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July 15, 2013

SkyWalker Property's Buying Spree Nabs 2 Deeds in Off-Market Deals in One Day

ARLINGTON, Texas – SkyWalker Property Partners has acquired two commercial properties in off-market transactions, closing the deals on the same day in a fast-paced buying spree that's added five deeds in seven weeks to Hangover Opportunity Fund's portfolio. Two more closings are scheduled for later this month and August.

The just-bought properties are the 28,221-sf Vandergriff Town Center at 200 N. Mesquite St., located across the parking lot from the buyer's headquarters in Arlington, and 22,100-sf Wichita Falls Shopping Center at 2600 Central Freeway in Wichita County. The deals were negotiated, funded and closed within 30 days.

"These two deals were done directly with the lenders and were relationship-driven," says Clint Holland, SkyWalker Property's acquisitions director. "Due to our certainty of transaction, we have a strong resume with lenders who don't want to take properties to market."

Of the recent seven deals, five are foreclosed properties. The current values total \$15.8 million.

Developed in 2006 on nearly 1.5 acres of infill land, Vandergriff Town Center is a key component for Arlington's new downtown district. The class A design features 13,327 sf of street-level restaurant and retail space and 14,694 sf of office space, formerly occupied by a single tenant who unexpectedly vacated the entire second floor. The lender foreclosed in June 2012.

SkyWalker Property has partnered on the acquisition with General Assembly Inc., led by president Tony Pompa, a prominent local businessman and school board trustee who wanted to join the excitement in the downtown district. General Assembly, which is moving its headquarters into 5,893 sf on the upper level in September, has a network of skilled technicians throughout the U.S. who

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

Metro (817) 226-5000

Fax (817) 860-4180

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assemble complex products for national retailers, manufacturer suppliers and end users.

"This opportunity was too good to pass up – as an investor and tenant. This gives me an opportunity to provide a class A environment and a central location for my staff. Vandergriff Town Center is a centerpiece for the city's evolving downtown district," Pompa says, "and will continue to be so for years to come. I am very excited to be able to directly participate in the transformation of downtown Arlington."

General Assembly's participation is the second time in the past month that SkyWalker Property has completed the deal with a minority partner and tenant who wanted to invest in the property.

"We are pursuing more buys like this, but you can't do it with just any tenant," Holland points out. "It's certainly strategic for us and for them." Also in the past month, SkyWalker Property has sold one asset and completed two refinances, one of which was a CMBS loan.

Vandergriff Town Center's value-add plan includes another new tenant for the property – The Celt, an Irish restaurant and pub whose owners have contracted with a finish-out crew from the Emerald Isle. The backers include a retired banker who went to bartender's school in Ireland to learn the skills of the trade.

Vandergriff Town Center's occupancy will climb to 63% when the Celt opens in November. Current ground-floor tenants are Grease Monkey Burger Shop, a dining spot and sports bar in 4,100 sf; Capital One Bank, occupying 2,580 sf; and the 1,577-sf Maren Karsen Salon, a franchise of Aveda Salon. SCM Real Estate Services, a SkyWalker Property affiliate, will lease the asset.

SkyWalker Property has had its eye on the neighboring property for the past year. "The obstacle was the pricing and the upstairs vacancy. It finally got to a point where we thought the purchase price made sense," Holland explains.

The 2.6-acre Wichita Falls Shopping Center, developed in 2001, was acquired from a community bank, which foreclosed last February. Occupancy is 20%, with

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H&R Block in 2,400 sf and GameStop in 1,800 sf. The new leasing agent is SCM's Chris Mendez.

"Although the market is competitive and fast-paced, we're continuing to see and find opportunities that we like," Holland says, "and we're trying to be more aggressive than in the past." The three-year-old fund targets value-add and distressed office, retail, industrial and residential properties in the \$1 million to \$10 million range.

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To schedule an interview:

Clint Holland, 817-226-0000

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 Hangover Fund has acquired 13 commercial projects with a total capitalization of \$24.4 million.

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www.skywalkerproperty.com