



Oct. 10, 2011

SkyWalker Property Partners Purchases Grapevine I, II

ARLINGTON, Texas – Deploying proceeds from a 1031 exchange, SkyWalker Property Partners has acquired a two-building office complex, totaling 58,860 sf, in Grapevine, from special servicer, CWCapital LLC.

Gary Walker, president and managing partner of Arlington, Texas-based SkyWalker Property Partners, had placed an offer on Grapevine I and II, located at 3500 and 3600 William D. Tate Ave., respectively, when it came to market earlier this year, but landed in the runner-up's position. "When the deal fell out, we jumped on it quickly. It was a 30-day look and 15-day close," Walker says.

The 5.64-acre property is visible from Texas 121, strategically positioned near the junction with Texas 114 and 360. Grapevine I and II captured Walker's interest for its location, value-add opportunity with 48.8% occupancy and repositioning potential.

The 38,709-sf Grapevine I, developed in 1998, has two tenants and the balance of its second-generation space in shell condition for lease at \$15.50 per sf plus electric. The 20,151-sf Grapevine II, completed in 1996, has one of three suites occupied and is available for lease, but is also for sale at approximately \$1.52 million.

"We have developed several strategies, including an owner-occupied option, so we can be more responsive to the marketplace," says Shane Benner, SkyWalker's real estate analyst. The smaller building is positioned on a separately platted tract, with curb-cut access to Texas 121.

The buildings' exteriors will require some minimal cap-ex, enabling SkyWalker Property Partners to use the majority of its investment allocation for interior upgrades. "We have the capital, aggressive terms and stable ownership," Benner emphasizes.

Renee Efimoff with SCM Real Estate Services, an affiliate of SkyWalker Property Partners, negotiated the acquisition, targeted as a three- to five-year hold. Barney McAuley with Tricom Real Estate Group LLC in Dallas represented the seller.

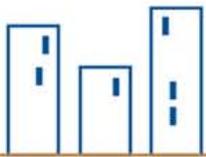
The 1031 exchange funds came from the sale of a pad site to Wells Fargo N.A. at 1432 Precinct Line Rd. in Hurst as part of SkyWalker Property's redevelopment plan for the former 33,625-sf Precinct Line Center. The investment group foreclosed on the vintage center last January, spending the following months weighing redevelopment options. In

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255 N. Center Street, Suite 200
Arlington, Texas 76011

Metro (817) 226-5000
Fax (817) 860-4180

www.skywalkerproperty.com



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the summer, SkyWalker Property moved ahead on scraping the site and divvying the 3.6-acre tract into pad sites. Another pad is under contract.

SkyWalker Property Partners was formed last year to source opportunities for Hangover Opportunity Fund LLC, which plans to acquire \$100 million of value-add and distressed real estate in the next three to five years in Texas and surrounding states. Listings in the \$1 million to \$10 million range are being evaluated; the sweet spot is less than \$5 million per investment.

As the year plays out, investment opportunities are increasing. "The impact of the current economic turmoil on pricing and closings is difficult to predict. Until recently, sellers were becoming more realistic and buyers more confident," Walker says.

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To schedule an interview:

Gary Walker, 817-226-5000

Shane Benner, 817-436-1016

Skywalker Property Partners identifies, underwrites, acquires and executes highly opportunistic and value-add investments on behalf of the Hangover Opportunity Fund LLC, formed in 2010 to build a \$100 million portfolio of office, industrial and retail properties in Texas and surrounding states. The strategy targets transactions from \$1 million to \$10 million. The portfolio currently has 627,046 square feet of commercial space and 29 residential condominiums.

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