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IN THE SUPERIOR COURT OF CALIFORNIA

ORANGE COUNTY

NNN CONGRESS CENTER, LLC, a Delaware limited liability company; MILTON O. BROWN, as its liquidating trustee;

Plaintiffs,

v.

ETIENNE LOCOH, an individual; TODD A. MIKLES, an individual; STEVEN M. KRIES, an individual; TOM RINI, an individual; THE AMERICAN RECOVERY PROPERTY TRUST, INC., a Maryland corporation; AMERICAN RECOVERY PROPERTY, OP, LP, a Delaware limited partnership; AMERICAN RECOVERY PROPERTY ADVISORS, LLC, a limited liability company; DAYMARK PROPERTIES REALTY, INC., a California corporation; NNN REALTY INVESTORS, LLC, a Virginia limited liability company; SOVEREIGN CAPITAL MANAGEMENT GROUP, INC., a California corporation; NORTHWOOD INVESTORS, LLC, a Delaware limited liability company; NW CONGRESS CENTER OWNER LLC, a limited liability company; and Does 1-40,

Defendants.

Case No.: 30-2018-01015717-CU-BC-CJC

Assigned for All Purposes to the Honorable Judge Nathan Scott
Dept. ___

COMPLAINT FOR:

1. **BREACH OF FIDUCIARY DUTY**
2. **BREACH OF OPERATING AGREEMENT**
3. **TORTIOUS INTERFERENCE WITH CONTRACT - OPERATING AGREEMENT**
4. **BREACH OF PMA CONTRACT**
5. **TORTIOUS INTERFERENCE WITH PMA CONTRACT**
6. **INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE**
7. **NEGLIGENCE**

JURY TRIAL DEMANDED

EXHIBIT T-79

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COMPLAINT

Plaintiffs for its/his/their complaint against defendants, and each of them, allege as follows.

I.

JURISDICTION AND VENUE

1. This Court has subject matter jurisdiction pursuant to California Constitution Article VI, § 5 and personal jurisdiction over defendants in accordance with *Code of Civil Procedure*, § 410.10 on the grounds that defendants for all times relevant did business in and that a substantial portion of the actions and events giving rise to this complaint occurred in Orange County, California and continues to the present.

2. Venue is proper before this Court insofar as a substantial part of the actions giving rise to the claim in that among other things the wrongful conduct herein alleged by one or more defendants against NNN CONGRESS CENTER, LLC occurred in Orange County, California.

II.

THE PARTIES

A. The Plaintiffs

3. Plaintiff NNN CONGRESS CENTER, LLC ("COMPANY") is an active Delaware limited liability company organized by NNN REALTY INVESTORS, LLC, described below, on October 15, 2002. The "Operating Agreement" of COMPANY, upon information and belief, is attached hereto as Exhibit "A" (See Exhibit "A" Complaint Exhibit pages 2-44), and is incorporated herein by this reference.

4. Plaintiff MILTON O. BROWN ("BROWN"), resides in the State of Washington and acquired limited liability membership interests in COMPANY (collectively the "LLC Units") in 2002 investing $100,000. Upon information and belief, BROWN and his co-members collectively funded COMPANY by purchasing 3,230 LLC Units at $5,000 per unit raising $16,152,380 with the intent and purpose to acquire and hold a 28.879% of a tenant in common ("TIC") interest in the Property, as described in detail below. BROWN does not bring claims in his individual capacity but solely on behalf of COMPANY as described below.

5. At times as the context requires COMPANY and BROWN, may be collectively referred to as "Plaintiffs".

B. Defendants

6. Defendant ETIENNE LOCOH ("LOCOH") is an individual who for all times relevant, was a control person, principal, agent, director and officer of DPR, NNNRI, ARPT, ARP-OP, ARPA and NWCCO as described below.

7. Defendant TODD A. MIKLES ("MIKLES") is an individual who for all times relevant, was a control person, principal, agent, director and officer of DPR, NNNRI, ARPT, ARP-OP, ARPA, NWCCO and SCMG as described below.

8. Defendant STEVEN M. KRIES ("KRIES") is an individual who for all times relevant, was a Director and Executive Vice President of ARPT described below.

9. Defendant TOM RINI ("RINI") is an individual who for all times relevant, was a Director of ARPT described below.

10. Defendant THE AMERICAN RECOVERY PROPERTY TRUST, INC. ("ARPT") is a Maryland corporation, also organized as a REIT, which was in turn is owned by entities owned and controlled by LOCOH who for all times relevant served as Chairman of its Board and MIKLES who for all times relevant served as its Director, President and Chief Executive Officer. ARPT for all times relevant was an affiliate of ARP-OP and ARPA as described below.

11. Defendant AMERICAN RECOVERY PROPERTY, OP, LP ("ARP-OP") is a Delaware limited partnership the general partner of which is an affiliate of ARPT. ARP-OP is an affiliate of ARPT and ARPA and for all times relevant under the common control of LOCOH and MIKLES.

12. Defendant AMERICAN RECOVERY PROPERTY ADVISORS, LLC ("ARPA") is a limited liability company organized and controlled for times relevant by LOCOH and MIKLES to serve as the advisor to ARPT. ARPA is an affiliate of ARP-OP and ARPT and for all times relevant under the common control of LOCOH and MIKLES.

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13. Defendant DAYMARK PROPERTIES REALTY, INC. f.k.a. Triple Net Property Realty, Inc. ("DPR") is a California corporation organized July 6, 1998 as Entity Number: C2113477, California Bureau of Real Estate ("BRE") corporate license number 01304179 since March 8, 2001. MIKLES, on and after August 2011, for times relevant was the BRE designated officer of DPR and as such responsible for supervision of its operations and personnel.

14. Defendant NNN REALTY INVESTORS, LLC ("NNNRI") formerly known as Grubb & Ellis Realty Investors, LLC, was a Virginia limited liability company organized on April 27, 1998 and authorized to do business in California as of May 8, 1998. NNNRI was for all times relevant "Manager" of COMPANY. COMPANY was a 28.879% tenant in common ("TIC") with seventeen (17) other tenant in common owners, all of which were also managed by MIKLES and LOCOH affiliates, which owned 100% of the Property as described below. NNNRI was thereby the manager and fiduciary for all of the tenant in common owners of the Property, the asset and property manager of which was simultaneously its affiliate DPR.

15. Defendant SOVEREIGN CAPITAL MANAGEMENT GROUP, INC. ("SCMG") is a California corporation organized September 20, 2010 as Entity Number C3318067, with a BRE real estate broker Corporate License Identification No.: 01896668, issued April 13, 2011 the Designated Officer of which is MIKLES, Officer License Identification No.: 01221665. SCMG succeeded DPR as asset and property manager for the Property and for all times relevant was under the common control of MIKLES and thereby knowingly ratified the wrongful acts of DPR and MIKLES.

16. Defendants ARPT, ARP-OP, ARPA, NNNRI, DPR, SCMG, NWCCO and Does 1-30 may be referred to herein jointly and severally as the "Entity Defendants" which, on and after January 1, 2012 for all times relevant to this complaint, were under the common control of LOCOH, MIKLES, KRIES and RINI. Plaintiffs are informed and believe, and on that basis allege, that at all times herein mentioned LOCOH, MIKLES, KRIES and RINI and the Entity Defendants, and each of them, were and remain the alter-egos of each other; that they did dominate, influence and control each other; that there existed a unity of ownership between them; that the individuality and separateness of each entity was and remained non-existent; that each

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such entity was and remained a mere shell and naked framework which the other defendants used to conduct their business affairs; that each such entity was inadequately capitalized; and that an injustice and fraud upon Plaintiffs will result if the theoretical separateness of the defendant entities is not disregarded and each such defendant held liable for all relief being sought herein.

17. Plaintiffs are informed and believe, and on that basis allege, that at all times herein mentioned, Entity Defendants, and each of them, knowingly and willfully conspired, joined and participated with each other in the conduct herein alleged in furtherance of a conspiracy between and among LOCOH, MIKLES, KRIES and RINI and the Entity Defendants to enrich themselves at Plaintiffs' expense, and that each such defendant is therefore liable with each other defendant for the conduct herein alleged, for the damages suffered by Plaintiffs and for the relief being sought herein.

18. Defendant NORTHWOOD INVESTORS, LLC ("NORTHWOOD") is a Delaware limited liability company doing business in California from its offices in Los Angeles for all times relevant to this complaint. NORTHWOOD is a principal of the joint venture that MIKLES served as co-partner and agent for starting in March of 2012 with the objective and purpose of acquiring the Property through a special purpose entity that became known as NWCCO, as described below. NORTHWOOD was founded in 2006 by former Blackstone Real Estate Advisors President and CEO John Kukral.

19. Defendant NW CONGRESS CENTER OWNER LLC ("NWCCO") is a Delaware limited liability company formed August 14, 2012 described in various news releases in October 2012 as a component part of a joint venture between ARPT and ARP-OP on the one hand and NORTHWOOD on the other, as described below. MIKLES served as co-partner and agent for NWCCO following its formation concurrently with NORTHWOOD.

20. Defendants NORTHWOOD, NWCCO and Does 31-40 may be referred to herein jointly and severally as the "NORTHWOOD Defendants". Plaintiffs are informed and believe, and on that basis allege, that at all times herein mentioned the NORTHWOOD Defendants, and each of them, were and remain the alter-egos of each other; that they did dominate, influence and control each other; that there existed a unity of ownership between them; that the individuality

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and separateness of each entity was and remained non-existent; that each such entity was and remained a mere shell and naked framework which the other defendants used to conduct their business affairs; that each such entity was inadequately capitalized; and that an injustice and fraud upon Plaintiffs will result if the theoretical separateness of the defendant entities is not disregarded and each such defendant held liable for all relief being sought herein.

21. Plaintiffs are informed and believe, and on that basis allege, that at all times herein mentioned, NORTHWOOD Defendants, and each of them, knowingly and willfully conspired, joined and participated with each other in the conduct herein alleged in furtherance of a conspiracy between and among NORTHWOOD Defendants to enrich themselves at Plaintiffs' expense, and that each such defendant is therefore liable with each other defendant for the conduct herein alleged, for the damages suffered by Plaintiffs and for the relief being sought herein.

C. The Doe Defendants

22. The Doe Defendants named herein as Does 1-40, inclusive, and each of them, are unknown to Plaintiffs, who therefore sue such defendants by fictitious names pursuant to Code of Civil Procedure § 474. Plaintiffs are informed and believe, and thereon allege, that each fictitiously named Doe defendant is in some manner, means or degree responsible for the events and happenings herein alleged. Plaintiffs will amend this complaint, as necessary, to set forth the true names and capacities of the fictitiously designated Doe defendants when ascertained.

23. In the event future discovery establishes that one or more lawyers or law firms conspired with and/or aided or abetted the defendants and therefore should be named in the place of any of the foregoing Doe Defendants, then to the extent applicable, if at all, Plaintiffs will comply with his/her/its/their obligations under California Civil Code § 1714.10 by bringing a motion seeking advance Court approval for any such substitution and will, in the context of such motion, present evidence establishing a reasonable probability that he/she/it/they will prevail on the merits of its claims against such lawyers and/or law firms.

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D. AGENTS, CO-CONSPIRATORS AND AIDERS AND ABETTORS

24. At all relevant times, defendants, and each of them, were acting as each other's agents, and were acting within the course and scope of their agency with the full knowledge, consent, permission, authorization, and ratification, either express or implied, of each of the other Defendants in performing the acts alleged in this Complaint.

25. As members of the conspiracy alleged below, Defendants, and each of them, participated and acted with or in furtherance of said conspiracy, or aided or assisted in carrying out the purposes of the conspiracy, and have performed acts and made statements in furtherance of the conspiracy and other violations of law. Each of the Defendants acted both individually and in alignment with other Defendants with full knowledge of their respective wrongful conduct. As such, defendants conspired together, building upon each other's wrongdoing, in order to accomplish the acts outlined in this Complaint.

26. Defendants are individually sued as principals, participants, and aiders and abettors in the wrongful conduct complained of and the liability of each arises from the fact that each has engaged in all or part of the improper acts, plans, conspiracies, or transactions complained of herein. The conspiracy "may be inferred from the nature of the acts done, the relations of the parties, the interests of the alleged conspirators, and other circumstances." See *Sales Corp. v. Olsen*, 80 Cal. App. 3d 645, 649 (1978).

III.

PLAINTIFFS' STANDING

27. BROWN alleges that as an LLC Unit Holder of COMPANY:

a. COMPANY was managed by NNN Realty Investors, LLC ("NNNRI") a Virginia limited liability company until the Property was sold in October 23, 2012;

b. On August 6, 2015 NNNRI commenced an insolvency proceeding styled as *In re: Assignment for Benefit of Creditors of NNN Realty Investors, LLC, Assignor, Richard N. Waltzer, Assignee* which gives notice that NNNRI commenced an Assignment for the Benefit of Creditors pursuant to Chapter 727 of the Florida Statutes (the "ABC Action"); and

c. NNNRI (California Entity Number: 199812810072 as of May 8, 1998) is now Franchise Tax Board forfeited.

BROWN further alleges that as a result of any one of the above, dissolution, ABC Action and/or FTB forfeiture, each of the LLC Unit holders like him may now bring direct claims on behalf of COMPANY as described herein.

28. Pursuant to the Operating Agreement, COMPANY was "Manager" managed by NNNRI as a fiduciary to the LLC Unit holders (Exhibit "A" §§7, 7.1, 7.2, 7.5) and in particular as provided by "7.5 Responsibilities of the Manager. The Manager shall: 7.5.1 Have a fiduciary responsibility similar to that of a corporate director for the safekeeping and use of all the funds and assets of the Company;..." *Underline emphasis added.* The COMPANY's sole purpose regarding the "Property" is described at §1.3:

> 1.3 Business and Purpose of the Company. The *sole purpose* of the Company is to *acquire, own, hold, operate, sell, dispose of, and manage an undivided interest* in the real estate project commonly !mown as the Congress Center, 524,784 square foot Class A office tower located in Chicago, Illinois (the "Property"), together with such other activities as may be necessary, incidental, or appropriate in connection therewith. *Underline emphasis in original, italics added.* See Exhibit "A" Operating Agreement.

29. The Property sale closed on October 23, 2012 and at that time COMPANY by its terms dissolved (§§13, 13.1 and 13.1.2). See Exhibit "A" Operating Agreement at Complaint Exhibits page 30. While MIKLES via DPR and NNNRI distributed what he claimed were the sales proceeds to the LLC Unit holders' based upon their percentage interests and capital account he reported no other assets to be distributed yet no Certificate of Cancellation of the Certificate of Formation has been filed with the State of Delaware and as such COMPANY exists to collect its assets (§13.4). See Exhibit "A" Operating Agreement Complaint Exhibits page 31.

30. BROWN further alleges that on or about August 20, 2018 he learned that COMPANY's Delaware status was inactive and he thereupon paid the approximate $2,300 to

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reinstate the same and designate a new agent for service of process.

31. NNNRI had no authority to enter any contracts after it filed the ABC action which was a "Bankruptcy" event (§§7.4, 7.4.1 and Definitions of "Bankruptcy"). See Exhibit "A" Operating Agreement Complaint Exhibits pages 18 and 38. In any event no vote for a manager affiliated with MIKLES would be permitted without fully disclosing its and its affiliate MIKLES' misconduct including is undisclosed dual agency on behalf of the joint venture between his affiliates and NORTHWOOD and NWCCO as well as his acting as agent therefore, all in a manner adverse to the interests of COMPANY in negotiating and consummating the insider transaction described herein (§§7.4, 7.4.4 and 7.4.6). See Exhibit "A" Operating Agreement Complaint Exhibits page 18.

32. As a result of the October 23, 2012 sale constituting a dissolution followed by NNNRI's "Bankruptcy" event, the Operating Agreement provisions provide that BROWN as a member holding LLC Units is empowered to pursue collection of COMPANY's assets and claims on behalf of COMPANY as follows:

> 13.5 Liquidation of Assets. Upon a dissolution of the Company, the Manager (or in case there is no Manager, the Members or person designated by a Majority Vote) shall take full account of the Company assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining the fair market value thereof, and shall apply and distribute the proceeds therefrom in the following order:
> 13.5.1 To creditors in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof); and
> 13.5.2 To the Members in accordance with Section 5.2 hereof.
> *Underline Emphasis added,* See Exhibit A Complaint Exhibits page 31.

33. Pursuant to *Delaware Code, Section* 18-803 Subsection (b), as the liquidating member, BROWN is empowered to bring this action on behalf of the COMPANY:

> (b) Upon dissolution of a limited liability company and until the filing of a certificate of cancellation as provided in § 18-203 of this title, the persons winding up the limited liability company's affairs may, in the name of, and for and on behalf of, the limited liability company, prosecute and defend suits, whether civil, criminal or administrative, gradually settle and close the limited liability company's business, dispose of and convey the limited liability company's property, discharge or make reasonable provision for the limited liability company's liabilities, and distribute to the members and remaining assets of the limited liability company, all without affecting the liability of the liability of members and managers and without imposing liability on a liquidating trustee.
> *Underline emphasis added. Delaware Code*, § 18-803(b).

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IV.

CAUSES OF ACTION

FIRST CAUSE OF ACTION

BREACH OF FIDUCIARY DUTY

Against All Defendants and Does 1-40

34. Plaintiffs repeat and incorporate herein by reference the allegations in the preceding paragraphs of this Complaint as if set forth fully herein.

35. This cause of action is asserted by Plaintiffs against All Defendants and Does 1-40.

36. As a matter of background, Grubb & Ellis Company ("Grubb & Ellis") was, by the mid-1980s, the third largest commercial real estate firm in the United States. On December 10, 2007 (approximately five years *after* COMPANY was formed and its LLC Units subscribed), Grubb & Ellis merged with NNN Realty Advisors, Inc. (the parent company of Triple Net Properties, LLC, the predecessor of Defendant NNNRI, the sponsor/promoter of COMPANY), succeeding to the management rights to its Internal Revenue Code Section 1031 Tenant in Common ("TIC") DPR managed portfolio of commercial and apartment properties and the NNNRI manager and advisory contracts for various entities including the COMPANY and all of the TIC owners of the Property.

37. As further background, from its founding in 1998, Triple Net Properties, LLC (which was later controlled by Triple Net Properties, Inc. in order to merge with Grubb & Ellis), the predecessor of NNNRI, had sponsored more than 150 TIC investment programs and a substantial number of other securities offerings including COMPANY and all of the TIC owners of the Property. As sponsor, it acquired, syndicated and managed commercial properties for TIC ownership and various Real Estate Investment Trust offerings. Triple Net Properties, LLC, succeeded by NNNRI, fulfilled that role for COMPANY through its asset and property manager DPR for all of its properties including the Property, 28.879% of the ownership of which was held by COMPANY.

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38. Post merger in 2011, Grubb & Ellis created Daymark Realty Advisors, Inc. ("Daymark") as a wholly owned subsidiary which in turn owned the various Triple Net named affiliated companies including DPR, the asset and property manger to the TIC portfolio of commercial real estate, as well its various manager and advisory contracts through NNNRI. As a result, the Daymark entities including DPR and NNNRI continued to serve as asset and property manager as well as the Manager, respectively to COMPANY.

39. COMPANY by and through NNNRI as its Manager, at the time the Property was acquired, entered into the "MANAGEMENT AGREEMENT" with DPR, an unsigned copy of what is believed to have been the signed agreement is attached hereto as Exhibit "B" and incorporated herein by this reference and referred to hereinafter as the "PMA".

40. Upon information and belief in 2011 as Grubb & Ellis sought a purchaser for Daymark it knew and disclosed to MIKLES and LOCOH that Daymark as well as NNNRI were insolvent and that a material capital contribution to NNNRI exceeding $10,000,000 would be required to avoid material defaults in various secured lending agreements as to which NNNRI was guarantor.

41. In August, 2011, Grubb & Ellis sold its entire interest in Daymark to LOCOH and MIKLES, the "Daymark Acquisition", and therein they assumed control of the entire Daymark portfolio of TIC properties, the asset and property manager of which was DPR, and the numerous manager and advisory contracts with NNNRI, including all those it had acquired in the 2007 merger with NNN Realty Advisors, Inc.

42. In February, 2012, Grubb & Ellis filed for bankruptcy and is no longer a going concern.

43. Subsequent to August 2011, and for all time relevant herein, LOCOH, MIKLES and his/its/their affiliates through Daymark had complete control over NNNRI the COMPANY Manager and DPR the asset and property manager of the Property, including thereby COMPANY's TIC interest therein.

44. Post closing of the Daymark Acquisition MIKLES and LOCOH were the control members and agents of NNNRI and DPR with fiduciary duties to COMPANY, BROWN and all

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other members holding LLC Units as follows:

a. "7.5 Responsibilities of the Manager. The Manager shall: 7.5.1 Have a fiduciary responsibility similar to that of a corporate director for the safekeeping and use of all the funds and assets of the Company;..." *Underline emphasis added.* See Operating Agreement Exhibit "A" Complaint Exhibits page 19.

b. "2.2 Management. Property Manager shall manage, operate and maintain the Property in an efficient, economic, and satisfactory manner and shall manage the performance of everything reasonably necessary for the proper operation of the Property for the tenants thereof, subject to (a) applicable governmental requirements, and (b) the terms and provisions of this Agreement. ... Property Manager shall perform all services in a diligent and *professional* manner." *Underline and italics emphasis added.* See Exhibit "B" Complaint Exhibits page 47.

