	2007
Base Rent Escalator	2.50%	3.00%	2.00%
Totals	Tenant Rep (Pre-tax) Discount Rate=5%	Tenant Rep (Pre-tax) Discount Rate=5%	Tenant Rep (Pre-tax) Discount Rate=5%
Total Dollars	\$1,055,278	\$1,203,089	\$1,198,702
Present Value	\$927,983	\$1,045,852	\$1,058,693
Average \$ Per Annum	\$204,247	\$225,579	\$239,740
Net Effective Rate Per Annum	\$203,332	\$222,881	\$238,751
RSF - Average	\$20.42	\$20.98	\$21.76
RSF - Net Effective Rate p/a	\$20.33	\$20.73	\$21.67
USF - Average	\$23.49	\$24.13	\$24.59
USF - Net Effective Rate p/a	\$23.38	\$23.84	\$24.49

The Net Effective Rate Per Annum = The present Value amortized over the Term at the discount rate shown for each deal.



Sample Cash Flow Analysis/Building A

Projected costs for leasing space / Billing period is JANUARY - DECEMBER

ASSUMPTIONS

Commence	1/1/2007	<u>LL Contribution</u>		<u>Operating Expenses</u>		<u>Fixed % Per Annum</u>	
Expire	2/28/2012	Rentable SF	\$25.00	Base Year	2007	Base Year	2007
Term (62 months)	5 Years	Agg Contr	\$250,000	Base Amt	\$5.50	Incr Rate	2.50%
	2 Month(s)	Usable SF	\$28.75	Incr%	1.00%	Multiple	100%
Discount rate	5.00%			Incr Begins	1/1/2008	Incr Begins	1/1/2008
Floor/Suite #	2nd	<u>Tenant Cash Expense</u>		Multiple	100%	Chg Pmt Every 12 mos	
Rentable SF	10,000	Initial Mo	\$2.00	Gross Escalation			
Loss Factor	13.04%						
Usable Area	8,696						
Add On Factor	1.15000						

BILL PERIOD YEAR ENDING	1 12/31/2007	2 12/31/2008	3 12/31/2009	4 12/31/2010	5 12/31/2011	6 2/28/2012	Totals
BS Rent Pre Free Rent	\$19.50	\$19.50	\$19.50	\$19.50	\$19.50	\$3.25	1,007,500
Free Rent Months	2.00						2.00
BS Rent Post Free Rent	\$16.25	\$19.50	\$19.50	\$19.50	\$19.50	\$3.25	975,000
Fixed % Per Annum		\$0.49	\$0.99	\$1.50	\$2.02	\$0.43	54,255
Operating Expenses		\$0.05	\$0.11	\$0.17	\$0.22	\$0.05	6,023
Tenant Cash	\$2.00						20,000
Per Sq Ft Total	\$18.25	\$20.04	\$20.60	\$21.17	\$21.75	\$3.72	1,055,278
Monthly Average	15,208	16,702	17,165	17,638	18,123	18,619	
Per Annum Total	182,500	200,425	205,977	211,660	217,477	37,238	
Cumulative Total	182,500	382,925	588,902	800,563	1,018,039	1,055,278	