45. Further, under terms of the Operating Agreement, the Manager NNNRI and DPR as asset and property manager pursuant to the PMA were to be paid a Property Management Fee equal to 6% of Gross Revenues (§6.1.1), a Selling Commission of up to 6% of the gross sales price of the Property (§6.1.4), and reimbursement for all personnel, legal, accounting, insurance, travel costs incurred (§6.2.1). As provided at §7.6:

> 7.6 Administration of Company. So long as it is the Manager and the provisions of this Agreement for compensation and reimbursement of expenses of the Manager are observed, *the Manager shall have the responsibility of* providing continuing administrative and executive support, advice, consultation, analysis and supervision with respect to the functions of the Company, including *decisions regarding the sale* or refinancing *or other disposition of Property*, and compliance with federal, state and local regulatory requirements and procedures. In this regard, the Manager may retain the services of such Affiliates or unaffiliated parties as the Manager may deem appropriate to provide management and financial consultation and advice, and may enter into agreements for the management and operation of Company assets.
> *Underline emphasis in original italics added.*

46. Still further, under the terms of the PMA, pursuant to which COMPANY was one of the "tenants in common", DPR owed duties to the COMPANY and its members and was paid as follows:

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> 9. COMPENSATION. Each Tenant in Common shall pay the fees set forth below based on their undivided interest in the Property.
> 9.1 Property Management Fee. Property Manager, or an Affiliate, shall receive, for its services in managing the Property in accordance with the terms of this Agreement, a monthly management fee (the "Property Management Fee"), of up to six percent (6%) of Gross Revenues (defined below), which Property Management Fee shall be in addition to out-of-pocket and on-site personnel costs that are reimbursable pursuant to Section 7, and the other fees provided in this Agreement. "
> ...
> 9.4 Selling Commission. The Tenants in Common hereby grant Property Manager, or an Affiliate, the exclusive right to sell the Property on terms acceptable to the Tenants in Common as described herein. Property Manager shall be entitled to receive a sales commission (the "Selling Commission") from the Tenants in Common equal to up to six percent (6%) maximum of the gross sales price of the Property if the Property Manager obtains a buyer for the Property...
>
> *Underline emphasis added.*

47. Importantly, the Grubb & Ellis August 2011 sale to LOCOH and MIKLES resulted in a 'change in control' of 100% of the stock and membership interests of Daymark and therein its subsidiaries, including NNNRI and DPR.

48. Upon information and belief MIKLES and LOCOH post Daymark Acquisition failed and refused to adequately capitalize Daymark and in particular NNNRI and DPR and instead devised a plan and scheme whereby having caused lender defaults from the change in control provisions described herein recommended the sale of the TIC properties, including the Property to make millions in fees and then strip the remaining assets from Daymark, NNNRI and DPR, and transfer the same to his/its/their various affiliates including ARPT, ARP-OP, ARPA and SCMG. At the time MIKLES and LOCOH undertook this effort he/it/they had actual knowledge that NNNRI had guaranteed numerous bank loans including the loan which was secured by the Property yet engaged in transactions adverse to COMPANY including by:

a. Refusing to infuse not less than $10,000,000 of capital into NNNRI such that it had the requisite net worth to comply with the terms of its numerous loan guaranties including the Property loan; and

b. Transferred valuable contracts and receivables of NNNRI and DPR to SCMG leaving NNNRI even more insolvent than at the time he/it/they closed the Daymark Acquisition.

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49. Upon information and belief, MIKLES and LOCOH effectively controlled all of the corporate/company officers of each of NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG. Plaintiffs are informed and believe, and on that basis allege, that post closing of the Daymark Acquisition MIKLES and LOCOH used NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG as mere alter egos, instrumentalities, agencies, conduits or adjuncts post August of 2011 as follows:

a. MIKLES and LOCOH did not maintain nor recognize corporate formalities for NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG such that, for example he/they moved millions in purported accounts receivable from NNNRI and DPR, rendering those entities insolvent, to SCMG for a payment of only $100,000, as well as money between companies as he/they alone decided without meetings or documentation prior to the actions taken, with the overall plan and scheme to strip NNNRI and DPR of its/their assets, including the rights to the fees they were generating by recommending sale of TIC properties, sending them to ARPT, ARP-OP, ARPA and SCMG without fair and adequate consideration.

b. For all times relevant, post at the latest August of 2011, NNNRI and DPR were insolvent as their debts exceeded their assets and it/they were unable to pay their debts as those debts came due.

c. To conceal NNNRI's and DPR's insolvency MIKLES and LOCOH funded their cash flow obligations from his/their own account and/or accounts of other entities under his/their control, while selectively disregarding some debts including NNNRI's guaranties.

d. MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG shared legal counsel, internal accountants and personnel with all employees being employed by Long Range Returns, Inc., another affiliate.

e. MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG shared offices, furniture and equipment.

f. At all relevant times MIKLES and LOCOH controlled the day-to-day activities and affairs of NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG, in reality

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operating as a single integrated enterprise.

g. MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG failed to maintain arms-length relationships.

h. The records and financials of MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG were not kept segregated, were handled by the very same accounting staff under total control of MIKLES and LOCOH, did not observe any accounting formalities in maintaining or closing books for each separate company, left books open and prepared books long after the transactions were completed in order to facilitate the overall appearance of separate entities which MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG knew to be false and misleading.

i. Indeed when the ARPT obligation to pay on an ARPT common stock "Put" obligation for ARPT common stock, MIKLES caused yet another of his companies Sovereign Strategic Mortgage Fund, LLC ("SSMF") to replace ARPT on the obligation without consideration and it agreed to be obligated to pay $12,000,000.

j. Further, upon information and belief accrued but unpaid Management fees and commissions, including amounts due by COMPANY to NNNRI and DPR, were assigned without adequate consideration to SCMG.

k. In order to avoid injustice or inequity NNNRI, DPR, ARPT, ARP-OP, ARPA and SCMG should be treated as alter egos of MIKLES and LOCOH and found liable for each other's acts and omissions as if they were the acts and omissions of each other, and all allegations concerning one should be deemed to include like allegations against the others.

50. At the time of the LOCOH and MIKLES acquisition of Daymark and as of the end of 2011, the COMPANY held its 28.879% TIC interest in the Property, NNNRI was Manager and DPR was the asset and property manager. COMPANY had acquired its interest in the Property on January 9, 2003 having paid a purchase price of $39,306,629 for its proportionate

share (28.879%) with a cash investment of $11,597,229 and assumed debt of $27,709,463. The Property was acquired by tenants in common also managed by NNNRI and DPR at an overall purchase price from an unrelated seller for $136,108,000 with a cash payment of $40,832,000 and purchase money debt of $95,950,000.

51. In August 2011 NNNRI was simultaneously serving as Manager of COMPANY as well as serving as the Manager of the remaining in excess of 100 acquisition entities that had been formed to acquire each of the TIC syndicated properties commonly.

52. In addition to its Manager role to COMPANY, NNNRI also managed all other TIC owners of the Property and had guaranteed the acquisition related indebtedness for all 100 acquired TIC syndicated properties, including the Property debt, with a covenant that NNNRI was to have and maintain a minimum net worth of $10,000,000.

53. Upon information and belief prior to the change in control resulting from the LOCOH and MIKLES Daymark Acquisition in August 2011, the Property was able to pay its operating expenses and service its loan without difficulty. The Property was not distressed in any way.

54. Upon information and belief not later than December 2011 the lenders to the numerous DPR managed TIC properties, including the Property, notified NNNRI, as COMPANY Manager and DPR as asset and property manager, and LOCOH and MIKLES, that as a result of the change in control of Daymark upon the Daymark Acquisition of the parent of NNNRI and DPR, a default was pronounced regarding the Property loan, the balance of which was then $88,000,000, a 1% transfer fee of $880,000 was imposed, a 4% default interest rate was declared increasing the rate to approximately 10%, and the loan guarantor NNNRI's net worth had fallen below $10,000,000 requiring a new guarantor, and as a result of said cumulative defaults and others, the loan was accelerated, all due and owing including more than $2,000,000 as a defeasance fee.

55. Upon information and belief, as a result of the foregoing defaults, the Property could no longer service the purchase money mortgages which NNNRI had guaranteed given the acceleration, default interest rate, fees due and defeasance fee, and as a result the Property was

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thereupon considered distressed, thereby materially and adversely affecting its market value.

56. NNNRI and DPR in breach of its/their duties of care and loyalty, did not disclose to Plaintiffs that as a result of the LOCOH and MIKLES Daymark Acquisition, the Property was now at risk of loss, had incurred millions in default and defeasance fees and charges, default interest had been levied, the property was distressed, under threat of foreclosure with acceleration of the balance due on the $88,000,000 loan (plus all imposed default fees/charges and defeasance due) and that the cause of the defaults was the LOCOH and MIKLES 'change in control' of the parent of NNNRI the Manager, and DPR the asset and property manager. As such, NNNRI and DPR concealed that the cause of the Property's distress was in fact the actions of LOCOH and MIKLES who in turn controlled NNNRI and DPR.

57. Instead LOCOH and MIKLES sought to use the default and distress of the Property as a reason that the Property should be sold as part of their overall plan and scheme to generate millions in commissions and disposition fees by selling off the TIC properties including now the Property and at closing collecting all deferred management fees plus interest thereon.

58. Commencing not later than March of 2012, MIKLES and LOCOH, with the knowledge and agreement of RINI and KRIES, were simultaneously negotiating the purchase and sale of the Property as agents for a joint venture formed on or before March 1, 2012 between NORTHWOOD on the one hand and the soon to be organized ARPT and its wholly owned subsidiary ARP-OP on the other hand. The joint venture agreement terms required that MIKLES and LOCOH secure a commitment from COMPANY for the purchase of the Property as well as a loan workout with the lender that had declared the default, and if MIKLES and LOCOH accomplished that goal, then NORTHWOOD would, prior to closing, fund a special purpose entity with sufficient cash ranging between $20,000,000 to $30,000,000 whereupon the MIKLES and LOCOH to-be-formed ARPT and ARP-OP would receive compensation for acting as NORTHWOOD and the joint venture's agent on the purchase and a granted percentage interest in the to-be-formed special purpose entity, valued upon information and belief at between $5,000,000 to $10,000,000 to MIKLES and his affiliates. NORTHWOOD knew from its negotiations on the joint venture agreement that MIKLES and LOCOH had just acquired

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Daymark and were using the change in control default and their influence and control of COMPANY with NNNRI as Manager and DPR as its property manager, in obtaining a commitment by COMPANY to sell the Property at less fair market value, at a discount not justified by the market notwithstanding the purported distress. COMPANY was unaware of the true cause of the distress and that the MIKLES and LOCOH recommended sale was at less than fair market value. In other words MIKLES and LOCOH, commencing not later than March of 2012, while simultaneously acting as Manager via NNNRI, and asset and property manager via DPR, to the COMPANY and its members, receiving annual fees as well as a disposition fee and commissions on sale of the Property (as described at Paragraphs 45 and 46), were adverse to, on the opposite side, and in actual conflict on the very same transaction representing NORTHWOOD as a joint venture partner with ARPT and ARP-OP as its/their agents and co-partners in the joint venture, which funded the later formed NWCCO in October 2012, prior to closing the purchase of the Property.

59. MIKLES and LOCOH representing collectively NORTHWOOD, the joint venture and later the funded prior to closing NWCCO, each as purchaser, engaged in negotiations with lender on the defaulted loans secured by the Property to cure the loan default, restructure the loan for the benefit of the joint venture purchasers specifically NORTHWOOD on the one hand which would be putting up the money to capitalize special purpose entity NWCCO when the final agreements were in place and co-venturer with the MIKLES and LOCOH controlled ARPT and ARP-OP, that would in turn become a member of NWCCO, as well with ARPT providing the requisite $10,000,000 loan guaranty in place of the insolvent NNNRI.

60. On or about October 23, 2012, NNNRI, DPR, MIKLES and LOCOH, on behalf of COMPANY agreed as Manager and property manager respectively, to sell COMPANY's entire 28.879% share of the Property for its share of $95,000,000 to NORTHWOOD that then and only then agreed to capitalize NWCCO, at an overall Property loss of $41,100,000 (compared to the original purchase price of $136,100,000 in 2003). The COMPANY received a mere $1,699,878 for its 28.879% TIC interest resulting in a *loss* of $9,897,350 (Equity from 2003 $11,597,229-$1,699,878 nine years later). LOCOH, MIKLES, KRIES, RINI, ARPT, ARP-OP, ARPA,

SCMG, NNNRI, DPR and Does 1-30 concealed MIKLES and LOCOH's agent and joint venture partner compensation role with NORTHWOOD and NWCCO, instead claiming that the Property had to be sold because of the lender defaults described above that had distressed the Property. In the process the accrued but unpaid management fees with interest due by COMPANY to NNNRI and DPR at the closing of the Property sale were assigned to SCMG without fair and adequate consideration.

61. At the time of closing the Property sale MIKLES and LOCOH did not disclose the secret agreement of his/their simultaneous work as agent for and joint venture partner with NORTHWOOD and later NWCCO, to sell the Property at a below market price having facilitated the premature and wrongful distressed sale of the Property at a loss, in order to conceal that the loan defaults were the result of the LOCOH and MIKLES Daymark Acquisition and change in control of NNNRI, DPR as well as the insolvency of NNNRI as loan guarantor and the conflict of interest in the simultaneous representation of buyers as agent with equity participation was adverse. Nor did NNNRI as Manager of the COMPANY commence any action against LOCOH, MIKLES and his/their affiliates including DPR, its asset and property manager, to remedy the wrong which resulted from the insider sale and self-serving role as buyer's agent and venture partner on behalf of NORTHWOOD and later NWCCO to facilitate the bargain sale of the Property, as well as related fees and costs including those imposed by the lender and fees paid pursuant to the Operating Agreement and the PMA.

62. A mere three years later in 2015 NWCCO controlled by NORTHWOOD, LOCOH, MIKLES, ARPT, ARP-OP and Does 1-40 sold the Property for $135,000,000 and upon information and belief realized a profit of $40,000,000 which they shared in their respective percentages between NORTHWOOD on the one hand and LOCOH, MIKLES, ARPT and ARP-OP on the other hand, in addition to substantial operating profits and fees during the three year period the Property was held for investment. NORTHWOOD also received a return of its capital contribution used to meet the debt pay down obligations required by the MIKLES negotiated loan modification.

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63. Plaintiffs allege that MIKLES, LOCOH, NNNRI and DPR owed fiduciary duties and obligations to COMPANY and the LLC Unit holders, including without limitation the following:

a. To disclose fully and fairly all material information within his/its/their knowledge and control.

b. To not omit facts which would significantly alter the 'total mix' of information made available.

c. To put the interests of the LLC Unit holders ahead of his/its/their own interest.

d. To not use his/their control over the COMPANY's tenant in common interest in the Property to benefit himself/themselves and their affiliates including the LOCOH, MIKLES, NNNRI, DPR, ARPT, SCMG, ARPT, ARP-OP, NWCCO and NORTHWOOD at the expense of COMPANY and the LLC Unit holders.

e. To take all reasonable steps to maximize the value of COMPANY assets and opportunities, thereby the tenant in common interest in the Property.

f. To ensure that COMPANY and the LLC Unit holders would receive the greatest possible return on its/his/her/their membership interests.

g. To, among other things, not use their positions as Manager of COMPANY and asset and property manager of the Property to benefit themselves and other insiders including LOCOH, MIKLES, NNNRI, DPR, ARPT, SCMG, ARPT, ARP-OP, NORTHWOOD and NWCCO at the expense of the COMPANY.

h. To establish and ensure through sufficient processes, governance and internal controls that the COMPANY's financial and information reporting was full, complete and accurate and that conflicts of interest were fully and properly disclosed, evaluated and resolved in strict favor of the COMPANY.

i. To act in the best interests of the COMPANY.

64. Plaintiffs allege that MIKLES, LOCOH, NNNRI , DPR and Does 1-10 breached his/its/their duties of loyalty, care and good faith and fair dealing to COMPANY and the LLC Unit holders in that he/it/they in the face of a clear conflict of interest, acting in bad faith,

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preferred the interests of LOCOH, MIKLES, NNNRI, DPR, ARPT, SCMG, ARPT, ARP-OP, NORTHWOOD, NWCCO and Does 1-40, over the COMPANY and the LLC Unit holders, including without limitation, as follows:

a. By failing to promptly and fully inform the COMPANY of the loan default against the Property immediately in December 2011.

b. By failing to promptly and fully inform the COMPANY that the cause of the Property loan default was the LOCOH and MIKLES Daymark Acquisition and thereby the change of control of the parent of NNNRI and DPR.

c. By concealing that NNNRI no longer had the requisite $10,000,000 net worth, which would also be a loan covenant default on the Property loan.

d. Following the change in control of NNNRI and DPR, concealed the insolvency of NNNRI that distressed the Property and required prompt restructuring to avoid a large approximate $10,000,000 loss to COMPANY.

e. By failing to promptly terminate NNNRI as COMPANY Manager due to the conflict of interest that it was insolvent and such insolvency was one of the material causes of the Property loan default and would mean that a loan restructuring with NNNRI as guarantor would not be possible.

f. By failing to promptly engage a new and independent Manager of COMPANY to evaluate all options with regard to the Property.

g. By failing to promptly terminate NNNRI as Manager of COMPANY due to the conflict of interest and loan default resulting from the change in control of the Manager without lender approval.

h. By failing to promptly terminate DPR as asset and property manager in December 2011 as a result of the conflict of interest and loan default resulting from the change in control of the parent of the Property manager without lender approval.

i. By failing to promptly engage a new and independent asset and property manager effective as of January 1, 2012 to address and cure the Property loan default.

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j. By failing to engage an investment banker and real estate finance expert as of early January 2012 to make restructuring recommendations in order to protect the Property from foreclosure and the distressed insider sale to fiduciaries LOCOH, MIKLES, NNNRI and DPR.

k. By failing to suspend all dealings with LOCOH, MIKLES, NNNRI and DPR pending completion of an independent investigation into the COMPANY's options regarding the Property and conflicts of interest, the change in control default notices and insolvency notice.

l. By failing to disclose fully and fairly all material information within his/its/their knowledge and control, specifically that MIKLES and LOCOH were simultaneously working as co-venturer partners with and agent for NORTHWOOD and later the to be organized and capitalized NWCCO, to acquire the Property at a below market price because of the defaults that their Daymark Acquisition and failure to capitalize NNNRI had in fact caused.

m. By causing COMPANY to enter into and close the sale of the 28.879% interest in the Property transaction above described resulting in a locked in *loss* of $9,897,350 when superior viable non-conflicted options to save the investment in the Property and avoid the loss were available.

n. By closing the sale of the COMPANY's interest in the Property so that LOCOH, MIKLES, NNNRI, DPR and SCMG could reap millions in fees, commissions, disposition fees, equity in the joint venture and interest.

o. By failing to act in the best interests of the COMPANY.

65. Plaintiffs allege that as a result of the misconduct described herein MIKLES, LOCOH, NNNRI , DPR and Does 1-10 breached fiduciary duties, acted in bad faith, in a grossly negligent manner, fraudulently and willfully for the personal profits of MIKLES, LOCOH and his/their affiliates.

66. The MIKLES, LOCOH, NNNRI , DPR and Does 1-10's foregoing misconduct was not, and could not have been, an exercise of good faith business judgment. Rather, it was

intended to, and did, unduly benefit MIKLES, LOCOH, NNNRI , DPR and Does 1-10 in the above described insider and self-serving transactions with ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and affiliates at the expense and loss of the COMPANY and LLC Unit holders. Upon information and belief MIKLES, LOCOH, NNNRI , DPR and Does 1-10 continued to accrue fees due and interest thereon under the Operating Agreement and the PMA, while in breach thereof.

67. Defendants ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 11-40, all with actual knowledge attributed to each such entity by the knowledge of MIKLES and LOCOH and others, aided and abetted the breach of fiduciary duties of the MIKLES, LOCOH, NNNRI , DPR and Does 1-10, when with actual knowledge that MIKLES, LOCOH, NNNRI , DPR and Does 1-10 had a fiduciary duty to disclose to Plaintiffs that the LOCOH and MIKLES' Daymark Acquisition, and thereby the related change in control of DPR and NNNRI and the insolvency of NNNRI, had been the cause of the lender noticed default on the Property loan as well as the scheme to sell off all of the TIC properties to generate management fees, interest thereon, commissions and disposition fees for themselves while they proceeded with closing the insider, self-serving and conflicted transaction sale of the Property by COMPANY on the one hand, to NORTHWOOD, ARPT, ARP-OP, NWCCO on the other hand, causing substantial losses as described herein and subject to proof at the time of trial.

68. Defendants LOCOH and MIKLES are each directly liable as alter ego of NNNRI, DPR, ARPT, ARP-OP, ARPA and Does 11-30. Alternatively, LOCOH and MIKLES are vicariously liable for NNNRI, DPR, ARPT, ARP-OP, ARPA and Does 11-30's breaches acting in the capacity of NNNRI as Manager to COMPANY, DPR as asset and property manager to COMPANY for the Property, as agents participating in NNNRI, DPR, ARPT, ARP-OP, ARPA and Does 11-30's wrongful conduct and their individual failure to disclose and self serving negotiations/transactions with COMPANY described herein with knowledge that his/its/their acts were wrongful in their nature. Further, LOCOH and MIKLES aided and abetted and conspired with NNNRI, DPR, ARPT, ARP-OP, ARPA and Does 11-30 or are vicariously liable for NNNRI, DPR, ARPT, ARP-OP, ARPA and Does 11-30's wrongful conduct knowing that there

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had been no disclosure of the reason for the Property loan defaults and that the subsequent self-serving transactions, were at terms unfavorable to Plaintiffs in breach of NNNRI, DPR Does 1-10's fiduciary and contractual duties to Plaintiffs.

69. Plaintiffs allege upon information and belief that their damages, subject to proof at the time of trial, are approximately $38,000,000 as follows:

a. Profits to be disgorged from NORTHWOOD, LOCOH, MIKLES, ARPT, ARP-OP, NWCCC and Does 11-30 on the Property sale in 2015 estimated to be 28.879% of $40,000,000 or $11,551,600.

b. A 28.879% post-closing share of an estimated net operating income $8,000,000 per year for an additional $24,000,000 for the period October 2012 through October 2015 or an estimated $6,935,280.

c. Recovery of fees charged from August 11, 2011, the date of the Daymark Acquisition by NNNRI as Manager and DPR as asset and property manager estimated to have been $2,000,000.

d. Recovery of a 28.879% share of default interest, Default Loan Fees, Defeasance and other costs charged at the Property sale of $2,000,000.

e. Recovery of a 28.879% share of Property reserves estimated to have been $5,000,000 at the time of sale and wrongly accounted for to the benefit of the buyer of $1,444,850.

f. Recovery of a DPR paid Disposition Fee charged of an estimated $1,000,000.

g. Because properly advised COMPANY would not have sold its interest in the Property, recovery of damages based upon a 28.879% share of the value of the Property at the time of trial over estimated to be $155,000,000, which is $20,000,000 more than the 2015 sale price of $135,000,000 as well as operating income from that sale date of estimated to be an additional $45,000,000 combined or $13,000,000.

70. Because the conduct of all of the defendants was oppressive, malicious and/or fraudulent, Plaintiffs are also entitled to punitive and exemplary damages from each of such

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Defendants in an amount to be proved at time of trial.

DELAYED DISCOVERY, EQUITABLE TOLLING, CONCEALMENT AND ESTOPPEL AGAINST DEFENDANTS TO ASSERT STATUTE OF LIMITATIONS DEFENSES

71. Plaintiffs brought this action within the applicable statute of limitations. Alternatively, the applicable statute of limitations was equitably tolled following the breach of fiduciary duty described above and the aiding and abetting thereof. Alternatively, the claims herein were not discovered nor discoverable as a result of the misconduct of defendants as above alleged. As a further alternative, the statute of limitations was tolled during LOCOH, MIKLES, NNNRI, DPR and Does 1-10's adverse domination of COMPANY during the relevant time up to August 2018, during which time LOCOH, MIKLES, NNNRI, DPR and Does 1-10 adversely dominated COMPANY and concealed his/its/their wrongful acts as alleged herein. As to COMPANY and BROWN as a liquidating trustee on behalf of COMPANY:

a. COMPANY and BROWN did not learn that the COMPANY's Manager NNNRI and asset and property manager DPR had engaged in an undisclosed and unapproved dual agency representing adverse interests in a LOCOH and MIKLES insider and self-dealing transaction to acquire the Property until August of 2018. Up until that time COMPANY and BROWN relied upon its/his/their fiduciaries, NNNRI as Manager and DPR as the asset and property manager, to do as they were required to do, that is to protect the interests of COMPANY and it/he/they had no knowledge that it/he/they had not done so until August 2018.

b. Up through the sale of the Property in 2012, COMPANY and BROWN continued to make and receive distributions, its/his/their tax reporting and periodic reports which, carried capital accounts at historical cost and explained the need to sell the Property. After the sale it/he/they received distributions consistent with the final accounting for its/his/their respective interests in the Property and sales proceeds.

c. Not until August of 2018 when BROWN learned of Orange County Superior Court Case No. 30-2018-00982195-CU-MC-CXC, styled *RICHARD CARLSON as beneficiary of GREIT LIQUIDATING TRUST, a Maryland trust on behalf of*

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himself and all others similarly situated; Plaintiffs, v. GARY H. HUNT, et al. (the "Carlson Action"), which included claims regarding the Property, and contacted Mr. Carlson's counsel did BROWN learn of the dual agency relationship, insider transaction and self dealing described herein with regard to the Property.

d. As such BROWN and hence COMPANY did not become aware of, nor have reason to suspect, prior to August 2018 that COMPANY's fiduciaries and those aiding and abetting them had been engaged in the above described misconduct because in so far as the reports that COMPANY and BROWN had received from COMPANY by its fiduciaries NNNRI and DPR controlled by LOCOH and MIKLES, the same continued as had been the historical practice thereby concealing the wrongful conduct.

72. As above described, the material facts regarding the LOCOH and MIKLES conflict of interest and adverse role acting as agent from NORTHWOOD and also on behalf of their affiliates' joint venture with NORTHWOOD and the later funded NWCCO to acquire the Property was not known until August of 2018 and could not have been discovered with reasonable diligence until such time because the information and misconduct was concealed from Plaintiffs.

73. Plaintiffs reposed trust and confidence in LOCOH, MIKLES, NNNRI as Manager and DPR as asset and property manager for the Property, to discharge his/its/their fiduciary duties for the benefit of Plaintiffs.

74. Plaintiffs also reposed trust and confidence in LOCOH, MIKLES, NNNRI as Manager and DPR as asset and property manager to tell the complete truth and disclose all material facts about the LOCOH, MIKLES, NNNRI and DPR's actions purportedly on behalf of the COMPANY and the LLC Unit holders including facts related to the true reason for the Property loan default, its distress and the insider sale.

75. Plaintiffs thus reasonably relied on LOCOH, MIKLES, NNNRI and DPR, jointly and severally, as his/its/their fiduciaries, to act in their best interests and refrain from misleading, defrauding or otherwise intentionally or negligently injuring the COMPANY.

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76. The true facts remained unknown to Plaintiffs until they became aware in August 2018 of Plaintiffs' counsel investigation of a material default in a $12,000,000 promissory note payable to the GREIT Liquidating Trust, as describe in the Carlson Action, which entity had also been a 30% tenant in common owner of the Property with COMPANY.

77. The Plaintiffs were never aware of any facts that made it/him/them suspicious of the veracity of LOCOH, MIKLES, NNNRI and DPR's actions on behalf of COMPANY, and did not discover the breaches of fiduciary and contractual duties, and aiding and abetting thereof, until August 2018.

78. Plaintiffs allege that they were unaware of the true facts regarding the reasons for Property loan default, the dual agency and insider sale transaction until August 2018 and could not with reasonable due diligence have learned of the same earlier because they did not have the benefit of the independent research and investigation which their lawyers conducted through multiple third party sources until the previously concealed true facts were disclosed in the Carlson Action. As such the statute of limitations concerning the claims asserted in this complaint were tolled or otherwise suspended until August 2018.

79. Further, LOCOH, MIKLES, NNNRI and DPR did not disclose as they were required to do the true facts regarding the reasons for the Property loan default, its distress and related sale transaction's true purpose thereby concealing the same from Plaintiffs.

THE NEED FOR A CONSTRUCTIVE COMPANY

80. All Defendants would be unjustly enriched if allowed to keep the assets, capital and profits derived from the wrongful conduct described herein and Plaintiffs, subject to proof at trial, are therefore entitled to a determination and judgment that Defendants and Does 1-40 hold such converted assets, capital and profits, as constructive trustees for the benefit of Plaintiffs.

THE NEED FOR AN ACCOUNTING

81. Plaintiffs do not know the exact amount owing to him/it/them as a result of Defendants and 1- 40's misconduct above described. An accounting is therefore necessary to determine this amount and is requested hereby.

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SECOND CAUSE OF ACTION

BREACH OF OPERATING AGREEMENT

Against NNNRI and Does 11-15

82. Plaintiffs repeat and incorporate herein by reference the allegations in the preceding paragraphs of this Complaint as if set forth fully herein.

83. This cause of action is asserted by Plaintiffs against NNNRI and Does 11-15.

84. NNNRI was COMPANY's Manager pursuant to the Operating Agreement which included without limitation, obligations to manage the asset, the Property, and make a recommendation to sell only when the same was in the best interest of COMPANY and not motivated by an insider self-interested transaction involving an undisclosed dual agency and concealed material facts.

85. Pursuant to the Operating Agreement attached hereto as Exhibit '"A" and incorporated herein by this reference, NNNRI and Does 11-20 agreed to abide by its terms, including without limitation:

> 7. Authority and Responsibilities of the Manager.
> 7.1 Management. The business and affairs of the Company shall be managed by its Manager. Except as otherwise set forth in this Agreement, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and all property of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.
> ...
> 7.3 Manager Authority. The Manager shall have all authority, rights and powers conferred by law (subject only to Section 7.4) and those required or appropriate to the management of the Company's business, which, by way of illustration but not by way of limitation, shall include the right, authority and power to cause the Company to:
> ...
> 7.3.1 Acquire, hold, develop, lease, rent, operate, **sell**, exchange, subdivide and otherwise dispose of all property, including the Property;
> ...
> 7.3.20 Initiate legal actions, settle legal actions ... on behalf of the Company;
> ...
> 7.3.22 Take all actions and make any decision under the Property Management Agreement;
> 7.3.23 Execute and amend the Management Agreement;
> ...
> 7.3.28 Execute, acknowledge and deliver any and all instruments to effectuate the foregoing and take all such actions in connection therewith

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as the Manager may deem necessary or appropriate. ...
7.4 Restrictions on Manager's Authority. Neither the Manager nor any Affiliates shall have authority to:
...
7.4.2 Use or permit any other person to use Company funds or assets in any manner except for the exclusive benefit of the Company;
...
7.4.4 Receive from the Company a rebate or give-up or participate in any reciprocal business arrangements which would enable it or any Affiliate to do so ...;
...
7.5 Responsibilities of the Manager. The Manager shall:
7.5.1 **Have a fiduciary responsibility similar to that of a corporate director for the safekeeping and use of all the funds and assets of the Company**;
...
7.10 Authority as to Third Persons.
...
7.10.2 The Manager shall have full authority to execute on behalf of the Company any and all agreements, contracts, conveyances, deeds, mortgages and other instruments, and the execution thereof by one or more officers of the Manager, executing on behalf of the Company shall be the only execution necessary to bind the Company thereto. No signature of any Member shall be required.
...

Underline and bold emphasis added.

86. On October 16, 2012 MIKLES signed the Special Warranty Deed conveying all of COMPANY's right, title and interest in and to its 28.897% TIC interest in the Property to NWCCO which transaction closed on October 23, 2012 as above described.

87. As above alleged NNNRI was an affiliate of the LOCOH and MIKLES controlled joint venture with NORTHWOOD and ARPT and ARP-OP, and later NWCCO as well as its/their agent in negotiating against the interests of COMPANY when it:

a. After acquiring the Property in January 2003 and thereafter holding the Property for lease, failed to manage the business and affairs of COMPANY as it was required to do, including actions pursuant to the Operating Agreement, when it/they failed to take action on behalf of COMPANY when the Property became distressed, to cure the loan default known to have been the result of the Daymark Acquisition, in a timely manner and to fully inform the COMPANY of the true facts.

//

b. Failed to efficiently and professionally manage the Property without conflicts of interest when it secretly acted on behalf of the joint venture to acquire the Property at a distressed price and at less than fair market value when it recommended and implemented the sale at a discount materially and substantially greater than market rates.

c. Failed to initiate legal action against LOCOH, MIKLES, DPR, SCMG, NORTHWOOD, NWCCO and affiliates, and itself resigning, for the wrongful conduct of negotiating against the interests of and adverse to COMPANY for the acquisition of the Property at a greater than market rate discount, which discount could and should have been avoided altogether with a skilled, proper, efficient and professional manager.

d. Facilitated the use of COMPANY assets, that is the Property itself, its reserves and rights to cure loan defaults, other than for the exclusive benefit of COMPANY.

e. Received and participated with LOCOH, MIKLES, NORTHWOOD, ARPT, ARP-OP and NWCCO of, in substance and effect, a "give up" of all of COMPANY's equity in the Property and rights related thereto.

f. Executed the Special Warranty Deed on behalf of COMPANY while the above uncured breaches were unknown to Plaintiffs.

g. Generally failed to discharge its/their fiduciary and contractual duties imposed pursuant to the Manager role under the Operating Agreement and in particular Paragraph 7.5.1.

88. Plaintiffs' performance conformed to the Operating Agreement in all material respects.

89. Plaintiffs have performed all conditions, covenants, and promises required on their part to be performed in accordance with the terms and conditions of the Operating Agreement except to the extent otherwise excused by the conduct of NNNRI and Does 11-15.

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90. Plaintiffs continually requested, expected and had the right to expect that NNNRI and Does 11-15 would perform its/their obligations under the Operating Agreement as above described.

91. Plaintiffs suffered and continue to suffer damages and harm from the conduct of NNNRI and Does 11-15 as a result of the breach of the Operating Agreement as above described.

92. The damages here involved from breach of the Operating Agreement and subject to proof at the time of trial, include those arising from the premature sale of the Property at a loss resulting from a greater than market value discount not justified, loss of past and future net operating income from ownership and operation of the Property and its continued ownership and management, had NNNRI and Does 11-15 performed pursuant to the Operating Agreement as agreed.

93. The breach of the Operating Agreement was not discovered until August of 2018 and as such the claims are timely for the reasons stated in Paragraphs 71-79 as above described and incorporated here.

THIRD CAUSE OF ACTION

TORTIOUS INTERFERENCE WITH CONTRACT - OPERATING AGREEMENT

Against all Defendants Including Does 1-10 and 16-40, Except NNNRI

94. Plaintiffs repeat and incorporate herein by reference the allegations in the preceding paragraphs 1-93 inclusive of this Complaint as if set forth fully herein.

95. This cause of action is asserted by Plaintiffs against all Defendants including Does 1-10 and 16-40, except NNNRI.

96. During the course of their business relationship COMPANY and NNNRI agreed to and signed the Operating Agreement attached hereto as Exhibit "A" and incorporated herein by this reference.

97. Defendants MIKLES, LOCOH, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 1-10 and 16-40 all had been given a copy of the Operating Agreement or had access to the same, such that each had full knowledge of the terms thereof when each interfered with the Operating Agreement.

98. Defendants MIKLES, LOCOH, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 1-10 and 16-40's acts under the facts above alleged constitute wrongful interference with the Operating Agreement that resulted in the sale of COMPANY's TIC interest in the Property which was adverse to COMPANY.

99. Defendants MIKLES, LOCOH, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 1-10 and 16-40 in taking the above alleged acts against COMPANY, each acted for their own or an affiliates' respective personal self-interest and financial gain.

100. As a proximate result of Defendants MIKLES, LOCOH, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO Does 1-10 and 16-40's wrongful interference with the Operating Agreement, COMPANY has suffered and continues to suffer loss, injury and damage according to proof at trial.

101. Defendants MIKLES, LOCOH, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO Does 1-10 and 16-40, and each of them, did the things alleged herein above intentionally, oppressively and maliciously, and COMPANY is thereby entitled to reasonable punitive or exemplary damages according to proof at trial.

FOURTH CAUSE OF ACTION

BREACH OF PMA CONTRACT

Against DPR, SCMG and Does 16-20

102. Plaintiffs repeat and incorporate herein by reference the allegations in the preceding paragraphs 1-81 inclusive of this Complaint as if set forth fully herein.

103. This cause of action is asserted by Plaintiffs against DPR, SCMG and Does 16-20.

104. Plaintiffs allege that DPR was COMPANY's real estate broker and property manager pursuant to the PMA which included without limitation the obligation to efficiently and professionally manage the asset, the Property, and make a recommendation to sell only when the same was in the best interest of COMPANY and not motivated by an insider self-interested transaction involving an undisclosed dual agency and concealed material facts.

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105. Upon information and belief SCMG and Does 16-20 assumed the PMA and was/were paid at closing of the Property all of the accrued unpaid asset and property management fees with interest thereon due by COMPANY to DPR. SCMG and Does 16-20 by accepting the benefits of the PMA agreed to be burdened and bound by its provisions.

106. Pursuant to the PMA, the written [PROPERTY] MANAGEMENT AGREEMENT attached hereto as Exhibit B and incorporated herein by this reference, DPR, SCMG and Does 16-20 agreed to abide by its terms, including without limitation:

> 2.2 Management. Property Manager shall manage, operate and maintain the Property in an efficient, economic, and satisfactory manner and shall manage the performance of everything reasonably necessary for the proper operation of the Property for the tenants thereof, subject to (a) applicable governmental requirements, and (b) the terms and provisions of this Agreement. ... Property Manager shall perform all services in a diligent and professional manner.
> ...
> 10.3 Termination On Sale. This Agreement shall automatically terminate upon the sale of the entire Property ...
> ...
> 11. CONFLICTS. Property Manager shall not deal with ... any subsidiary or affiliated company of Property Manager in connection with the management of the Property for amounts above market rates.
> ...
> 13.5 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to any choice of law rules.
> *Underline emphasis added.*

107. As above alleged COMPANY was a 28.897% TIC interest owner of the Property.

108. As above alleged DPR was an affiliate of the LOCOH and MIKLES controlled joint venture with NORTHWOOD and ARPT and ARP-OP, and later NWCCO, as well as his/its/their agent in secretly negotiating against the interests of COMPANY when it:

a. Failed to manage, operate and maintain the Property in an economic, satisfactory and professional manner when it failed to take action on behalf of COMPANY when the Property became distressed to cure the loan default known to have been the result of the Daymark Acquisition in a timely manner and to fully inform the COMPANY of the true facts.

b. Failed to diligently and professionally manage the Property without conflicts of interest when it acted as agent real estate broker on behalf of the joint venture to

acquire the Property at a distressed price and at less than fair market value when it recommended and implemented the sale at a discount materially and substantially greater than market rates.

109. The DPR dual agency described above and at Paragraph 108, as well as the wrongful conduct described herein, was unknown to COMPANY and therefore was not and could not have been approved.

110. Plaintiffs' performance conformed to the PMA in all material respects.

111. Plaintiffs have performed all conditions, covenants, and promises required on their part to be performed in accordance with the terms and conditions of the PMA except to the extent otherwise excused by the conduct of DPR, SCMG and Does 16-20.

112. Plaintiffs continually requested, expected and had the right to expect that DPR, SCMG and Does 16-20 would perform its/their obligations under the PMA as above described.

113. Plaintiffs suffered and continue to suffer damages and harm from the conduct of DPR, SCMG and Does 16-20 as a result of the breach of the PMA as above described.

114. The damages here involved from breach of the PMA and subject to proof at the time of trial, include those arising from the premature sale of the Property at loss resulting from a discount not justified, loss of past and future net operating income from ownership of the Property and its continued ownership and management, had DPR, SCMG and Does 16-20 performed pursuant to the PMA as agreed.

115. The COMPANY is also entitled to its attorneys fees and costs pursuant to PMA Paragraph 13.4.

116. The addition of this claim to this complaint brought in California is not intended to waive applicability of Illinois law but is instead a requirement of the venue provision contained in the Operating Agreement Section 17.13. See Exhibit "A" attached hereto and incorporated herein by this reference.

117. The breach of the PMA occurred at the earliest October 23, 2012 and pursuant to Illinois law, 735 *Ill. Comp. Stat. Ann.* 5/13-206, made applicable to the PMA Breach of Contract claim here alleged, may be brought within ten (10) years of the breach and as such,

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notwithstanding that Illinois law also recognizes tolling of such claims to August of 2018, the claim is timely under without tolling.

FIFTH CAUSE OF ACTION

TORTIOUS INTERFERENCE WITH PMA CONTRACT

Against all Defendants and Does 1-15 and 21-40, Except DPR and SCMG

118. Plaintiffs repeat and incorporate herein by reference the allegations in the preceding paragraphs 1-81 and 102-117 inclusive of this Complaint as if set forth fully herein.

119. This cause of action is asserted by Plaintiffs against all Defendants and Does 1-15 and 21-40, except DPR and SCMG.

120. During the course of their business relationship COMPANY and DPR agreed to and signed the PMA attached hereto as Exhibit "B" and incorporated herein by this reference.

121. Defendants MIKLES, LOCOH, NNNRI, ARPT, ARP-OP, ARPA, NORTHWOOD, NWCCO and Does 1-15 and 21-40 all had been given a copy of the PMA or had access to the same such that each had full knowledge of the terms thereof when each interfered with the PMA.

122. Defendants MIKLES, LOCOH, NNNRI, ARPT, ARP-OP, ARPA, NORTHWOOD, NWCCO and Does 1-15 and 21-40's acts under the facts above alleged constitute wrongful interference with the PMA that resulted in the sale of COMPANY's TIC interest in the Property which was adverse to COMPANY.

123. Defendants MIKLES, LOCOH, NNNRI, ARPT, ARP-OP, ARPA, NORTHWOOD, NWCCO and Does 1-15 and 21-40 in taking the above alleged acts against COMPANY, each acted for their own or an affiliates' respective self interest and personal financial gain.

124. As a proximate result of MIKLES, LOCOH, NNNRI, ARPT, ARP-OP, ARPA, NORTHWOOD, NWCCO and Does 1-15 and 21-40's wrongful interference with the PMA, COMPANY has suffered and continues to suffer loss, injury and damage according to proof at trial.

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125. Defendants MIKLES, LOCOH, NNNRI, ARPT, ARP-OP, ARPA, NORTHWOOD, NWCCO and Does 1-15 and 21-40, and each of them, did the things alleged herein above intentionally, oppressively and maliciously, and COMPANY is thereby entitled to reasonable punitive or exemplary damages according to proof at trial.

SIXTH CAUSE OF ACTION

INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE

Against all Defendants

126. Plaintiffs repeat and incorporate herein by reference the allegations in the preceding paragraphs 1-81 inclusive of this Complaint as if set forth fully herein.

127. This cause of action is asserted by Plaintiffs against all Defendants.

128. Defendants MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 1-40

129. COMPANY as a 28.897% TIC interest owner of the Property was involved in a valid and existing business relationship with the numerous tenants (collectively the "Tenants") of the Property, in that COMPANY as landlord pursuant to leases with the tenants had the expectation of an economic benefit, for continued receipt of rents and net operating income along with the continued debt service reduction creating equity as well as growth in rents and net operating income resulting in an increased value of the Property all to be realized in the future.

130. Defendants MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 1-40 knew of the relationship between COMPANY and the Tenants.