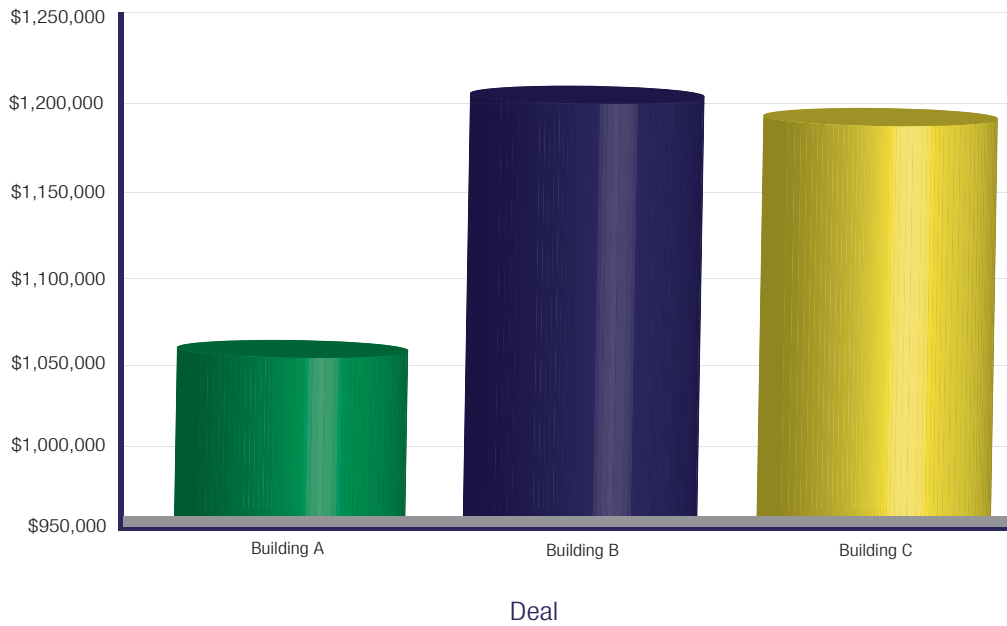
TOTALS

\$1,055,278	Total Rent
\$927,983	Present Value@ 5.00%
\$204,247	Average Cost Per Annum
\$203,332	Net Effective Rate Per Annum @ 5.00%
\$20.42	RSF - Average Cost Per Annum
\$20.33	RSF - Net Effective Rate Per Annum @ 5.00%
\$23.40	USF - Average Cost Per Annum
\$23.38	USF - Net Effective Rate Per Annum @ 5.00%

Sample Lease Cash Flow Analysis

Building A \$1,055,278
Building B \$1,203,089
Building C \$1,198,702

Total Dollars

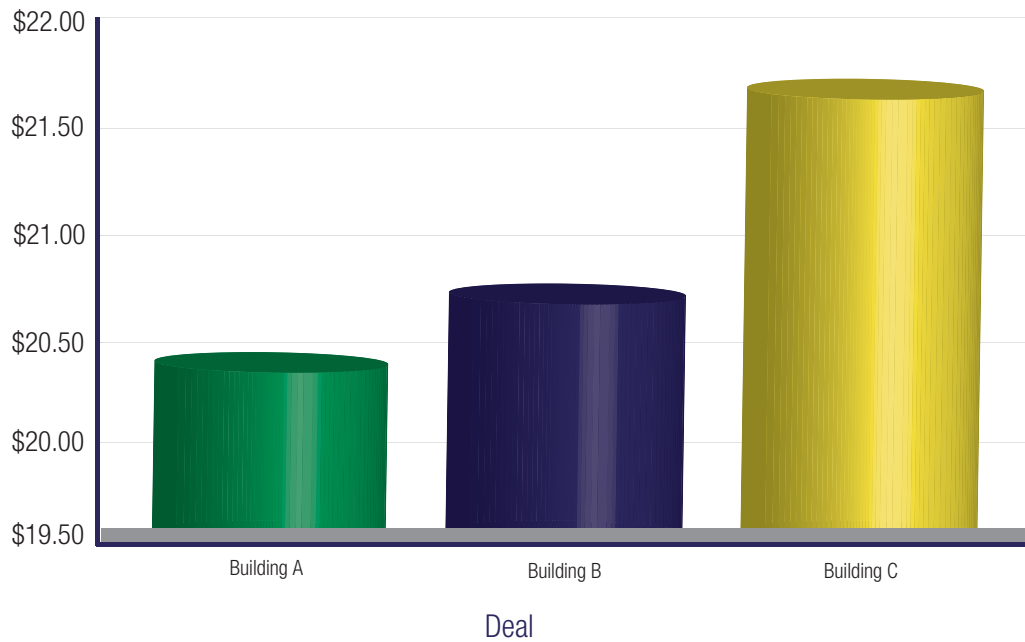


TRI PROPERTIES
CORPORATE SERVICES DIVISION
Relationship Based. Value Driven.