131. Defendants MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 1-40 intentionally disrupted the relationship between COMPANY and Tenants by committing the above described wrongful acts, including without limitation, the use of LOCOH and MIKLES via NNNRI and DPR to recommend the sale of the Property without disclosing the secret dual agency relationship and conflicts of interest in acting as agent for and on behalf of the NORTHWOOD and ARPT and ARP-OP joint venture, and later NWCCO, and against the interests COMPANY.

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132. As a result of Defendants MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 1-40's intentional acts, the business relationship between COMPANY and Tenants was disrupted in that COMPANY was induced to sell the Property when if it had been told the truth it would never have sold.

133. Defendants MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 1-40's interference with the business relationship between COMPANY and Tenants has resulted in damage to COMPANY in the amounts described at Paragraph 69 above.

SEVENTH CAUSE OF ACTION

NEGLIGENCE

Against all Defendants and Does 1-40

134. Plaintiffs repeat and incorporate herein by reference the allegations in the preceding paragraphs 1-81 inclusive of this Complaint as if set forth fully herein.

135. This cause of action is asserted by Plaintiffs against all Defendants and Does 1-40.

136. COMPANY alleges that Defendants MIKLES, LOCOH, NNNRI, DPR, ARPT, ARP-OP, ARPA, SCMG, NORTHWOOD, NWCCO and Does 1-40's actions were negligent in acting in the manner above described causing loss, injury and damage to COMPANY in an amount to be determined according to proof at the time of trial.

V.

JURY TRIAL DEMAND

137. Plaintiffs and the Class demand a trial by jury.

VI.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray that the Court enter judgment in his/its/their favor as follows:

1. For compensatory damages according to proof.

2. For general damages according to proof.

3. For special damages according to proof.

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4. For a constructive and resulting trust over real and personal property interests derivative of Plaintiffs' claims.

5. For exemplary and punitive damages according to proof.

6. For compensation for the reasonably necessary loss of time, attorney's fees, and other expenditures suffered or incurred under the "tort of another" doctrine as required to act in the protection of Plaintiffs' interests by bringing this action in accordance with *Prentice v. North Am. Title Guaranty Corp.*, Alameda Division (1963) 59 Cal.2d 618; *Electrical Electronic Control, Inc. v. Los Angeles Unified School Dist.* (2005) 126 Cal.App.4th 601.

7. For attorneys fees pursuant to the PMA.

8. For costs of suit incurred.

9. For statutory damages, if any.

10. For prejudgment and post judgment interest, according to law.

11. For such other and further relief as the court may deem just and proper.

DATED: August 30, 2018. CATANZARITE LAW CORPORATION

By: _____
Kenneth J. Catanzarite
Attorneys for Plaintiffs

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EXHIBIT "A"

OPERATING AGREEMENT
OF
NNN CONGRESS CENTER, LLC

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS ANY COMMISSION OR AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS OR EXEMPTION THEREFROM.

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OPERATING AGREEMENT
OF
NNN CONGRESS CENTER, LLC

This Operating Agreement, effective as of October 15, 2002, is entered into by and among Triple Net Properties, LLC, a Virginia limited liability company, as the Manager, Anthony W. Thompson, as the Initial Member, and Triple Net Properties, LLC, a Virginia limited liability company as the Special Member (the "Special Member") pursuant to the Act on the following terms and conditions.

1. Organization.

1.1 Formation. The Certificate of Formation has been filed in the Secretary of State of Delaware in accordance with and pursuant to the Act. Lara D. Coleman is hereby designated as an "authorized person" within the meaning of the Act, and has executed, delivered and filed the Certificate of Formation with the Secretary of State of the State of Delaware. Upon the filing of the Certificate with the Secretary of State of the State of Delaware, her powers as an "authorized person" ceased, and the Manager thereupon became the designated "authorized person" and shall continue as the designated "authorized person" within the meaning of the Act.

1.2 Name and Place of Business. The name of the Company shall be NNN Congress Center, LLC, and its principal place of business shall be 1551 N. Tustin Avenue, Suite 650, Santa Ana, California 92705. The Manager may change such name, change such place of business or establish additional places of business of the Company as the Manager may determine to be necessary or desirable.

1.3 Business and Purpose of the Company. The sole purpose of the Company is to acquire, own, hold, operate, sell, dispose of, and manage an undivided interest in the real estate project commonly known as the Congress Center, 524,784 square foot Class A office tower located in Chicago, Illinois (the "Property"), together with such other activities as may be necessary, incidental, or appropriate in connection therewith. The Company is authorized to borrow funds in the principal amount of $_____ ("Loan") from _____, its successors and assigns ("Lender"), and from time to time refinance the Loan.

1.4 Term. This Agreement shall not terminate until the Company is terminated in accordance with this Agreement.

1.5 Required Filings. The Manager shall execute, acknowledge, file, record and/or publish such certificates and documents, as may be required by this Agreement or by law in connection with the formation and operation of the Company.

1.6 Registered Office and Registered Agent. The Company's initial registered office and initial registered agent shall be as provided in the Certificate of Formation. The registered office and registered agent may be changed from time to time by the Manager by filing the address of the new registered office and/or the name of the new registered agent pursuant to the Act.

1.7 Certain Transactions. Notwithstanding any other duty existing at law or in equity, any Manager, Member, Economic Interest Owner, or any Affiliate, or any shareholder, officer, director, employee, partner, member, manager or any person owning an interest therein, may engage in or possess an interest in any other business or venture of any nature or description, whether or not

competitive with the Company, including, but not limited to, the acquisition, syndication, ownership, financing, leasing, operation, maintenance, management, brokerage, construction and development of property similar to the Property and no Manager, Member or other person or entity shall have any interest in such other business or venture by reason of their interest in the Company.

1.8 Prohibited Activities. Notwithstanding any provision hereof to the contrary, the following shall govern: The Company shall only incur indebtedness in an amount necessary to acquire, operate and maintain the Property. For so long as the Mortgage Lien exists on all or any portion of the Property, the Company shall not incur, assume, or guaranty any indebtedness other than the Loan and trade payables relating to the operation of the Property. The Company shall not consolidate or merge with or into any other entity or convey or transfer its Property and assets substantially as an entirety to any entity unless (i) the entity (if other than the Company) formed or surviving such consolidation or merger or that acquired by conveyance or transfer the Property and assets of the limited liability company substantially as an entirety (a) shall be organized and existing under the laws of the United States of America or any State or the District of Columbia, (b) shall include in its organizational documents the same limitations set forth in this Section 1.8, Section 1.3, Section 7.8.4, Section 8.8, Section 13.2, Section 13.3 and Section 18, and (c) shall expressly assume the due and punctual performance of the Company's obligations; and (ii) immediately after giving effect to such transaction, no default or event of default under any agreement to which it is a party shall have been committed by this Company and be continuing. For so long as the Mortgage Lien exists on all or any portion of the Property, the Company will not, and no Person on behalf of the Company shall without the unanimous affirmative vote of all of the Members of the Company, and the vote of the Manager, (i) institute proceedings to have the Company declared or adjudicated a bankruptcy or insolvent or voluntarily commence a case with respect to itself, as debtor, under the Federal Bankruptcy Code or any similar federal or state statute; (ii) consent to a petition, with respect to itself, as debtor, filed under the Federal Bankruptcy Code or any similar federal or state statute; (iii) make or consent to an assignment of its assets for the benefit of its creditors; (iv) make or consent to the winding-up, dissolution (to the fullest extent permitted by law) or liquidation of the Company; (v) make or consent to the appointment of a trustee, sequestrator, liquidator, receiver, assignee, or the equivalent of any of the foregoing; (vi) cause the Company to admit in writing its inability to pay its debts generally as they become due; and (vii) take any act to cause any of the foregoing provided, however, that no such vote shall be taken unless there is at least one manager then serving in such capacity. For so long as the Mortgage Lien exists on all or any portion of the Property, no material amendment to the limitations set forth in this Section 1.8, Section 1.3, Section 7.8.4, Section 8.8, Section 13.2, Section 13.3, Section 18, or other material provision of this Agreement may be made without first obtaining approval of the mortgagee holding the Mortgage Lien on the Property and the affirmative vote of all of the Members of the Company, and the affirmative vote of the Manager.

2. Definitions. Definitions for this Agreement are set forth on Exhibit A and are incorporated herein.

3. Capitalization and Financing.

3.1 Members' Capital Contributions.

3.1.1 Initial Member. Anthony W. Thompson, as the Initial Member, shall contribute the sum of $100 in cash to the Company, but shall not receive any Investor Units therefor. On the first business day following the admission of additional Members, the Initial Member's $100 Capital Contribution shall be returned, and he shall cease to be a Member. The Members hereby consent to the Initial Member's withdrawal of his Capital Contribution and waive any right, claim or action they may have against him by reason of his having been a Member.

3.1.2 Investor Units. The Company is hereby authorized to sell and issue not less than 1,000 and not more than 6,711 Investor Units pursuant to the Memorandum at a purchase price of $5,000 per Investor Unit, which number of Units may be adjusted by the Manager in its sole and absolute discretion, and to admit the persons who acquire such Investor Units as Members, provided that the Manager has accepted at least $5,000,000 of aggregate subscriptions for Investor Units. The Offering shall terminate on the Offering Termination Date.

3.1.3 Payment of Purchase Price. The purchase price of each Investor Unit shall be paid in full, in cash, at the time of execution of the Subscription Agreement. Payment of the purchase price for an Investor Unit shall constitute the Member's initial Capital Contribution.

3.1.4 Subscription Agreement. Each person desiring to acquire Investor Units and become a Member shall tender to the Company a Subscription Agreement for the number of Investor Units desired, together with the correct full Subscription Payment of the Investor Units so subscribed. The Company shall accept or reject each Subscription Agreement within 30 days after the Company receives the same (and the failure by the Company to accept a Subscription Agreement within said 30 days shall constitute a rejection thereof). Acceptance of a Subscription Agreement shall be evidenced by the execution by the Manager. Subject to Section 3.1.9, upon the acceptance of a Subscription Agreement, the accompanying Subscription Payment shall become a Capital Contribution by such subscriber. The Company may accept subscriptions from "benefit plans" (as defined by ERISA); provided, however, that at all times benefit plans must own, in the aggregate, less than twenty-five (25%) of the total value of the Investor Units then outstanding.

3.1.5 Depository Account. After acceptance of any tendered Subscription Agreement by the Company, the accompanying Subscription Payment shall, prior to the Impound Release Date, be placed in an interest-bearing escrow account ("Depository Account") at a bank or financial institution selected by the Manager in California for Investor Units and held there until such time ("Impound Release Date") as $5,000,000 in the aggregate of good or collected Subscription Payments for Investor Units have been deposited. Upon receipt of at least $5,000,000 of collected funds from acceptable subscriptions of Investor Units, funds in the Depository Account shall be released to the Company. After the Impound Release Date, any additional Subscription Payments received (a) for Investor Units shall be sent directly to and retained by the Company. Investors in the Company shall be admitted into the Company on the first day of the calendar month following the month in which the Company accepts such subscriber's subscription unless admitted earlier by the Manager, in its sole discretion. All subscriptions shall be accepted or rejected by the Company within 30 days of their actual receipt by the Company. If rejected, all Subscription Payments shall be returned to the subscriber.

3.1.6 Cancellation of Offering. If the Company has not accepted Subscription Payments for a sufficient number of Investor Units on or before June 30, 2003, the Offering shall be canceled and all Subscription Payments received shall be promptly refunded to the subscribers; provided, however, that such date may be extended until September 30, 2003 in the sole and absolute discretion of the Manager.

3.1.7 Interest from Depository Account. Within 45 days after any Subscription Payment for Investor Units is released from the Depository Account or upon cancellation of the Offering as provided in Section 3.1.6, an allocable share of the interest earned by the Depository Account while the Subscription Payment was deposited therein shall be paid to the subscriber, based on the actual number of days such Subscription Payment was deposited in the Depository Account and the actual amount of interest earned during such period on funds in the Depository Account.

3.1.8 Manager as Member. The Manager and/or Affiliates may purchase Investor Units for the same price and upon the same terms and conditions, as all other purchasers thereof. As a result, the Manager or Affiliates shall be admitted to the Company as Members with respect to such Investor Units and shall be entitled to all rights as Members appurtenant thereto, including but not limited to the right to vote on certain Company matters as provided for in this Agreement and to receive Distributions and allocations attributable to the Investor Units so purchased.

3.1.9 Admission of a Member. To the extent required by law, the Manager shall amend this Agreement and take such other action as the Manager deems necessary or appropriate promptly after receipt of the Members' Capital Contributions to the Company to reflect the admission of those persons to the Company as Members.

3.1.10 Liabilities of Members. Except as specifically provided in this Agreement, neither the Manager nor any Member shall be required to make any additional contributions to the Company and no Manager or Member shall be liable for the debts, liabilities, contracts, or any other obligations of the Company solely by reason of being a Member or Manager of the Company, nor shall the Manager or the Members be required to lend any funds to the Company or to repay to the Company, any Member, any creditor of the Company or any other person, any portion or all of any deficit balance in a Member's Capital Account.

3.2 Affiliate Loans. Cunningham Lending Group, LLC, an Affiliate of Thompson, may, but will have no obligation to, make loans to the Company to acquire the Property, pay operating expenses or for any other business purpose. Any such loan shall bear interest at Cunningham Lending Group, LLC's cost of funds not to exceed 12% per annum (or, if less, the maximum rate allowed by law). Notwithstanding the foregoing, for so long as the Mortgage Lien exists on all or any portion of the Property, the Company shall not incur, assume, or guaranty any indebtedness, including but not limited to any Affiliate loans as otherwise permitted under this Section 3.2, other than the Loan and trade payables relating to the operation of the Property.

3.3 Company Loans. The Company shall have no authority to borrow money or incur indebtedness on behalf of the Company (other than normal trade accounts payable, lease obligations in the ordinary course of business, or loans from the Manager, Affiliates of the Manager or Cunningham Lending Group, LLC) or grant consensual liens on the Company's property; provided, however, that notwithstanding anything in this Agreement to the contrary, the Manager is hereby authorized to execute a promissory note, the Mortgage Lien and all other documents associated with the Loan (collectively, the "Loan Documents") and the Tenants in Common Agreement but may not incur any other indebtedness except as expressly permitted by this item.

3.4 Third Party Beneficiaries. The parties to this Agreement shall be entitled to all of the privileges, benefits and rights contained herein; no other party shall be a third party beneficiary or have any rights hereunder or be able to enforce any provision contained herein.

4. Allocation of Tax Items.

4.1 Generally. After giving effect to the special allocations contained in Section 4.2, Net Income and Net Loss shall be allocated to the Members' Capital Accounts in proportion to their Membership Interests.

4.2 Special Allocations.

(a) Qualified Income Offset. Except as provided in Section 4.2(c), in the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit created by such adjustment, allocation or distribution as quickly as possible.

(b) Gross Income Allocation. Net Loss shall not be allocated to any Member to the extent such allocation would cause any Member to have an Adjusted Capital Account Deficit at the end of a fiscal year. In the event any Member has an Adjusted Capital Account Deficit at the end of any fiscal year, each such Member shall be specially allocated items of Company gross income and gain in the amount of such Adjusted Capital Account Deficit as quickly as possible.

(c) Company Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section 4.2(c) is intended to comply with the partnership minimum gain chargeback requirement in the Treasury Regulations and shall be interpreted consistently therewith. This provisions shall not apply to the extent the Member's share of net decrease in Company Minimum Gain is caused by a guaranty, refinancing, or other change in the debt instrument causing it to become partially or wholly recourse debt or Member Nonrecourse Debt, and such Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2 for the newly guaranteed, refinanced or otherwise changed debt or to the extent the Member contributes cash to the capital of the Company that is used to repay the Nonrecourse Debt, and the Member's share of the net decrease in Company Minimum Gain results from the repayment.

(d) Member Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, except Section 4.2(c), if there is a net decrease in Member Minimum Gain, any Member with a share of that Member Minimum Gain (as determined under Treasury Regulations Section 704-2(i)(5)) as of the beginning of the year shall be allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section shall not apply to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Debt due to conversion, refinancing or other change in a debt instrument that causes it to become partially or wholly a Nonrecourse Debt. This Section is intended to comply with the partner minimum gain chargeback requirements in the Treasury Regulations and shall be interpreted consistently therewith and applied with the restrictions attributable thereto.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be allocated 100% to the Investor Units.

(f) Member Nonrecourse Deductions. Member Nonrecourse Deductions for any fiscal year shall be allocated to the Member who bears the economic risk of loss as set forth in Treasury Regulations Section 1.752-2 with respect to the Member Nonrecourse Debt. If more than one Member bears the economic risk of loss for a Member Nonrecourse Debt, any Member Nonrecourse Deductions attributable to that Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss.

(g) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such section of the Treasury Regulations.

4.3 Curative Allocations. Notwithstanding any other provision of this Agreement, the Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

4.4 Contributed Property. Notwithstanding any other provision of this Agreement, the Members shall cause depreciation and or cost recovery deductions and gain or loss attributable to Property contributed by a Member or revalued by the Company to be allocated among the Members for income tax purposes in accordance with Section 704(c) of the Code and the Treasury Regulations promulgated thereunder.

4.5 Recapture Income. The portion of each Member's distributive share of Company Net Income that is characterized as ordinary income pursuant to Section 1245 or 1250 of the Code shall be proportionate to the amount of Net Income or Net Loss which included the corresponding depreciation deductions that were allocated to such Member as compared with the amount of depreciation deductions allocated to all Members.

4.6 Allocation Among Investor Units. Except as otherwise provided in this Agreement, all Distributions and allocations made to the Investor Units shall be in the ratio of the number of Investor Units held by each such Member on the date of such allocation (which allocation date shall be deemed to be the last day of each month) to the total outstanding Investor Units as of such date, and, except as otherwise provided in this Agreement without regard to the number of days during such month that the Investor Units were held by each Member. For purposes of this Section 4, an Economic Interest Owner shall be treated as a Member. Members who purchase Investor Units at different times during the Company tax year shall be allocated Net Income and Net Loss using the monthly convention set forth in Section 4.7.

4.7 Allocation of Company Items. Except as otherwise provided herein, whenever a proportionate part of Net Income or Net Loss is allocated to a Member, every item of income, gain, loss or deduction entering into the computation of such Net Income or Net Loss, and every item of credit or tax preference related to such allocation and applicable to the period during which such Net Income or Net Loss was realized shall be allocated to the Owner in the same proportion.

4.8 Assignment.

4.8.1 In the event of the assignment of an Investor Unit, the Net Income and Net Loss shall be apportioned as between the Member and his assignee based upon the number of months of their respective ownership during the year in which the assignment occurs, without regard to the results of the Company's operations during the period before or after such assignment. Distributions shall be made to the holder of record of the Investor Units as of the date of the Distribution. An

assignee who receives Investor Units during the first 15 days of a month will receive any allocations relative to such month. An assignee who acquires Investor Units on or after the sixteenth day of a month will be treated as acquiring his Investor Units on the first day of the following month.

4.8.2 In the event of the assignment of the Manager's Interest, the allocations of Net Income or Net Loss shall be as agreed between the Manager and its assignee. In the absence of an agreement, the Net Income, Net Loss and Distributions shall be allocated in a manner similar to that provided in Section 4.7.

4.9 Power of Manager to Vary Allocations. It is the intent of the Members that each Member's share of Net Income and Net Loss be determined and allocated in accordance with Section 704(b) and Section 514(c)(9) of the Code, and the provisions of this Agreement shall be so interpreted. Therefore, if the Company is advised by the Company's legal counsel that the allocations provided in this Section 4 are unlikely to be respected for federal income tax purposes, the Manager is hereby granted the power to amend the allocation provisions of this Agreement to the minimum extent necessary to comply with Section 704(b) and Section 514(c)(9) of the Code and effect the plan of allocations and distributions provided for in this Agreement.

4.10 Consent of Members. The allocation methods of Net Income and Net Loss are hereby expressly consented to by each Member as a condition of becoming a Member.

4.11 Withholding Obligations.

4.11.1 If the Company is required (as determined in good faith by the Manager) to make a payment ("Tax Payment") with respect to any Member to discharge any legal obligation of the Company or the Manager to make payments to any governmental authority with respect to any federal, foreign, state or local tax liability of such Member arising as a result of such Member's interest in the Company, then, notwithstanding any other provision of this Agreement to the contrary, the amount of any such Tax Payment shall be deemed to be a loan by the Company to such Member, which loan shall bear interest at the Prime Rate and be payable upon demand or by offset to any Distribution which otherwise would be made to such Member.

4.11.2 If and to the extent the Company is required to make any Tax Payment with respect to any Member, or elects to make payment on any loan described in Section 4.11.1 by offset to a Distribution to a Member, either (a) such Member's proportionate share of such Distribution shall be reduced by the amount of such Tax Payment, or (b) such Member shall pay to the Company prior to such Distribution an amount of cash equal to such Tax Payment. In the event a portion of a Distribution in kind is retained by the Company pursuant to clause (a) above, such retained property may, in the discretion of the Manager, either (i) be distributed to the other Members, or (ii) be sold by the Company to generate the cash necessary to satisfy such Tax Payment. If the property is sold, then for purposes of income tax allocations only under the Agreement, any gain or loss from such sale or exchange shall be allocated to the Member to whom the Tax Payment relates. If the property is sold at a gain, and the Company is required to make any Tax Payment on such gain, the Member to whom the gain is allocated shall pay the Company prior to the due date of Tax Payment an amount of cash equal to such Tax Payment.

4.11.3 The Manager shall be entitled to hold back any Distribution to any Member to the extent the Manager believes in good faith that a Tax Payment will be required with respect to such Member in the future and the Manager believes that there will not be sufficient subsequent Distributions to make such Tax Payment.

5. Distributions.

5.1 Cash from Operations. Distributable Cash from Operations with respect to each calendar year shall be distributed 100% to the Investor Units.

5.2 Cash from Capital Transactions. Cash from Capital Transactions with respect to each calendar year shall be distributed 100% to the Investor Units.

5.3 Restrictions. The Company intends to make periodic distributions of substantially all cash determined by the Manager to be distributable, subject to the following: (a) Distributions may be restricted or suspended for periods when the Manager determines in its reasonable discretion that it is in the best interest of the Company; and (b) all Distributions are subject to the payment, and the maintenance of reasonable reserves for payment, of Company obligations. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not be required to make a distribution to the Member on account of its interest in the Company if such distribution would violate Section 18-607 of the Act or any other applicable law.

6. Compensation to the Manager and Affiliates.

6.1 Manager's and Affiliates' Compensation. The Manager and its Affiliates shall receive compensation from the Company for services rendered or to be rendered only as specified in this Agreement and the Management Agreement, a true copy of which is attached as Exhibit B. If any provision of the Management Agreement is inconsistent with any provision contained in this Agreement, then the provision contained in the Management Agreement shall control and the inconsistent provision herein shall be of no force or effect.

6.1.1 Property Management Fee. The Management Agreement provides that the Property Manager or an Affiliate will receive a monthly property management fee for managing the Property ("Property Management Fee") equal to 6% of Gross Revenues (as defined in the Management Agreement).

6.1.2 Leasing Commission. The Management Agreement provides that the Property Manager or an Affiliate will receive a leasing commission ("Leasing Commission") equal to six percent (6%) of the value of any lease entered into during the term of this Agreement and three percent (3%) with respect to any renewals. Any leasing fees due outside leasing agents or brokers will be paid by the Manager from these commissions. The value of the lease shall be calculated by totaling the minimum monthly rent (or similar rent) for the term of the lease. The term of the lease shall not exceed five (5) years for purposes of the foregoing computation and shall be exclusive of option periods. If another broker represents the tenant, then Property Manager may cooperate with that broker on terms and conditions acceptable to Property Manager with commissions to the other broker to be paid by the Tenants in Common. The Manager may use outside leasing agents. In the event outside leasing agents are used, the Manager shall pay any commissions that may be due.

6.1.3 Construction Management Fee. The Management Agreement provides that the Property Manager or an Affiliate will receive a construction management fee ("Construction Management Fee") equal to 5% of any amount (including professional services) up to $25,000, 4% of any amount over $25,000 but less than $50,000 and 3% of any amount in excess of $50,000 which is expended in any calendar year for construction or tenant improvements or repair of the Property; provided, however, that this fee shall only be applicable in the event outside contracts are used.

6.1.4 Selling Commission. The Management Agreement provides that the Property Manager or an Affiliate will be entitled to a selling commission (the "Selling Commission") of up to 6% of the gross sales price of the Property in a sale to a third party. However, the Commission will not be paid if the Property Manager is terminated for cause pursuant to Section 10.1 of the Management Agreement.

6.1.5 Loan Fee. The Management Agreement provides that the Property Manager or an Affiliate will receive from the Company a fee ("Loan Fee") equal to up to 1% of the principal amount of any loan obtained for the Company; provided, however, that the fee paid to the Property Manager or an Affiliate and any loan fee paid to any other person (other than a lender) as a result of each loan shall not exceed 1%.

6.1.6 Termination Fee. The Management Agreement provides that the Property Manager will receive a termination fee of $1,342,350 if the Management Agreement is terminated without cause.

6.1.7 Commissions and Due Diligence Reimbursement. The Memorandum provides that certain broker-dealers ("Broker-Dealers," collectively the "Selling Group") who are members of the National Association of Securities Dealers, Inc. ("NASD") will receive commissions of up to 8% of the gross proceeds ("Gross Proceeds") of the Offering ("Selling Commissions"). NNN Capital Corp., an Affiliate of Thompson, will receive a nonaccountable marketing and due diligence allowance in the amount of 1.5% of the Gross Proceeds, which it may reallow to other members of the Selling Group. In addition, NNN Capital Corp. will receive a nonaccountable marketing due diligence expense allowance in the amount of 1% of the Gross Proceeds, which it will not reallow to other members of the Selling Group. The total aggregate amount of commissions, marketing and due diligence expense reimbursements (collectively, "Selling Commissions and Expenses") will not exceed 10.5% of the Gross Proceeds.

6.2 Company Expenses.

6.2.1 Operating Expenses. Subject to the limitations set forth in Section 6.2.2, the Company shall pay directly, or reimburse the Manager as the case may be, for all of the costs and expenses of the Company's operations, including, without limitation, the following costs and expenses: (a) all Organization and Offering Expenses advanced or otherwise paid by the Manager; (b) all costs of personnel employed by the Company and directly involved in the Company's business; (c) all compensation due to the Manager or its Affiliates; (d) all costs of personnel employed by the Manager or its Affiliates and directly involved in the business of the Company; (e) all costs of borrowed money, taxes and assessments on the Property and other taxes applicable to the Company; (f) legal, accounting, audit, brokerage, and other fees; (g) fees and expenses paid to independent contractors, mortgage bankers, real estate brokers, and other agents; (h) costs of acquiring, owning, developing, improving, operating, and disposing of the Property; (i) expenses incurred in connection with the alteration, maintenance, repair, remodeling, refurbishment, leasing and operation of the Property; (j) all expenses incurred in connection with the maintenance of Company books and records, the preparation and dissemination of reports, tax returns or other information to Members and the making of Distributions to the Members; (k) expenses incurred in preparation and filing reports or other information with appropriate regulatory agencies; (l) expenses of insurance as required in connection with the business of the Company, other than any insurance insuring the Manager against losses for which it is not entitled to be indemnified under Section 7.8; (m) to the fullest extent permitted by law, costs incurred in connection with any litigation in which the Company may become involved, or any examination, investigation, or other proceedings conducted by any regulatory agency, including legal and accounting fees; (n) the actual costs of goods and materials used by or for the

Company; (o) the costs of services that could be performed directly for the Company by independent parties such as legal, accounting, secretarial or clerical, reporting, transfer agent, data processing and duplicating services but which are in fact performed by the Manager or its Affiliates, but not in excess of the lesser of: (i) the actual costs to the Manager or its Affiliates of providing such services; or (ii) the amounts which the Company would otherwise be required to pay to independent parties for comparable services in the same geographic locale; (p) expenses of Company administration, accounting, documentation and reporting, (q) expenses of revising, amending, modifying, or terminating this Agreement; (r) all travel expenses incurred in connection with the Company's business, including travel to and from the Property; and (s) all other costs and expenses incurred in connection with the business of the Company exclusive of those set forth in Section 6.2.2.

6.2.2 Manager Overhead. The Manager and its Affiliates shall not be reimbursed for overhead expenses incurred in connection with the Company, including but not limited to rent, depreciation, utilities, capital equipment, other administrative items, and the following items paid to any officer of the Manager or any Affiliate: salaries, fringe benefits, travel expenses and other administrative items.

6.2.3 Acquisition Expenses. Notwithstanding Section 6.2.2, the Manager will be reimbursed for all costs expended in the due diligence of the Property and acquisition of the Property, including down payments, closing costs, travel, legal, environmental and other studies, surveys, escrow deposits and costs, plus interest at the Manager's cost of funds to borrow funds for the above purposes.

7. Authority and Responsibilities of the Manager.

7.1 Management. The business and affairs of the Company shall be managed by its Manager. Except as otherwise set forth in this Agreement, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and all property of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

7.1.1 Officers. The Company shall have one officer, which shall be a Vice President. The Vice President shall have no voting rights nor have any ownership interest in the Company. The sole responsibility of the Vice President shall be to execute any and all Loan Documents and conveyancing documents on behalf of the Company pursuant to the Act or any successor statute in conjunction with its acquisition, financing, refinancing, ownership and disposition of the Property described in Section 1.3, and the Vice President, without any further action of the Company, is hereby authorized to execute the Loan Documents and the Tenants in Common Agreement. Third parties dealing with the Company shall be entitled to conclusively rely on the signature of the Vice President as evidence of the authority of the Vice President to execute the Loan Documents and bind the Company. Triple Net Properties, LLC, a Virginia limited liability company, is elected Vice President.

7.2 Number, Tenure and Qualifications. The Company shall have one Manager, which shall be Triple Net Properties, LLC. The Manager shall hold office until it is removed, withdraws or resigns.

7.3 Manager Authority. The Manager shall have all authority, rights and powers conferred by law (subject only to Section 7.4) and those required or appropriate to the management of the Company's business, which, by way of illustration but not by way of limitation, shall include the right, authority and power to cause the Company to:

7.3.1 Acquire, hold, develop, lease, rent, operate, sell, exchange, subdivide and otherwise dispose of all property, including the Property;

7.3.2 Borrow money, and, if security is required therefor, to pledge or mortgage or subject the Property to any security device, to obtain replacements of any mortgage or other security device and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage or other security device. All of the foregoing shall be on such terms and in such amounts as the Manager, in its sole discretion, deems to be in the best interest of the Company;

7.3.3 Place record title to, or the right to use, the Property in the name or names of a nominee or nominees for any purpose convenient or beneficial to the Company;

7.3.4 Enter into such contracts and agreements as the Manager determines to be reasonably necessary or appropriate in connection with the Company's business and purpose (including contracts with Affiliates of the Manager), and any contract of insurance that the Manager deems necessary or appropriate for the protection of the Company and the Manager, including errors and omissions insurance, for the conservation of Company assets, or for any purpose convenient or beneficial to the Company;

7.3.5 Employ persons, who may be Affiliates of the Manager, in the operation and management of the business of the Company;

7.3.6 Prepare or cause to be prepared reports, statements, and other relevant information for distribution to the Members.

7.3.7 Open accounts and deposits and maintain funds in the name of the Company in banks, savings and loan associations, "money market" mutual funds and other instruments as the Manager may deem in its discretion to be necessary or desirable;

7.3.8 Cause the Company to make or revoke any of the elections referred to in the Code (the Manager shall have no obligation to make any such elections);

7.3.9 Select as its accounting year a calendar or fiscal year as may be approved by the Internal Revenue Service (the Company initially intends to adopt the calendar year);

7.3.10 Determine the appropriate accounting method or methods to be used by the Company;

7.3.11 In addition to any amendments otherwise authorized herein, amend this Agreement without any action on the part of the Members by special or general power of attorney or otherwise:

(a) To add to the representations, duties, services or obligations of the Manager or its Affiliates, for the benefit of the Members;

(b) To cure any ambiguity or mistake, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Agreement that will not be inconsistent with the provisions of this Agreement;

(c) To delete or add any provision of this Agreement required to be so deleted or added for the benefit of the Members by the staff of the Securities and Exchange Commission or by a state "Blue Sky" Commissioner or similar official;

(d) To amend this Agreement to reflect the addition or substitution of Members or the reduction of the Capital Accounts upon the return of capital to the Members;

(e) To minimize the adverse impact of, or comply with, any final regulation of the United States Department of Labor, or other federal agency having jurisdiction, defining "plan assets" for ERISA purposes;

(f) To reconstitute the Company under the laws of another state if beneficial;

(g) As required by a lender who has made a loan to the Company secured by the Property or as required by a lender in connection with a refinancing that has been properly approved by the Company; and

(h) To execute, acknowledge and deliver any and all instruments to effectuate the foregoing, including the execution, acknowledgment and delivery of any such instrument by the attorney-in-fact for the Manager under a special or limited power of attorney, and to take all such actions in connection therewith as the Manager shall deem necessary or appropriate with the signature of the Manager acting alone.

7.3.12 Require in any Company contract that the Manager shall not have any personal liability, but that the person or entity contracting with the Company is to look solely to the Company and its assets for satisfaction;

7.3.13 Lease personal property for use by the Company;

7.3.14 Establish reserves from income in such amounts as the Manager may deem appropriate;

7.3.15 Temporarily invest the proceeds from sale of Investor Units in short-term, highly-liquid investments;

7.3.16 Make secured or unsecured loans to the Company and receive interest at the rates set forth herein;

7.3.17 Represent the Company and the Members as "tax matters partner" within the meaning of the Code in discussions with the Internal Revenue Service regarding the tax treatment of items of Company income, loss, deduction or credit, or any other matter reflected in the Company's returns, and, if deemed in the best interest of the Members, to agree to final Company administrative adjustments or file a petition for a readjustment of the Company items in question with the applicable court;

7.3.18 Redeem or repurchase Investor Units on behalf of the Company;

7.3.19 Hold an election for a successor Manager before the resignation, expulsion or dissolution of the Manager;

7.3.20 Initiate legal actions, settle legal actions and defend legal actions on behalf of the Company;

7.3.21 Admit itself as a Member;

7.3.22 Take all actions and make any decision under the Property Management Agreement;

7.3.23 Execute and amend the Management Agreement;

7.3.24 Enter into any transaction with any partnership or venture;

7.3.25 Place all or a portion of the Property in a single purpose or bankruptcy remote entity, or otherwise structure or restructure the Company to accommodate any financing for the Property;

7.3.26 Perform any and all other acts which the Manager is obligated to perform hereunder;

7.3.27 Subcontract with Affiliates and third parties, in the Manager's sole discretion, to perform some or all management functions set forth herein; and

7.3.28 Execute, acknowledge and deliver any and all instruments to effectuate the foregoing and take all such actions in connection therewith as the Manager may deem necessary or appropriate. Notwithstanding any other provision of the Agreement, any and all documents or instruments may be executed on behalf and in the name of the Company by the Manager.

7.4 Restrictions on Manager's Authority. Neither the Manager nor any Affiliates shall have authority to:

7.4.1 Enter into contracts with the Company that would bind the Company after the expulsion, Event of Insolvency, or other cessation to exist of the Manager.

7.4.2 Use or permit any other person to use Company funds or assets in any manner except for the exclusive benefit of the Company;

7.4.3 Alter the primary purpose of the Company;

7.4.4 Receive from the Company a rebate or give-up or participate in any reciprocal business arrangements which would enable it or any Affiliate to do so (excluding the fees and other items set forth in the Management Agreement);

7.4.5 Except for the Property, sell or lease to the Company any real property in which the Manager or any Affiliate has any interest without a Majority Vote of the Members;

7.4.6 Admit another person or entity as the Manager, except with the consent of the Members as provided in this Agreement;

7.4.7 Reinvest Cash from Operations in any additional properties other than the Property;

7.4.8 Confess a judgment against the Company in connection with any threatened or pending legal action;

7.4.9 Commingle the Company funds with those of any other person or entity, except for (i) the temporary deposit of funds in a bank checking account for the sole purpose of making Distributions immediately thereafter to the Members and the Manager or (ii) funds attributable to the Property and held for use in the management of the operations of the Property;

7.4.10 Directly or indirectly pay or award any finder's fees, commissions or other compensation to any person engaged by a potential investor for investment advice as an inducement to such advisor to advise the purchaser regarding the purchase of Investor Units;

7.4.11 Merge, combine or "roll-up" the Company into a partnership, limited liability company or other entity or participate in an UPREIT, DOWNREIT or similar transaction with a real estate investment trust or other entity; or

7.4.12 Vote, or permit to be voted, any Membership Interest owned by the Manager or any Affiliate to remove the Manager in accordance with Section 9.2.

7.5 Responsibilities of the Manager. The Manager shall:

7.5.1 Have a fiduciary responsibility similar to that of a corporate director for the safekeeping and use of all the funds and assets of the Company;

7.5.2 Devote such of its time and efforts to the business of the Company as the Manager shall in its discretion, exercised in good faith, determine to be necessary to conduct the business of the Company;

7.5.3 File and publish all certificates, statements, or other instruments required by law for formation, qualification and operation of the Company and for the conduct of its business in all appropriate jurisdictions;

7.5.4 Cause the Company to be protected by public liability, property damage and other insurance determined by the Manager in its discretion to be appropriate to the business of the Company;

7.5.5 At all times use its best efforts to meet applicable requirements for the Company to be taxed as a partnership and not as an association taxable as a corporation; and

7.5.6 Amend this Agreement to reflect the admission of Members not later than 90 days after the date of admission or substitution.

7.6 Administration of Company. So long as it is the Manager and the provisions of this Agreement for compensation and reimbursement of expenses of the Manager are observed, the Manager shall have the responsibility of providing continuing administrative and executive support, advice, consultation, analysis and supervision with respect to the functions of the Company, including decisions regarding the sale or refinancing or other disposition of Property, and compliance with federal, state and local regulatory requirements and procedures. In this regard, the Manager may retain the services of such Affiliates or unaffiliated parties as the Manager may deem appropriate to provide management and financial consultation and advice, and may enter into agreements for the management and operation of Company assets.

7.7 Tax Matters Partner. The Members hereby appoint the Manager to act as the "tax matters partner."

7.8 Indemnification of Manager.

7.8.1 The Manager, its members, managers, affiliates, officers, directors, partners, employees, agents and assigns, shall not be liable for, and shall be indemnified and held harmless (to the full extent of the Company's assets and to the maximum extent permitted by applicable law) from, any loss or damage incurred by them, the Company or the Members in connection with the business of the Company, including by way of illustration, but not limitation, costs and reasonable attorneys' fees and any amounts expended in the settlement of any claims of loss or damage resulting from any act or omission performed or omitted in good faith, which shall not constitute negligence or malfeasance, pursuant to the authority granted, to promote the interests of the Company. Moreover, the Manager shall not be liable to the Company or the Members because any taxing authorities disallow or adjust any deductions or credits in the Company income tax returns.

7.8.2 Notwithstanding Section 7.8.1, the Company shall not indemnify any Manager, or shareholder, director, officer or other employee thereof, for liability imposed or expenses incurred in connection with any claim arising out of a violation of the Securities Act of 1933, as amended, or any other federal or state securities law, with respect to the offer and sale of the Investor Units. Indemnification will be allowed for settlements and related expenses in lawsuits alleging securities law violations, and for expenses incurred in successfully defending such lawsuits, provided that (i) the Manager is successful in defending the action; (ii) the indemnification is specifically approved by the court of law which shall have been advised as to the current position of the Securities and Exchange Commission (as to any claim involving allegations that the Securities Act of 1933, as amended, was violated) or the applicable state authority (as to any claim involving allegations that the applicable state's securities laws were violated); or (iii) in the opinion of counsel for the Company, the right to indemnification has been settled by controlling precedent.

7.8.3 Notwithstanding any provision hereof to the contrary, the following shall govern: Any indemnification shall be fully subordinated to any obligations respecting the Property and shall not constitute a claim against the Company in the event that cash flow is insufficient to pay such obligations.

7.9 No Personal Liability for Return of Capital. The Manager shall not be personally liable or responsible for the return or repayment of all or any portion of the Capital Contribution of any Member or any loan made by any Member to the Company, it being expressly understood that any such return of capital or repayment of any loan shall be made solely from the assets (which shall not include any right of contribution from any Member) of the Company.

7.10 Authority as to Third Persons.

7.10.1 Notwithstanding any other provision of this Agreement, no third party dealing with the Company shall be required to investigate the authority of the Manager or secure the approval or confirmation by any Member of any act of the Manager in connection with the Company business. No purchaser of any property or interest owned by the Company shall be required to determine the right to sell or the authority of the Manager to sign and deliver any instrument of transfer on behalf of the Company, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith.

7.10.2 The Manager shall have full authority to execute on behalf of the Company any and all agreements, contracts, conveyances, deeds, mortgages and other instruments, and the execution thereof by one or more officers of the Manager, executing on behalf of the Company shall be the only execution necessary to bind the Company thereto. No signature of any Member shall be required.

7.10.3 The Manager shall have the right by separate instrument or document to authorize one or more individuals or entities to execute leases and lease-related documents on behalf of the Company and any leases and documents executed by such agent shall be binding upon the Company as if executed by the Manager.

8. Rights, Authority and Voting of the Member.

8.1 Members Are Not Agents. Pursuant to Section 7, the management of the Company is vested exclusively in the Manager. No Member, acting solely in the capacity of a Member, is an agent of the Company nor can any Member in such capacity bind or execute any instrument on behalf of the Company.

8.2 Voting by a Member. Members who own Investor Units shall be entitled to cast one vote for each Investor Unit they own. Except as otherwise specifically provided in this Agreement or any mandatory provision of the Act, Members who own Investor Units (but not Economic Interest Owners) shall have the right to vote only upon the following matters:

8.2.1 Removal of the Manager as provided in this Agreement;

8.2.2 Amendment of this Agreement;

8.2.3 Any merger, combination or "roll-up" of the Company or any UPREIT, DOWNREIT or other similar transaction with a real estate investment trust;

8.2.4 Dissolution and winding up of the Company as set forth in Section 13.1;

8.2.5 The sale of all or substantially all of the assets of the Company; and

8.2.6 Election to obtain audited financial statements as set forth in Section 12.3.2.

Notwithstanding any provision hereof to the contrary, the following shall govern: When acting on matters subject to the vote of the Members, notwithstanding that the Company is not then insolvent, all of the Members shall, to the fullest extent permitted by law (including § 18 – 1101(c) of the Act), take into account the interest of the Company's creditors, as well as those of the Members.

8.3 Member Vote; Consent of Manager. Except as expressly provided in this Agreement, matters upon which the Members may vote shall require a Majority Vote of the Members to pass and become effective. The following matters shall require the consent of the Manager to pass and become effective:

8.3.1 Any amendment to this Agreement; and

8.3.2 The admission of an additional or successor Manager when the current Manager will continue as such.

8.4 Meetings of the Members. The Manager may at any time call for a meeting of the Members, or for a vote without a meeting, on matters on which the Members are entitled to vote. In addition, the Manager shall call for such a meeting following receipt of a written request therefor of Members holding more than 10% of the Investor Units entitled to vote as of the record date. Within 20 days after receipt of such request, the Manager shall notify all Members of record on the record date of the Company meeting. The Manager shall give notice of all such meetings by sending the Members written notice by certified U.S. Mail, with return receipt, by Federal Express or other guaranteed overnight delivery service.