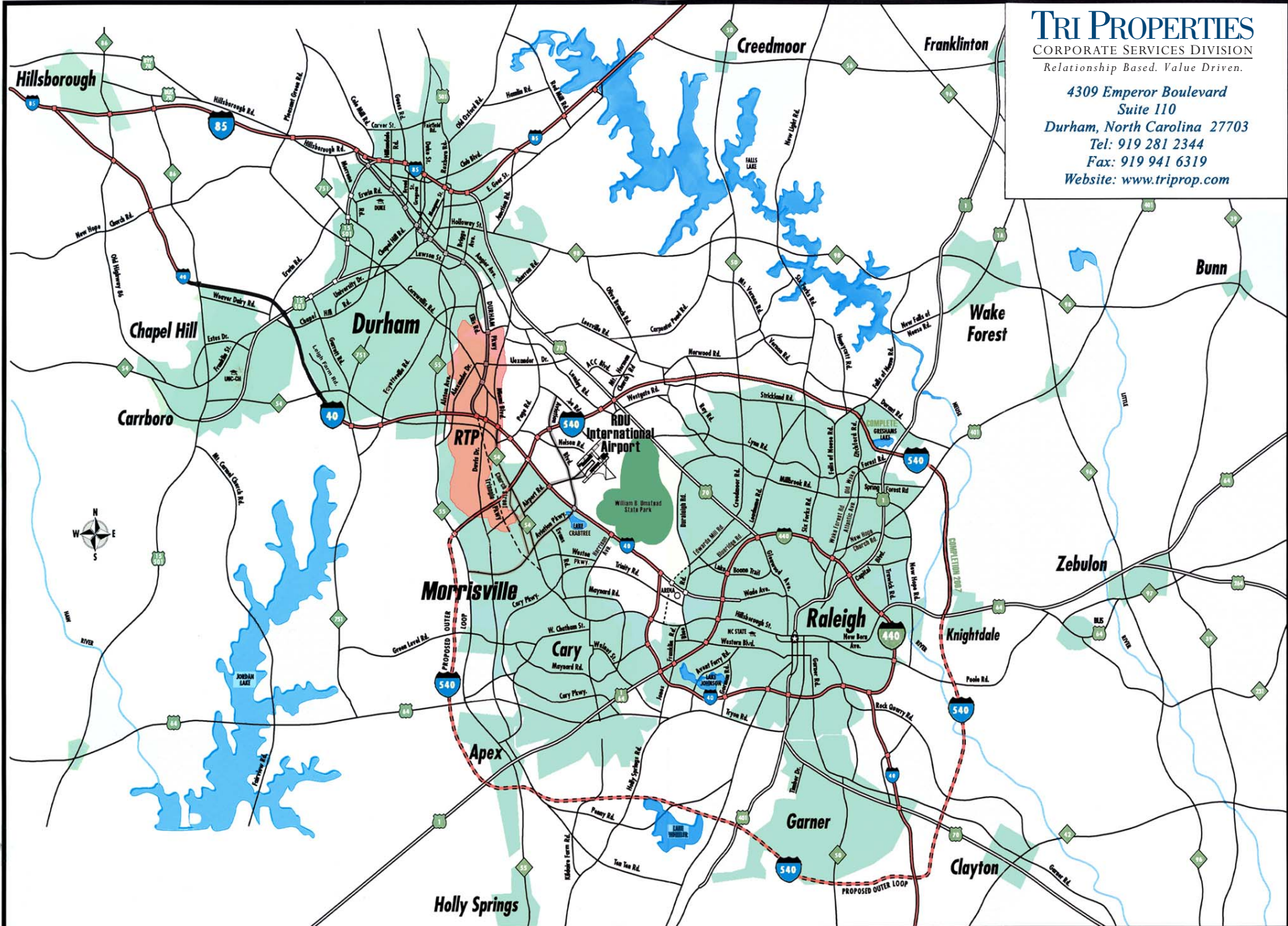
Sample Lease Cash Flow Analysis

Building A \$20.33
Building B \$20.73
Building C \$21.67

RSF - Net Effective Rate Per Annum



TRI PROPERTIES
CORPORATE SERVICES DIVISION
Relationship Based. Value Driven.



TRI PROPERTIES
CORPORATE SERVICES DIVISION

Relationship Based. Value Driven.

4309 Emperor Boulevard
Suite 110
Durham, North Carolina 27703
Tel: 919 281 2344
Fax: 919 941 6319
Website: www.triprop.com

Tri Properties, Inc. has played a significant role in the Triangle real estate marketplace since 1979. Our work extends to all facets of commercial real estate, from brokerage and property management to land development, construction management and tenant representation. Our professional team possesses a diversity of



strength and expertise in all real estate disciplines, creating a powerful synergy focused on serving our clients. We'll take a project from inception through full occupancy so you'll have one contact, one source, and one partner whom you can trust to exceed your expectations.

Unlike other providers, Tri Properties has remained a privately held company. Our self-managed structure allows us to provide more personal attention, make faster decisions and maintain a seamless integration across our various departments. What does that mean to you? Better communication, efficiency, flexibility, and a faster turnaround – overall better results. Tri Properties is a relationship based firm, focused on delivering value-driven results to our clients.

Affiliations

- Society of Industrial and Office Realtors (SIOR)
- Certified Commercial Investment Management (CCIM)
- National Association of Industrial and Office Properties (NAIOP)
- Institute of Real Estate Management (IREM)
- Building Owners and Managers Association (BOMA)
- Triangle Office Building Association (TRAOBA)
- Triangle Commercial Association of Realtors (TCAR)
- Triangle Commercial Real Estate Women (TCREW)



Representative Clients

- | | | |
|---|-----------------------------------|-------------------------|
| Smith Moore LLP | Wavecom, Inc. | rPath |
| Ixia | Wellpath Healthcare | The Nature Conservancy |
| Sony Ericsson Mobile Communications (USA), Inc. | Cormetech Inc. | Kowa Research Institute |
| State Farm Mutual Automobile Insurance Company | Spirent Communications | Tokio Millennium |
| Fonville Morisey Realty | CKE Restaurants | Infineon Technologies |
| Insurance House, Inc. | Solectron Corporation | LVL7 Systems, Inc. |
| Flextronics International USA, Inc. | Investors Title Insurance Company | TheraGenex |
| Standard Pacific Homes, Inc. | MicroMass Communications | |