8.4.1 Notice. Written notice of each meeting shall be given to each Member entitled to vote, either personally by certified U.S. mail, with return receipt requested or other comparable means of written communication, charges prepaid, addressed to such Member at his address appearing on the books of the Company or given by him to the Company for the purpose of notice or, if no such address appears or is given, at the principal executive office of the Company, or by publication of notice at least once in a newspaper of general circulation in the city or county in which such office is located. All such notices shall be sent not less than 10, nor more than 60, days before such meeting. The notice shall specify the place, date and hour of the meeting and the general nature of business to be transacted, and no other business shall be transacted at the meeting.

8.4.2 Adjourned Meeting and Notice Thereof. When a Members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.

8.4.3 Quorum. The presence in person or by proxy of the persons entitled to vote a majority of the Investor Units shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a Majority Vote or such greater vote as may be required by this Agreement or by law. In the absence of a quorum, any meeting of Members may be adjourned from time to time by the vote of a majority of the Investor Units represented either in person or by proxy, but no other business may be transacted, except as provided above.

8.4.4 Consent of Absentees. The transactions of any meeting of Members, however called and noticed and wherever held, are as valid as though they occurred at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of the meeting or an approval of the minutes thereof. All waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting.

8.4.5 Action Without Meeting. Except as otherwise provided in this Agreement, any action which may be taken at any meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Members having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all entitled to vote thereon were present and voted. In the event the Members are requested to

consent on a matter without a meeting, each Member shall be given not less than 10, nor more than 60, days notice. In the event the Manager or Members representing more than 10% of the Investor Units, request a meeting for the purpose of discussing or voting on the matter, the notice of a meeting shall be given in the same manner as required by Section 8.4.1 and no action shall be taken until the meeting is held. Unless delayed as a result of the preceding sentence, any action taken without a meeting will be effective 5 days after the required minimum number of voters have signed the consent; however, the action will be effective immediately if the Manager and Members representing at least 90% of the Investor Units have signed the consent.

8.4.6 Record Dates. For purposes of determining the Members entitled to notice of any meeting or to vote or entitled to receive any Distributions or to exercise any rights in respect of any other lawful matter, the Manager (or Members representing more than 10% of the Investor Units if the meeting is being called at their request) may fix in advance a record date, which is not more than 60 nor less than 10 days prior to the date of the meeting nor more than 60 days prior to any other action. If no record date is fixed:

(a) The record date for determining Members entitled to notice of, or to vote at, a meeting of Members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held;

(b) The record date for determining Members entitled to give consent to Company action in writing without a meeting shall be the day on which the first written consent is given;

(c) The record date for determining Members for any other purpose shall be at the close of business on the day on which the Manager adopts it, or the 60th day prior to the date of the other action, whichever is later; and

(d) A determination of Members of record entitled to notice of, or to vote at, a meeting of Members shall apply to any adjournment of the meeting unless the Manager, or the Members who requested the meeting fix a new record date for the adjourned meeting, but the Manager, or such Members, shall fix a new record date if the meeting is adjourned for more than 45 days from the date set for the original meeting.

8.4.7 Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Manager. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy continues in full force and effect until revoked or unless it states that it is irrevocable. A proxy which states that it is irrevocable is irrevocable for the period specified therein.

8.4.8 Chairman of Meeting. The Manager may select any person to preside as Chairman of any meeting of the Members, and if such person shall be absent from the meeting, or fail or be unable to preside, the Manager may name any other person in substitution therefor as Chairman. In the absence of an express selection by the Manager of a Chairman or substitute therefor, the President, Vice President, Secretary, or Chief Financial Officer of the Manager shall preside as Chairman, in that order. The Chairman of the meeting shall designate a secretary for such meeting, who shall take and keep or cause to be taken and kept minutes of the proceedings thereof. The conduct of all Members' meetings shall at all times be within the discretion of the Chairman of the meeting and shall be conducted under such rules as he may prescribe. The Chairman shall have the

right and power to adjourn any meeting at any time, without a vote of the Investor Units present in person or represented by proxy, if the Chairman shall determine such action to be in the best interests of the Company.

8.4.9 Inspectors of Election. In advance of any meeting of Members, the Manager may appoint any persons other than nominees for Manager or other office as the inspector of election to act at the meeting and any adjournment thereof. If an inspector of election is not so appointed, or if any such person fails to appear or refuses to act, the Chairman of any such meeting may, and on the request of any Member or his proxy shall, make such appointment at the meeting. The inspector of election shall determine the number of Investor Units outstanding and the voting power of each, the Investor Units represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all Members.

8.4.10 Record Date and Closing Company Books. When a record date is fixed, only Members of record on that date are entitled to notice of and to vote at the meeting or to receive a Distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any Investor Units on the books of the Company after the record date.

8.5 Rights of Members. No Member or Owner shall have the right or power to: (i) withdraw or reduce his contribution to the capital of the Company, except as a result of the dissolution of the Company or as otherwise provided in this Agreement or by law; (ii) to the fullest extent permitted by law bring an action for partition against the Company; or (iii) demand or receive property other than cash in return for his Capital Contribution. Except as provided in this Agreement, no Member or Owner shall have priority over any other Member or Owner either as to the return of Capital Contributions or as to allocations of the Net Income, Net Loss or Distributions of the Company. Other than upon the termination and dissolution of the Company as provided by this Agreement, there has been no time agreed upon when the contribution of each Member (other than the Initial Member) or Owner is to be returned.

8.6 Restrictions on the Member. No Member shall:

8.6.1 Except a required by law, disclose to any non-Member other than their lawyers, accountants or consultants and/or commercially exploit any of the Company's business practices, trade secrets or any other information not generally known to the business community, including the identity of suppliers utilized by the Company;

8.6.2 Do any other act or deed with the intention of harming the business operations of the Company; or

8.6.3 Do any act contrary to the Agreement.

8.7 Return of Capital of Member. In accordance with the Act, an Owner may, under certain circumstances, be required to return to the Company, for the benefit of the Company's creditors, amounts previously distributed to the Owner. If any court of competent jurisdiction holds that any Owner is obligated to make any such payment, such obligation shall be the obligation of such Owner and not of the Company, the Manager or any other Owner.

8.8 Special Member. Upon the occurrence of any event that causes the last remaining Member to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon (i) an assignment by the Member of all of its limited liability company interest in the Company and the admission of the Substituted Member pursuant to Section 11.2, or (ii) the resignation of the Member and the admission of an additional member of the Company pursuant to Section 13.3), the Person executing this Agreement as the Special Member shall, without any action of such Person and simultaneously with the last remaining Member ceasing to be a member of the Company, automatically be admitted to the Company as a Special Member and shall continue the Company without dissolution. The Special Member may not resign from the Company or transfer its rights as Special Member unless a successor Special Member has been admitted to the Company as Special Member by executing a counterpart to this Agreement; provided, however, the Special Member shall automatically cease to be a member of the Company upon the admission to the Company of a substitute Member. The Special Member shall be a member of the Company that has no interest in the profits, losses and capital of the Company and has no right to receive any distributions of Company assets. Pursuant to Section 18-301 of the Act, a Special Member shall not be required to make any capital contributions to the Company and shall not receive a limited liability company interest in the Company. A Special Member, in its capacity as Special Member, may not bind the Company. Except as required by any mandatory provision of the Act, the Special Member, in its capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, the Company, including, without limitation, the merger, consolidation or conversion of the Company. In order to implement the admission to the Company of each Special Member, the person acting as the Special Member shall execute a counterpart to this Agreement. Prior to admission to the Company as Special Member, the Person executing this Agreement as the Special Member shall not be a member of the Company.

9. Resignation and Termination.

9.1 Resignation or Withdrawal of Manager. Subject to Section 10, the Manager shall not resign or withdraw as the Manager or do any act that would require its resignation or withdrawal.

9.2 Removal for Cause. The Members by Majority Vote shall have the right to remove the Manager at any time solely "for cause." For purposes of this Agreement, removal of the Manager "for cause" shall mean removal due to the (a) gross negligence or fraud of the Manager, (b) willful misconduct or willful breach of this Agreement by the Manager, (c) bankruptcy, insolvency or inability of the Manager to meet its obligation as the same come due, or (d) a conviction of a felony by Anthony W. Thompson, President of the Manager. If the Manager or an Affiliate owns any Investor Units, the Manager or the Affiliate, as the case may be, shall not participate in any vote to remove the Manager.

9.3 Purchase of Manager's Interest. Upon the removal of the Manager pursuant to Section 9.2 or resignation of the Manager pursuant to Section 10, the Manager shall be paid by the Company all fees that have been earned and all other compensation remaining to be paid under this Agreement.

10. Assignment of the Manager's Interest.

10.1 Permitted Assignments. Except as otherwise provided in this Agreement, the Manager may not sell, assign, hypothecate, encumber or otherwise transfer any part or all of its interest in the Company except with the consent of a Majority Vote of the Members, which consent may be withheld by such Members in their sole and absolute discretion and without reason or for any reason whatsoever. If the Members consent to the transfer, the interest may only be sold to the

proposed transferee within the time period approved by the Members, or within 90 days of such consent on the proposed terms and price, if later. All costs of the transfer, including reasonable attorneys' fees (if any), shall be borne by the transferring Manager.

10.1.1 Any assignment or transfer of the Manager's interest provided for by this Agreement can be an assignment or transfer of all of its interest or any portion or part of its interest.

10.1.2 Any transfer of all or a part of any Manager's interest may be made only pursuant to the terms and conditions contained in this Section 10.

10.1.3 Any such assignment shall be by a written instrument of assignment, the terms of which are not in contravention of any of the provisions of this Agreement, and which has been duly executed by the assignor of such Manager's interest and accepted by the Members pursuant to a Majority Vote.

10.1.4 The assignor and assignee shall have executed, acknowledged, and delivered such other instruments as the Members pursuant to a Majority Vote, may deem necessary or desirable to effect such substitution, which may include an opinion of counsel regarding the effect and legality of any such proposed transfer, and which shall include the written acceptance and adoption by the assignee of the provisions of this Agreement.

10.1.5 Notwithstanding the foregoing Sections 10.1.1 - 10.1.4, and anything to the contrary in this Agreement, the Manager or its Affiliates may sell, assign, hypothecate, encumber or otherwise transfer any part or all of its interest in the Company received in consideration for funds advanced to the Company in accordance with Section 3.3, provided that: (a) the Manager, its Affiliates and/or the transferee are responsible for all transfer costs including the Company's legal fees and costs; (b) such transferee agrees to be bound by this Agreement; (c) such transfer complies with all requirements pursuant to the Act, and all applicable federal and state securities laws; and (d) such transferee is an Affiliate of the Manager.

10.2 Substitute Manager. Upon acceptance by the Members of an assignment by the Manager, any assignee of such Manager's interest in compliance with this Section 10 shall be substituted as the Manager.

10.3 Transfer in Violation Not Recognized. Any assignment, sale, exchange or other transfer in contravention of the provisions of this Section 10 shall to the fullest extent permitted by law be void and ineffectual and shall not bind or be recognized by the Company.

11. Assignment of Investor Units.

11.1 Permitted Assignments. A Member may only sell, assign, hypothecate, encumber or otherwise transfer all of his or her interest in the Company if the following requirements are satisfied:

11.1.1 The Manager consents in writing to the transfer;

11.1.2 No Member shall transfer, assign or convey or offer to transfer, assign or convey all or any portion of an Investor Unit to any person who does not possess the financial qualifications required of all persons who become Members;

11.1.3 No Member shall have the right to transfer any Investor Unit to any minor or to any person who, for any reason, lacks the capacity to contract for himself under applicable law.

Such limitations shall not, however, restrict the right of any Member to transfer any one or more Investor Units to a custodian or a trustee for a minor or other person who lacks such contractual capacity;

11.1.4 The Manager, with advice of counsel, must determine that such transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act of 1933, as amended, and registration or qualification under state securities laws relied upon by the Company and Manager in offering and selling the Investor Units or otherwise violate any federal or state securities laws;

11.1.5 The Manager, with advice of counsel, must determine that, despite such transfer, Investor Units will not be deemed traded on an established securities market or readily tradable on a secondary market (or the substantial equivalent thereof) under the provisions applicable to publicly traded partnership status; provided, however, in no event may any Member transfer any Investor Units if such transfer would cause the Company to have more than 100 Owners without the express prior written consent of the Manager, which consent may be withheld in the Manager's sole and absolute discretion;

11.1.6 Any such transfer shall be by a written instrument of assignment, the terms of which are not in contravention of any of the provisions of this Agreement, and which has been duly executed by the assignor of such Investor Units and accepted by the Manager in writing. Upon such acceptance by the Manager, such an assignee shall take subject to all terms of this Agreement and shall become an Economic Interest Owner; and

11.1.7 A transfer fee shall be paid by the transferring Member in such amount as may be required by the Manager to cover all reasonable expenses, including attorneys' fees, connected with such assignment.

11.1.8 The transfer would not cause a default or otherwise accelerate any payment date on any loan obtained by the Company.

11.1.9 The minimum Interest that may be transferred is the lesser of one Investor Unit or the Member's entire interest in the Company.

11.2 Substituted Member.

11.2.1 Conditions to be Satisfied. No Economic Interest Owner shall have the right to become a Substituted Member unless the Manager shall consent thereto in accordance with Section 11.2.2 and all of the following conditions are satisfied:

(a) A duly executed and acknowledged written instrument of assignment shall have been filed with the Company, which instrument shall specify the number of Investor Units being assigned and set forth the intention of the assignor that the assignee succeed to the assignor's interest as a Substituted Member in his place;

(b) The assignor and assignee shall have executed, acknowledged and delivered such other instruments as the Manager may deem necessary or desirable to effect such substitution, which may include an opinion of counsel regarding the effect and legality of any such proposed transfer, and which shall include: (i) the written acceptance and adoption by the Economic Interest Owner of the provisions of this Agreement; and (ii) the execution,

acknowledgment and delivery to the Manager of a special power of attorney, the form and content of which are more fully described herein; and

(c) A transfer fee sufficient to cover all reasonable expenses connected with such substitution shall have been paid to the Company.

Notwithstanding the foregoing, so long as any obligation pursuant to the Loan Documents remains outstanding, no additional or Substituted Member may be admitted unless approved by the mortgagee holding the Mortgage Lien.

11.2.2 Consent of Manager. The consent of the Manager shall be required to admit an Economic Interest Owner as a Substituted Member. The granting or withholding of such consent shall be within the sole and absolute discretion of the Manager.

11.2.3 Consent of Member. By executing or adopting this Agreement, each Member hereby consents to the admission of additional or Substituted Members, and to any Economic Interest Owner becoming a Substituted Member upon consent of the Manager and in compliance with this Agreement.

11.3 Rights of Economic Interest Owner. An Economic Interest Owner shall be entitled to receive Distributions from the Company attributable to the interest acquired by reason of such assignment from and after the effective date of the assignment; provided, however, that notwithstanding anything herein to the contrary, the Company shall be entitled to treat the assignor of such interest as the absolute owner thereof in all respects, and shall incur no liability for allocations of Net Income and Net Loss or Distributions, or for the transmittal of reports or accounting until the written instrument of assignment has been received by the Company and recorded on its books. The effective date of such assignment shall be the date on which all of the requirements of this Section have been complied with, subject to Section 4.8.

11.4 Right to Inspect Books. Economic Interest Owners shall have no right to inspect the Company's books or records, to vote on Company matters, or to exercise any other right or privilege as Members, until they are admitted to the Company as Substituted Members, except as provided in the Act.

11.5 Assignment of 50% or More of Investor Units. No assignment of any Investor Units may be made if the Investor Units to be assigned, when added to the total of all other Investor Units and Manager interests assigned within the 13 immediately preceding months, would, in the opinion of counsel for the Company, result in the termination of the Company under the Code.

11.6 Transfer Subject to Law. No assignment, sale, transfer, exchange or other disposition of any Investor Units may be made except in compliance with the applicable governmental laws and regulations, including state and federal securities laws.

11.7 Termination of Membership Interest. Upon the transfer of an Investor Unit in violation of this Agreement or the occurrence of a Dissolution Event as to such Member which does not result in the dissolution of the Company, the Membership Interest of a Member shall be converted into an Economic Interest or purchased by the Company as provided herein.

12. Books, Records, Accounting and Reports.

12.1 Records, Audits and Reports. The Company shall maintain at its principal office the Company's records and accounts of all operations and expenditures of the Company including the following:

12.1.1 A current list in alphabetical order of the full name and last known business or resident address of each Owner and Manager, together with the Capital Contribution and the share in profits and losses of each Owner;

12.1.2 A copy of the Certificate of Formation and all amendments thereto, together with any powers of attorney pursuant to this Agreement;

12.1.3 Copies of the Company's Federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years;

12.1.4 Copies of this Agreement and any amendments thereto together with any powers of attorney pursuant to which any written accounting or any amendments thereto were executed;

12.1.5 Copies of any financial statements of the Company, if any, for the six most recent years; and

12.1.6 The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four fiscal years.

12.2 Delivery to Members and Inspection. Each Member has the right, upon reasonable written request for purposes related to the interest of that person as a Member, to receive from the Company:

(a) True and full information regarding the status of the business and financial condition of the Company;

(b) Promptly after becoming available, a copy of the Company's federal, state and local income tax returns for each year;

(c) A current list of the name and last known business, residence or mailing address of each Member and Manager;

(d) A copy of this Agreement and the Certificate of Formation and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which this Agreement and any certificate and all amendments thereto have been executed; and

(e) True and full information regarding the amount of cash and description and statement of the agreed value of any property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each became a Member.

(f) Any information required to be made available to a Member pursuant to Section 18-305 of the Act or any other applicable law.

12.3 Annual Report.

12.3.1 The Manager will cause the Company, at the Company's expense, to prepare an unaudited annual report containing a year end balance sheet, income statement and a statement of changes in financial position. Copies of such statements shall be distributed to each Member within 75 days after the close of each fiscal year of the Company.

12.3.2 Upon the vote of Members who own thirty percent (30%) or more of the Investor Units (including Investor Units owned or controlled by the Manager or its Affiliates), the Manager will use its best efforts to obtain in the future audited financial statements for the Property's operation. Such audited financial statements shall be at the Company's sole cost and expense.

12.4 Tax Information. The Manager shall cause the Company, at the Company's expense, to prepare and timely file income tax returns for the Company with the appropriate authorities, and shall cause all Company information necessary in the preparation of the Owners' individual income tax returns to be distributed to the Owners not later than 75 days after the end of the Company's fiscal year.

13. Termination and Dissolution of the Company.

13.1 Dissolution of Company. The Company shall be dissolved, and its affairs wound up upon the earliest to occur of the following:

13.1.1 A determination by the Manager, with a Majority Vote, to terminate the Company;

13.1.2 The sale of the Property or the receipt of the final payment on any seller financing provided by the Company on the sale of the Property, if later, unless the Company holds securities of another company which cannot be distributed, in which case the Company will be dissolved as soon as possible upon such distribution; or

13.1.3 The termination of the legal existence of the last remaining member of the Company or the occurrence of any other event which terminates the continued membership of the last remaining member of the Company in the Company unless the Company is continued without dissolution in a manner permitted by this Agreement or the Act; or

13.1.4 The entry of a decree of judicial dissolution under Section 18-802 of the Act.

Upon the occurrence of any event that causes the last remaining member of the Company to cease to be a member of the Company or that causes the last remaining Member of the Company to cease to be a member of the Company (other than upon continuation of the Company without dissolution upon (i) an assignment by such Member of all of its limited liability company interest in the Company and the admission of the transferee pursuant to Section 11.2, or (ii) the resignation of such Member and the admission of an additional member of the Company pursuant to Section 13.3), to the fullest extent permitted by law, the personal representative of such member is hereby authorized to, and shall, within 90 days after the occurrence of the event that terminated the continued membership of such member in the Company, agree in writing (i) to continue the Company and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute member of the Company, effective as of the occurrence of the event that terminated the continued membership of the last remaining member of the Company or the last remaining Member in the Company.

13.2 Events of Dissolution. Notwithstanding any provision hereof to the contrary, the following shall govern: To the extent permissible under applicable federal and state tax and other applicable law, the vote of a majority-in-interest of the remaining Members is sufficient to continue the existence of the Company upon the occurrence of either of the events set forth in Sections 13.1.1 or 13.1.2. If such vote is not obtained, for so long as the Mortgage Lien exists on the Property, to the fullest extent permitted by law, the Company shall not liquidate the Property without first obtaining approval of the mortgagee holding the Mortgage Lien. In any event, such holder may, to the fullest extent provided by law, continue to exercise all of its rights under the existing security agreements or mortgages until the debt underlying the Mortgage Lien has been paid in full or otherwise completely discharged.

13.3 Restriction on Termination. Notwithstanding any other provision of this Agreement, the Bankruptcy of a Member or Special Member shall not cause the dissolution of the Company and upon the occurrence of such an event the Company shall continue without dissolution. So long as any obligation pursuant to the Loan Documents is outstanding, the Member may not resign without the prior written approval of the Holder of the Mortgage Lien. If a Member is permitted to resign pursuant to this Section 13.3, an additional member of the Company shall be admitted to the Company, subject to the approval of the mortgagee holding the Mortgage Lien, upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement, which instrument may be a counterpart signature page to this Agreement. Such admission shall be deemed effective immediately prior to the resignation and, immediately following such admission, the resigning Member shall cease to be a member of the Company.

13.4 Termination. The Company shall terminate when (i) all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company shall have been distributed to the Members in the manner provided for in this Agreement and (ii) the Certificate of Formation shall have been canceled in the manner required by the Act. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate of Formation as provided in the Act.

13.5 Liquidation of Assets. Upon a dissolution of the Company, the Manager (or in case there is no Manager, the Members or person designated by a Majority Vote) shall take full account of the Company assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining the fair market value thereof, and shall apply and distribute the proceeds therefrom in the following order:

13.5.1 To creditors in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof); and

13.5.2 To the Members in accordance with Section 5.2 hereof.

13.6 Distributions Upon Dissolution. Each Member shall look solely to the assets of the Company for all Distributions and its Capital Contributions, and shall have no recourse therefor (upon dissolution or otherwise) against any Manager or any Member.

13.7 Liquidation of Member's Interest. If there is a Liquidation of a Member's interest in the Company, any liquidating Distribution pursuant to such Liquidation shall be made only to the extent of the positive Capital Account balance, if any, of such Member for the taxable year during which such Liquidation occurs after proper adjustments for allocations and Distributions for such taxable year up to the time of Liquidation. Such Distributions shall be made by the end of the taxable

year of the Company during which such Liquidation occurs, or if later, within 90 days after such Liquidation.

14. Special and Limited Power of Attorney.

14.1 Power of Attorney. Triple Net Properties, LLC shall at all times during the term of the Company have a special and limited power of attorney as the attorney-in-fact for each Member, with power and authority to act in the name and on behalf of each such Member to execute, acknowledge, and swear to in the execution, acknowledgment and filing of documents which are not inconsistent with the provisions of this Agreement and which may include, by way of illustration but not by limitation, the following:

14.1.1 This Agreement, as well as any amendments to the foregoing which, under the laws of the State of Delaware or the laws of any other state, are required to be filed or which the Manager shall deem it advisable to file;

14.1.2 Any other instrument or document that may be required to be filed by the Company under the laws of any state or by any governmental agency or which the Manager shall deem it advisable to file;

14.1.3 Any instrument or document that may be required to effect the continuation of the Company, the admission of Substituted Members, or the dissolution and termination of the Company (provided such continuation, admission or dissolution and termination are in accordance with the terms of this Agreement);

14.1.4 Any contract for purchase or sale of real estate, and any deed, deed of trust, mortgage, or other instrument of conveyance or encumbrance, with respect to Property; and

14.1.5 Any and all other instruments as the Manager may deem necessary or desirable to effect the purposes of this Agreement and carry out fully its provisions.

14.2 Provision of Power of Attorney. The special and limited power of attorney granted to Triple Net Properties, LLC:

14.2.1 Is a special power of attorney coupled with an interest, is irrevocable, shall survive the death, incapacity, termination or dissolution of the granting Member, and is limited to those matters herein set forth;

14.2.2 May be exercised by Triple Net Properties, LLC by and through one or more of the officers of Triple Net Properties, LLC, for each of the Members by the signature of Triple Net Properties, LLC acting as attorney-in-fact for all of the Members, together with a list of all Members executing such instrument by their attorney-in-fact or by such other method as may be required or requested in connection with the recording or filing of any instrument or other document so executed; and

14.2.3 Shall survive an assignment by a Member of all or any portion of his Investor Units except that, where the assignee of the Investor Units owned by the Member has been approved by the Manager for admission to the Company as a Substituted Member, the special power of attorney shall survive such assignment for the sole purpose of enabling Triple Net Properties, LLC to execute, acknowledge and file any instrument or document necessary to effect such substitution.

14.3 Notice to Members. The Manager shall promptly furnish to a Member a copy of any amendment to the Agreement executed by Triple Net Properties, LLC pursuant to a power of attorney from the Member.

15. Relationship of This Agreement to the Act. Many of the terms of this Agreement are intended to alter or extend provisions of the Act as they may apply to the Company or the Members. Any failure of this Agreement to mention or specify the relationship of such terms to provisions of the Act that may affect the scope or application of such terms shall not be construed to mean that any of such terms is not intended to be an operating agreement provision authorized or permitted by the Act or which in whole or in part alters, extends or supplants provisions of the Act as may be allowed thereby.

16. Amendment of Agreement.

16.1 Admission of Member. Amendments to this Agreement for the admission of any Member or Substitute Member shall not, if in accordance with the terms of this Agreement, require the consent of any Member.

16.2 Amendments with Consent of Member. In addition to any amendments otherwise authorized herein, this Agreement may be amended by the Manager with a Majority Vote of the Member.

16.3 Amendments Without Consent of the Members. In addition to the Amendments authorized pursuant to Section 4.9 and Section 7.3.11 or otherwise authorized herein, the Manager may amend this Agreement, without the consent of any of the Members, to (i) change the name and/or principal place of business of the Company, or (ii) decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Company and conduct its business and affairs); provided, however, that no amendment shall be adopted pursuant to this Section 16.3 unless the adoption thereof (A) is for the benefit of or not adverse to the interests of the Members, (B) is not inconsistent with Section 7, and (C) does not affect the limited liability of the Members or the status of the Company as a partnership for federal income tax purposes.

16.4 Execution and Recording of Amendments. Any amendment to this Agreement shall be executed by the Manager and by Triple Net Properties, LLC, as attorney-in-fact for the Members, pursuant to the power of attorney contained in Section 14. After the execution of such amendment, the Manager shall also prepare and record or file any certificate or other document which may be required to be recorded or filed with respect to such amendment, either under the Act or under the laws of any other jurisdiction in which the Company holds any Property or otherwise does business.

17. Miscellaneous.

17.1 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart.

17.2 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the respective Members.

17.3 Severability. In the event any sentence or Section of this Agreement is declared by a court of competent jurisdiction to be void, such sentence or Section shall be deemed severed from the remainder of this Agreement and the balance of this Agreement shall remain in full force and effect.

17.4 Notices. All notices under this Agreement shall be in writing and shall be given to the Member or Economic Interest Owner entitled thereto, by personal service or by mail, posted to the address maintained by the Company for such person or at such other address as he may specify in writing.

17.5 Manager's Address. The name and address of the Manager is as follows:

Triple Net Properties, LLC
1551 N. Tustin Avenue, Suite 650
Santa Ana, California 92705
Attn: Anthony W. Thompson, President

17.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without regard to conflict of laws principles), where this Agreement is made and entered into.

17.7 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and reference. Such titles and captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any provisions hereof.

17.8 Gender. Whenever required by the context hereof, the singular shall include the plural, and vice versa, the masculine gender shall include the feminine and neuter genders, and vice versa.

17.9 Time. Time is of the essence with respect to this Agreement.

17.10 Additional Documents. Each Member, upon the request of the Manager, shall perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement, including, but not limited to, providing acknowledgment before a Notary Public of any signature made by a Member.

17.11 Descriptions. All descriptions referred to in this Agreement are expressly incorporated herein by reference as if set forth in full, whether or not attached hereto.

17.12 Binding Arbitration. Any controversy arising out of or related to this Agreement or the breach thereof or an investment in the Investor Units shall be settled by arbitration in Orange County, California, in accordance with the rules of The American Arbitration Association ("AAA"), and judgment entered upon the award rendered may be enforced by appropriate judicial action. The arbitration panel shall consist of one member, which shall be the mediator if mediation has occurred or shall be a person agreed to by each party to the dispute within 30 days following notice by one party that he desires that a matter be arbitrated. If there was no mediation and the parties are unable within such 30 day period to agree upon an arbitrator, then the panel shall be one arbitrator selected by the Orange County office of The American Arbitration Association, which arbitrator shall be experienced in the area of real estate and limited liability companies and who shall be knowledgeable with respect to the subject matter area of the dispute. The losing party shall bear any fees and expenses of the arbitrator, other tribunal fees and expenses, reasonable attorney's fees of both parties, any costs of producing witnesses and any other reasonable costs or expenses incurred by him or the prevailing party or such costs shall be allocated by the arbitrator. The arbitration panel shall render a decision within 30 days following the close of presentation by the parties of their cases and any rebuttal. The parties shall agree within 30 days following selection of the arbitrator to any prehearing procedures or further procedures necessary for the arbitration to proceed, including interrogatories or other

discovery; provided, in any event each Member shall be entitled to discovery. This Section 17.12 shall be construed to the maximum extent possible to comply with the laws of the State of Delaware, including the Uniform Arbitration Act (10 Del. C. § 5701 et seq.) (the "Delaware Arbitration Act"). If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Section 17.12, including any Commercial Arbitration Rules or rules of the AAA shall be invalid or unenforceable under the Delaware Arbitration Act or other applicable law, such invalidity shall not invalidate all of this Section 17.12. In that case, this Section 17.12 shall be construed so as to limit any term or provision so as to make it valid or enforceable within the requirements of the Delaware Arbitration Act or other applicable law, and, in the event such term or provision cannot be so limited, this Section 17.12 shall be construed to omit such invalid or unenforceable provision.

17.13 Venue. Any Action relating to or arising out of this Agreement may be brought in a court of competent jurisdiction located in Orange County, California, or Wilmington, Delaware.

17.14 Partition. The Members agree that the assets of the Company are not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives (to the fullest extent permitted by law) any and all rights that he may have, or may obtain, to maintain any action for partition of any of the assets of the Company.

17.15 Integrated and Binding Agreement. This Agreement contains the entire understanding and agreement among the Members with respect to the subject matter hereof, and there are no other agreements, understandings, representations or warranties among the Members other than those set forth herein except the Subscription Documents. This Agreement may be amended only as provided in this Agreement. Notwithstanding any other provision of this Agreement, the Members agree that this Agreement constitutes a legal, valid and binding agreement of the Members, and is enforceable against the Members by the Manager, in accordance with its terms. In addition, the Manager shall be an intended beneficiary of this Agreement.

17.16 Legal Counsel. Each Member acknowledges and agrees that counsel representing the Company, the Manager and its Affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Members, other than the Manager, in any respect. In addition, each Member consents to the Manager hiring counsel for the Company which is also counsel to one or more of the Managers.

18. Separateness Covenants. Notwithstanding any provision hereof to the contrary, the following shall govern: For so long as any mortgage lien exists on the Property, in order to preserve and ensure its separate and distinct identity, in addition to the other provisions set forth in this Agreement, the Company shall not and will not:

(a) engage in any business or activity other than the ownership, operating and maintenance of the Property, and activities incidental thereto;

(b) acquire or own any assets other than (A) the Property; and (B) such incidental Personal Property as may be necessary for the operation of the Property;

(c) merge into or consolidate with any Person, or to the full extent permitted by law, dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets or change its legal structure;

(d) fail to observe all organizational formalities, or fail to preserve its existence as an entity duly formed, validly existing and in good standing (if applicable) under the applicable Legal Requirements of the jurisdiction of its organization or formation, or amend, modify, terminate or fail to comply with the provisions of its organizational documents;

(e) own any subsidiary, or make any investment in, any Person;

(f) commingle its assets with the assets of any Person;

(g) incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than the Loan or any loan to refinance the Loan, and unsecured trade payables incurred in the ordinary course of business relating to the ownership and operation of the Property, provided, with respect to trade payables, the same (x) do not exceed at any time in the aggregate 3% of the outstanding principal amount of the Loan, and (y) are paid by the earlier of the date when due or sixty (60) days after the date incurred;

(h) fail to maintain its record, books of account, bank accounts, financial statements, accounting records and other entity documents separate and apart from those of any other Person;

(i) enter into any contract or agreement with any general partner, member, shareholder, principal or Affiliate, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's-length basis with unaffiliated third parties;

(j) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(k) assume or guaranty the debts of any other Person, hold itself out to be responsible for the debts of any other Person, or otherwise pledge its assets for the benefit of any other Person or hold out its credit as being available to satisfy the obligations of any other Person;

(l) make any loans or advances to any Person;

(m) fail to file its own tax returns (unless prohibited by applicable Legal Requirements from doing so);

(n) fail either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business solely in its own name or fail to correct any known misunderstanding regarding its separate identity;

(o) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(p) fail to allocate shared expenses (including, without limitation, shared office space) and to use separate stationary, invoices and checks;

(q) fail to pay its own liabilities (including, without limitation, salaries of its own employees) from its own funds;

(r) acquire obligations or securities of its partners, members, shareholders or other affiliates, as applicable; and

(s) violate or cause to be violated the assumptions made with respect to the Borrower and its principals in any opinion letter pertaining to the Non-Consolidation Opinion.

Failure of the Company, or any Member or the Manager on behalf of the Company, to comply with any of the foregoing covenants or any other covenants in this Agreement shall not effect the status of the company as a separate legal entity or the limited liability of the Members or the Manager.

For purpose of this Section 18, the following terms shall have the following meanings:

"**affiliate**" means any person controlling or controlled by or under common control with the limited liability company including, without limitation (i) any person who has a familial relationship, by blood, marriage or otherwise with any member or employee of the limited liability company, or any affiliate thereof and (ii) any person which receives compensation for administrative, legal or accounting services from this limited liability company, or any affiliate. For purposes of this definition, "control" when used with respect to any specified person, means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization, or government or any agency or political subdivision thereof.

IN WITNESS WHEREOF, the undersigned have set their hands to this Agreement as of the date first set forth in the preamble.

MANAGER:

TRIPLE NET PROPERTIES, LLC,
a Virginia limited liability company

By: _____
Anthony W. Thompson, President

INITIAL MEMBER:

_____
Anthony W. Thompson, Individually

SPECIAL MEMBER:

TRIPLE NET PROPERTIES, LLC,
a Virginia limited liability company

By: _____
Anthony W. Thompson, President

EXHIBIT A
DEFINITIONS

"Act" shall mean the Delaware Limited Liability Company Act, as the same may be amended from time to time.

"Adjusted Capital Account Deficit" shall mean, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which the Member is obligated to restore and the Member's share of Member Minimum Gain and Company Minimum Gain and;

(ii) Debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

"Affiliate" shall mean (i) any person directly or indirectly controlling, controlled by or under common control with another person; (ii) a person owning or controlling 10% or more of the outstanding voting securities of such other person; (iii) any officer, director or partner of such other person; and (iv) if such other person is an officer, director or partner, any company for which such person acts in any capacity. The term "person" shall include any natural person, corporation, partnership, trust, unincorporated association or other legal entity.

"Agreement" shall mean this Operating Agreement, as amended from time to time. this Operating Agreement shall constitute a limited liability company agreement within the meaning of 18-101(7) of the Act.

"Bankruptcy" means, with respect to any Person, if such Person (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged as bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceedings, (iv) files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (vii) if 120 days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, if the proceeding has not been dismissed, or if within 90 days after the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated. The foregoing definition of "Bankruptcy" is intended to replace and shall supersede and replace the definition of "Bankruptcy" set forth in Sections 18-101(1) and 18-304 of the Act.

"Book Gain" shall mean the excess, if any, of the fair market value of the Property over its adjusted basis for federal income tax purposes at the time a valuation of the Property is required under this Agreement or Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

"Book Loss" shall mean the excess, if any, of the adjusted basis of Property for federal income tax purposes over its fair market value at the time a valuation of the Property is required under this

Agreement or Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

"Book Value" shall mean the adjusted basis of Property for federal income tax purposes increased or decreased by Book Gain, Book Loss, Built-In Gain and Built-In Loss as reduced by depreciation, amortization or other cost recovery deductions, or otherwise, based on such Book Value.

"Built-In Gain (or Loss)" shall mean the amount, if any, by which the agreed value of contributed Property exceeds (or is lesser than) the adjusted basis of Property contributed to the Company by a Member immediately after its contribution by the Member to the capital of the Company.

"Capital Account" with respect to any Member (or such Member's assignee) shall mean such Member's initial Capital Contribution adjusted as follows:

(i) A Member's Capital Account shall be increased by:

(a) such Member's share of Net Income;

(b) any income or gain specially allocated to a Member and not included in Net Income or Net Loss;

(c) any additional cash Capital Contribution made by such Member to the Company; and

(d) the fair market value of any additional Capital Contribution consisting of property contributed by such Member to the capital of the Company reduced by any liabilities assumed by the Company in connection with such contribution or to which the property is subject.

(ii) A Member's Capital Account shall be reduced by:

(a) such Member's share of Net Loss;

(b) any deduction specially allocated to a Member and not included in Net Income or Net Loss;

(c) any cash Distribution made to such Member; and

(d) the fair market value, as agreed to by the Manager and the Members pursuant to a Majority Vote, of any property (reduced by any liabilities assumed by the Member in connection with the Distribution or to which the distributed property is subject) distributed to such Member; provided that, upon liquidation and winding up of the Company, unsold property will be valued for Distribution at its fair market value and the Capital Account of each Member before such Distribution shall be adjusted to reflect the allocation of gain or loss that would have been realized had the Company then sold the property for its fair market value. Such fair market value shall not be less than the amount of any nonrecourse indebtedness that is secured by the property.

Property other than money may not be contributed to the Company except as specifically provided in this Agreement. Property of the Company may not be revalued for purposes of calculating Capital Accounts unless the Manager and the Members pursuant to a Majority Vote agree on the fair

market value of the property and Company complies with the requirements of Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and (g); provided, however, for purposes of calculating Book Gain or Book Loss (but not for purposes of adjusting Capital Accounts to reflect the contribution and distribution of such property), the fair market value of property shall be deemed to be no less than the outstanding balance of any nonrecourse indebtedness secured by such Property.

The Capital Account of a Substituted Member shall include the Capital Account of his transferor. Notwithstanding anything to the contrary in this Agreement, the Capital Accounts shall be maintained in accordance with Treasury Regulations Section 1.704-1(b). References in this Agreement to the Treasury Regulations shall include corresponding subsequent provisions.

"Capital Contribution" shall mean the gross amount invested in the Company by a Member and shall be equal in amount to the cash purchase price paid by such Member for the Investor Units sold to him by the Company. In the plural, "Capital Contributions" shall mean the aggregate amount invested by all of the Members in the Company and shall equal, in total, the sum of the amount attributable to the purchase of Investor Units and the contributions of the Manager.

"Capital Transaction" shall mean any financing, refinancing, sale, exchange, or other disposition or condemnation of, or casualty to, the Property.

"Cash from Capital Transactions" shall mean the net cash realized by the Company from any Capital Transaction after payment of all cash expenditures of the Company, including, but not limited to, all fees payable to the Manager or Affiliates, all payments of principal and interest on indebtedness, and such reserves and retentions as the Manager reasonably determines to be necessary and desirable in connection therewith.

"Cash from Operations" shall mean the net cash realized by the Company from any source other than a Capital Transaction, after payment of all cash expenditures of the Company, including, but not limited to, all operating expenses including all fees payable to the Manager or Affiliates, all payments of principal and interest on indebtedness, expenses for repairs and maintenance, capital improvements and replacements, and such reserves and retentions as the Manager reasonably determines to be necessary and desirable in connection with Company operations with its then existing assets and any anticipated acquisitions.

"Certificate of Formation" shall mean the Certificate of Formation of the Company as filed with the Secretary of State of the State of Delaware as the same may be amended or restated from time to time.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequently enacted federal revenue laws.

"Company" shall refer to NNN Congress Center, LLC.

"Company Minimum Gain" shall meaning "partnership minimum gain" as set forth in Treasury Regulations Sections 1.704-2(d).

"Cunningham Loan" shall mean loans to the Company to acquire the Property, pay operating expenses or for any other business purpose made by Cunningham Lending Group, LLC, an Affiliate of Thompson. Any such loan shall bear interest at Cunningham Lending Group, LLC's cost of funds not to exceed 12% per annum (or, if less, the maximum rate allowed by law).

"Depository Account" shall have the meaning set forth in Section 3.1.5.

"Distributable Cash" shall mean Cash from Operations, and Capital Contributions determined by the Manager to be available for Distribution to the Members.

"Distribution" shall refer to any money or other property transferred without consideration (other than repurchased Investor Units) to Members or Owners with respect to their Investor Units in the Company, but shall not include any payments to the Manager pursuant to Section 6.

"Economic Interest" shall mean an interest in the Net Income, Net Loss and Distributions of the Company but shall not include any right to vote or to participate in the management of the Company.

"Economic Interest Owner" shall mean the owner of an Economic Interest who is not a Member.

"Impound Release Date" shall have the meaning set forth in Section 3.1.5.

"Initial Member" shall refer to Anthony W. Thompson, in his capacity as a member of the Company.

"Interest" or "Interests" shall mean a Membership Interest or an Economic Interest.

"Investor Unit" shall represent an interest in the Company entitling the owner of the Investor Unit if admitted as a Member to the respective voting and other rights afforded to a Member holding an Investor Unit, and affording to such Member a share in Net Income, Net Loss and Distributions as provided for in this Agreement.

"Lender" means _____ or its successors and assigns.

"Liquidation" means in respect to the Company the earlier of the date upon which the Company is terminated under Section 708(b)(1) of the Code or the date upon which the Company ceases to be a going concern (even though it may exist for purposes of winding up its affairs, paying its debts and distributing any remaining balance to its Members), and in respect to a Member where the Company is not in Liquidation means the date upon which occurs the termination of the Member's entire interest in the Company by means of a distribution or the making of the last of a series of Distributions (whether or not made in more than one year) to the Member by the Company.

"Loan" means that certain mortgage loan in the original principal amount of $_____from Lender to Company, used to acquire the Property by the Company and the tenant in common owners of the Property.

"Loan Documents" means all documents evidencing or securing the Loan and any and all documents related thereto.

"Majority Vote" shall mean the vote of more than 50% of the Investor Units entitled to vote. Members shall be entitled to cast one vote for each Investor Unit they own, and a fractional for each fractional Unit they own.

"Management Agreement" shall refer to the Management Agreement between Property Manager, as property manager, and the Company, with respect to the management and operation of the Property, a true copy of which is attached as Exhibit B.

"Manager" shall refer to Triple Net Properties, LLC, a Virginia limited liability company in its capacity as a Manager of the Company. The term "Manager" shall also refer to any successor or additional Manager who is admitted to the Company as the Manager within the meaning of Section 18-101(10) of the Act.

"Member" shall mean any holder of an Investor Unit who is admitted to the Company as a Member, in such Person's capacity as a member of the Company.

"Member Minimum Gain" shall mean "partner nonrecourse debt minimum gain" as determined under Treasury Regulations Section 1.704-2(i)(3).

"Member Nonrecourse Debt" shall mean "partner nonrecourse debt" as set forth in Treasury Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Deductions" shall mean of "partner nonrecourse deductions," and the amount thereof shall be, as set forth in Treasury Regulations Section 1.704-2(i).

"Membership Interest" shall mean a Member's entire limited liability company interest in the Company including such Member's Economic Interest and such voting and other rights and privileges that the Member may enjoy by being a Member.

"Memorandum" shall mean the Company's Confidential Private Placement Memorandum dated October 15, 2002, for the sale of the Investor Units.

"Mortgage Lien" shall mean the lien created by that certain Deed of Trust, Security Agreement, Assignment of Rents and Fixture Filing, executed by Company for the benefit of Lender, securing the Loan.

"Net Capital Contribution" of any Member shall be equal to the excess, if any, of (i) the aggregate Capital Contributions of such Member based on $5,000 per Unit over (ii) the aggregate Distributions to such Member.

"Net Income" or "Net Loss" shall mean, respectively, for each taxable year of the Company the taxable income and taxable loss (exclusive of Built-In Gain or Loss) of the Company as determined for federal income tax purposes in accordance with Section 703(a) or the Code (including all items of income, gain, loss, or deduction required to be separately stated pursuant to Section 703(a)(1) of the Code) (other than any specific item of income, gain (exclusive of Built-In Gain), loss (exclusive of Built-In Loss), deduction or credit subject to special allocation under this Agreement), with the following modifications:

(i) The amount determined above shall be increased by any income exempt from federal income tax;

(ii) The amount determined above shall be reduced by any expenditures described in Section 705(a)(2)(B) of the Code or expenditures treated as such pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i);

(iii) Depreciation, amortization and other cost recovery deductions shall be computed based on Book Value instead of on the amount determined in computing taxable income or loss. Any item of deduction, amortization or cost recovery specially allocated to a Member and not

included in Net Income or Net Loss shall be determined for Capital Account purposes in a similar manner; and

(iv) For purposes of this Agreement, Book Gain and Book Loss attributable to a revaluation of Property attributable to unrealized gain or loss in such Property shall be treated as Net Income and Net Loss.

"Nonrecourse Debt" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

"Nonrecourse Deductions" shall have the meaning, and the amount thereof shall be, as set forth in Treasury Regulations Section 1.704-2(c).

"Note" means that certain promissory note in the original principal amount of the Loan.

"Offering" shall mean the offering and sale of the Investor Units made in accordance with the provisions of Section 3.1.2.

"Offering Termination Date" shall mean the date the Offering of Investor Units will terminate pursuant to the Memorandum, which is the earliest of (i) the date all Investor Units are sold or (ii) June 30, 2003, which date can be extended to September 30, 2003 in the sole and absolute discretion of the Manager.

"Organization and Offering Expenses" shall mean all expenses incurred in connection with the organization and formation of the Company, the preparation of the offering materials, and the marketing and sale of the Investor Units, including but not limited to legal, accounting, tax planning fees, promotional fees or expenses, filing and recording fees, market research and surveys, property inspections and research, engineering services, printing costs, securities sales commissions, travel expenses and other costs or expenses incurred in connection therewith.

"Owner" shall mean a Member or the holder of an Economic Interest.

"Person" shall mean any natural person or entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so admits.

"Prime Rate" shall mean the reference rate announced from time-to-time by the Wall Street Journal, and changes in the Prime Rate shall be deemed to occur on the date that changes in such rate are announced.

"Property" shall refer to the Congress Center, an approximately 524,784 square foot Class A office tower located in Chicago, Illinois.

"Property Manager" shall mean Triple Net Properties Realty, Inc., a California corporation.

"Regulatory Allocations" shall mean the allocations set forth in Sections 4.2(a) through (g).

"Special Member" shall mean, upon such Person's admission to the Company as a member of the Company, the Person bound by this Agreement as Special Member in such Person's capacity as a member of the Company. A Special Member shall only have the rights and duties expressly set forth in this Agreement.

"Subscription Agreement" means the agreement, in the form as may be attached to the Memorandum, by which each person desiring to become a Member shall evidence (i) the number of Investor Units which such person wishes to acquire and (ii) such person's agreement to become a party to, and be bound by the provisions of, this Agreement and (iii) certain representations regarding the person's finances and investment intent.

"Subscription Payment" shall mean the cash payment that must accompany each subscription for Investor Units sold through the Offering.

"Substituted Member" shall mean any person admitted as a substituted Member pursuant to this Agreement.

"Tax Payment" shall have the meaning set forth in Section 4.11.1.

"Tenants in Common" shall mean the Company and the purchasers of tenant in common interests in the Property.

"Tenants in Common Agreement" shall mean that certain Tenant in Common Agreement in the form attached to the Memorandum executed or to be executed by the Tenants in Common.

"Thompson" shall mean Anthony W. Thompson.

"Unrecovered Equity" of a Member as of any date means the amount of a Member's Capital Contributions to the Company, reduced, but not below zero, by the cumulative Cash from Capital Transactions amounts distributed to such Member under Section 5.2 hereof.

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EXHIBIT "B"

MANAGEMENT AGREEMENT

This MANAGEMENT AGREEMENT (the "Agreement") is dated as of this ___ day of _____, 2002, between the Tenants in Common whose signatures appear at the end hereof (collectively, the "Tenants in Common"), and Triple Net Properties Realty, Inc., a California corporation ("Property Manager").

The Tenants in Common own certain real property and improvements in Chicago, Illinois, commonly known as the Congress Center, as more particularly described in Exhibit "A" attached hereto and incorporated herein (the "Property"). The Tenants in Common have entered into a Tenants in Common Agreement (the "Tenants in Common Agreement") concurrently herewith to provide for the orderly ownership and operation of the Property. The Tenants in Common desire to engage Property Manager to manage, lease, operate, and maintain the Property. It is intended by the parties hereto that this Agreement comply with all of the requirements of Revenue Procedure 2002-22, 2002-14 IRBI (the "Rev. Proc.").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. COMMENCEMENT AND TERMINATION DATES; AUTHORITY OF TENANTS IN COMMON.

1.1 Commencement and Termination. Property Manager's duties and responsibilities under this Agreement shall begin on the date of this Agreement (the "Start Date") and shall terminate on the earlier of (a) the sale of the Property or any portion thereof, as to such portion of the Property sold only (other than any sale of an undivided interest held by a Tenant in Common to a party that will acquire such interest subject to the Tenants in Common Agreement), (b) termination as provided in Section 10.1, or (c) December 31, 2012.

1.2 Approval of the Tenants in Common. Whenever in this Agreement the approval, consent or other action by the Tenants in Common is required or otherwise appropriate, the unanimous approval, consent or other action of the Tenants in Common shall be required to approve: (a) this Management Agreement and all amendments and renewals hereof in accordance with Section 10.1; (b) all leases and amendments thereof in accordance with Sections 2.5 and 2.6; (c) all financing and refinancing of the Property; and (d) sale of the Property (other than a sale pursuant to the Purchase Option described in Section 11 of the Tenants in Common Agreement). All other actions in this Agreement requiring approval of the Tenants in Common may be taken by the Tenants in Common holding more than fifty percent (50%) of the undivided interests in the Property. Whenever in this Agreement the consent or approval of the Tenants in Common is required or otherwise requested, each Tenant in Common generally shall have thirty (30) days after the date on which the request for consent or approval is submitted to it by Property Manager in which to approve or disapprove of the matter in writing (unless a longer or shorter period for response is expressly provided for herein, for example, the ten (10) day period to review and approve leasing matters). A Tenant in Common who does not disapprove of the matter within such thirty (30) day period (or such longer or shorter period expressly provided for herein) shall be deemed to have approved the matter. Property Manager shall have no obligation hereunder to comply with any requests or direction made by less than all of the appropriate percentage of the Tenants in Common pursuant to Section 1.2 of this Agreement.

2. PROPERTY MANAGER'S RESPONSIBILITIES.

2.1 Status of Property Manager. The Tenants in Common and Property Manager do not intend to form a joint venture, partnership or similar relationship. Instead, the parties intend that Property Manager shall act solely in the capacity of an independent contractor for the Tenants in Common. Nothing in this Agreement shall cause Property Manager and the Tenants in Common to be joint ventures or partners of each other, and neither shall have the power to bind or obligate the other party by virtue of this Agreement, except the powers of Property Manager as expressly provided in this Agreement. Nothing in this Agreement shall deprive or otherwise affect the

right of either party to own, invest in, manage, or operate, or to conduct business activities which compete with, the Property.

2.2 Management. Property Manager shall manage, operate and maintain the Property in an efficient, economic, and satisfactory manner and shall manage the performance of everything reasonably necessary for the proper operation of the Property for the tenants thereof, subject to (a) applicable governmental requirements, and (b) the terms and provisions of this Agreement. At the expense of each of the Tenants in Common, based on their undivided interests in the Property, Property Manager shall keep the Property clean and in good repair, shall order and supervise the completion of such repairs as may be required and shall generally do and perform, or cause to be done or performed, all things necessary or required for the proper and efficient management, operation, and maintenance of the Property, provided each of the Tenants in Common, based on their undivided interests in the Property, in a manner reasonably satisfactory to Property Manager, make available to Property Manager sufficient sums to pay the costs thereof. Property Manager shall perform all services in a diligent and professional manner.

2.3 Employees/Independent Contractors of Property Manager. Property Manager shall employ, directly or through third party contractors (for example, an employee leasing company or on-site property manager), at all times, a sufficient number of capable employees and/or independent contractors to enable Property Manager to properly, adequately, safely and economically manage, operate and maintain the Property. All matters pertaining to the supervision of such employees shall be the responsibility of Property Manager. All salaries and benefits and positions of employees who perform work in connection with the Property shall be consistent with the Budget (as defined in Section 2.5).

2.4 Compliance with Laws, Mortgages and Other Matters

2.4.1 Property Manager shall use reasonable efforts to comply with all applicable governmental requirements, including by way of illustration, but not limitation, Board of Fire Underwriters or other similar body, relative to the performance of its duties hereunder, and cause the Property to comply with all applicable governmental laws, ordinances, rules, regulations, and requirements. Property Manager may implement such procedures with respect to the Property as Property Manager may deem advisable for the more efficient and economic management and operation thereof. Property Manager shall pay from the Operating Account (defined in Section 6.1) expenses incurred to remedy violations of laws. However, Property Manager shall not be obligated to remedy violations of law if sufficient funds are not available in the Operating Account or if the Tenants in Common do not provide sufficient additional funds to do so.

2.4.2 Property Manager shall furnish to the Tenants in Common, promptly after receipt, any notice of violation of any governmental requirement or order issued by any governmental entity, any Board of Fire Underwriters or other similar body against the Property, any notice of default from the holder of any mortgage or deed of trust encumbering the Property, or any notice of termination or cancellation of any insurance policy.

2.5 Budgets and Operating Plan.

2.5.1 Property Manager shall prepare and submit to the Tenants in Common, upon written request, an initial capital and operating budget ("Budget") for the promotion, operation, leasing (including leasing parameters for the Property), repair, maintenance and improvement of the Property for the first full calendar year of ownership on or before November 15th of the calendar year in which the Property was acquired. The Budget shall be on a monthly, cash basis. Property Manager shall also deliver a Budget for each subsequent calendar year on or about November 15th of the calendar year before the budget year. The Budget shall be approved by each Tenant in Common. Each Tenant in Common shall be deemed to have approved the Budget and the leasing parameters contained therein unless the Tenant in Common provides written notice to Property Manager and the other Tenants in Common indicating specific objection to certain Budget items within (a) thirty (30) days from receipt of the Budget for all matters except leasing matters and (b) ten (10) days with respect to all leasing matters. In the event any Tenant in Common disagrees with any item in the Budget, the disputing Tenant in Common shall negotiate in good faith with Property Manager and the other Tenants in Common for fifteen (15) days to resolve the issue. If the parties are unable to reach an agreement on any issue other than leasing matters, the issue shall be resolved by arbitration as set forth in Section 2.5.5 with (a) each of the disputing Tenant(s) in Common paying his

pro rata share of fifty percent (50%) of the cost of arbitration, and (b) all the other Tenants in Common paying his pro rata share of fifty percent (50%) of the costs of the arbitration. The Property Manager may proceed under the terms of the proposed Budget for items that are not objected to and may take any action with respect to items not approved for Emergency Expenditures (as defined in Section 2.5.2). Property Manager shall provide the Tenants in Common with such information regarding the Budget as may be, from time to time, reasonably requested by the Tenants in Common. Property Manager may at any time submit a revised Budget to the Tenants in Common.

2.5.2 Property Manager shall charge all expenses to the proper account as specified in the Budget, provided that Property Manager may reallocate savings from one line item to other line items, so long as not more than ten percent (10%) of the amount of any line item is reallocated in any calendar year. Property Manager shall submit a revised Budget to the Tenants in Common prior to making any expenditure not within the Budget unless the expenditure is (a) less than Ten Thousand Dollars ($10,000), or (b) in the Property Manager's reasonable judgment, required to avoid personal injury, significant property damage, a default under any loan encumbering the Property, a violation of applicable law or the suspension of a service (collectively, "Emergency Expenditures").

2.5.3 During each year, Property Manager shall inform the Tenants in Common of any material increases in costs and expenses not foreseen and not included in the Budget within a reasonable time after Property Manager learns of such changes.

2.5.4 Together with the submission of the Budget, Property Manager shall submit each year to the Tenants in Common an operating plan for the general operation of the Property, including a proposed list of improvements to the Property, general insurance plan, marketing plan and plan for the general operation and maintenance of the Property (the "Operating Plan"). Property Manager may submit a revised Operating Plan to the Tenants in Common at any time.

2.5.5 Any controversy arising out of, or related to, any dispute regarding the Budget as set forth in Section 2.5.1 shall be settled by binding arbitration in Orange County, California, in accordance with the rules of The American Arbitration Association (the "AAA"). The arbitration panel shall consist of one member, and shall be a person agreed to by each party to the dispute within fifteen (15) days following the end of the ten (10) day period set forth in Section 2.5.1. If the parties are unable within such fifteen (15) day period to agree upon an arbitrator, then the panel shall be comprised of one arbitrator selected solely by the Orange County office of the AAA, which arbitrator shall be experienced in the area of real estate and who shall be knowledgeable with respect to the subject matter area of the dispute. The disputing Tenants in Common and all the other Tenants in Common shall each pay fifty percent (50%) of any fees and expenses of the arbitrator and other tribunal fees and expenses; each Tenant in Common's share shall be computed separately for the disputing and non-disputing Tenants in Common as a group, by taking each Tenant in Common's undivided interest in the Property over all such non-disputing (or disputing) Tenants in Common (as the case may be). Each party shall pay their own legal fees and other costs. Each party shall submit a written proposal with respect to the issues in dispute. The arbitrator shall render a binding, non-appealable decision within fifteen (15) days (or as soon thereafter as may be practicable) following the close of presentation by the parties of their cases and any rebuttal. The arbitrator shall be limited to picking either alternative submitted without any change. Property Manager shall proceed with the alternative selected by the arbitrator.

2.6 Leasing.

2.6.1 Each Tenant in Common hereby approves all Leases (as defined in Section 2.6.2) presently in effect on the date hereof. New leases, amendments and renewals shall be subject to the procedure and voting process described in Section 2.6.2.

2.6.2 Property Manager shall use its commercially reasonable efforts to obtain tenants for all rental units in the Property and to renew leases and rental agreements (collectively, "Leases") as provided herein. In accordance with Section 6.5 of the Rev. Proc., lease terms must be approved by a unanimous vote of the Tenants in Common unless (a) a lease is for 1,000 square feet or less of the net rentable area of the Property in which case the Property Manager can approve such lease; or (b) a lease is for more than 1,000 square feet but less than 2,100 square feet of the net rentable area of the Property and such lease, which is consistent with the approved Budget and Operating Plan, is on a standard form which has been unanimously approved in advance by the Tenants

in Common in which case the Property Manager can approve such lease. Property Manager will forward to each Tenant in Common by certified United States mail, with return receipt requested, a copy or summary of all new leases, material lease modifications and lease renewals (other than automatic renewals contained in previously approved leases). The Tenants in Common are encouraged to review all such leasing materials or summary and contact the Property Manager to discuss any questions and comments they may have with respect to any leasing matters. Lease terms will be deemed approved unless a Tenant in Common gives notice of rejection to the Property Manager within seventy-two (72) hours of receipt of such lease terms. In addition, the Tenants in Common will grant to the Property Manager a special power of attorney to execute all approved leases. If any Tenant in Common objects to any such leasing matters, the Property Manager will not have authority to execute the rejected leases on behalf of the Tenants in Common. In connection with its leasing efforts, the Property Manager may advertise the Property for lease.

2.6.3 Notwithstanding anything to the contrary contained herein, Property Manager shall only provide ordinary and customary services to tenants of the Property and others, and shall provide no unusual or non-customary services to the tenants or any other parties on behalf of the Tenants in Common.

2.6.4 Except as provided in the Operating Plan, Property Manager shall not, without the prior written approval of the Tenants in Common, give free rental or discounts or rental concessions to any employees, officers or shareholders of Property Manager or anyone related to such employees, officers or shareholders, unless such discounts or concessions are in lieu of salaries or other benefits to which they would be contractually entitled. Property Manager shall not lease any space in the Property to itself or to any of its affiliates or subsidiaries, except as provided in the Operating Plan, without the prior written consent of the Tenants in Common.

2.6.5 Property Manager shall reasonably investigate all prospective tenants, and shall not rent to persons not meeting credit standards reasonable for the market. Property Manager shall obtain a credit check for all prospective tenants through Equifax or a similar service. Property Manager shall retain such information for the duration of the tenancy, and shall make it available to the Tenants in Common upon reasonable request. Property Manager does not guarantee the accuracy of any such information or the financial condition of any tenant.

2.6.6 Property Manager and the Tenants in Common agree that there shall be no discrimination against or segregation of any person or group of persons on account of age, race, color, religion, creed, handicap, sex or national origin in the leasing of the Property, nor shall the Tenants in Common or Property Manager permit any such practice or practices of discrimination or segregation with respect to the selection, location, number or occupancy of tenants.

2.6.7 Property Manager shall engage contractors, engineers, architects and other consultants on behalf of the Tenants in Common to design and construct improvements to the Property other than those required to be performed by tenants under their leases. For any contract requiring capital expenditures in excess of $50,000, Property Manager shall follow the bidding procedures specified in Section 2.9 below.

2.6.8 Notwithstanding anything to the contrary herein, Property Manager shall be obligated to disburse to each of the Tenants in Common their *pro rata* share of the net revenue from the Property within three (3) months from the date of receipt of such revenues.

2.7 Collection of Rents and Other Income. Property Manager shall bill all tenants and shall use its commercially reasonable efforts to collect all rent and other charges due and payable from any tenant or from others for services provided in connection with the Property. Property Manager shall deposit all monies so collected in the Operating Account. Each of the Tenants in Common shall be entitled to the income and revenue from any Property based on their undivided interests in the Property.

2.8 Repairs and Maintenance. Property Manager shall maintain the buildings, appurtenances and grounds of the Property, other than areas which are the responsibility of tenants, including, without limitation, all repairs, cleaning, painting, decorations and alterations, for example electrical, plumbing, carpentry, masonry, elevators and such other routine repairs as are necessary or reasonably appropriate in the course of maintenance of

the Property (subject to the limitations of this Agreement). Property Manager shall pay actual and reasonable expenses for materials and labor for such purposes from the Operating Account. Property Manager shall take reasonable precautions against fire, vandalism, burglary and trespass to the Property. However, Property Manager shall only provide ordinary and customary services to tenants of the Property and shall provide no other services to the tenants or others on behalf of the Tenants in Common.

2.9 Capital Expenditures. Property Manager may make any capital expenditure within any Budget approved by the Tenants in Common without any further consent, provided that Property Manager follows the bid procedures prescribed below. All other capital expenditures other than for an Emergency Expenditure shall be subject to submittal of a revised Budget to the Tenants in Common. Unless the Tenants in Common specifically waive such requirements, or approve a particular contract, Property Manager shall award any contract for a capital improvement exceeding $50,000 in cost on the basis of competitive bidding, solicited from a minimum of two (2) written bids. Property Manager shall accept the bid of the lowest bidder determined by Property Manager to be responsible, qualified and capable of completing such improvements on a reasonable schedule.

2.10 Service Contracts, Supplies and Equipment.

2.10.1 Property Manager may enter into or renew any customary contract for cleaning, maintenance, repairing or servicing the Property or any of the constituent parts of the Property (including contracts for fuel oil, security or other protection, extermination, landscaping, architects or engineering services) contemplated by the Budget and/or the Operating Plan with any unrelated third party without the consent of the Tenants in Common. Each such service contract shall (a) be in the name of the Tenants in Common, (b) be assignable to the transferee of the Tenants in Common, and (c) be for a term not to exceed one (1) year. Unless the Tenants in Common specifically waive such requirements or approve a particular contract, all service contracts for amounts in excess of $50,000 per year shall be subject to bid under the procedure specified in Section 2.9.

2.10.2 If this Agreement terminates pursuant to Section 10, Property Manager, at the option of the Tenants in Common, shall assign to the nominee of the Tenants in Common all of Property Manager's interest in the service agreements pertaining to the Property.

2.10.3 At the expense of the Tenants in Common, Property Manager shall purchase, provide, and pay for all needed janitorial and maintenance supplies, tools and equipment, restroom and toilet supplies, light bulbs, paints, and similar supplies necessary to the efficient and economical operation and maintenance of the Property. Such supplies and equipment shall be the property of the Tenants in Common based on their undivided interests in the Property. All such supplies, tools, and equipment generally shall be delivered to and stored in the Property and shall be used only in connection with the management, operation, and maintenance of the Property.

2.10.4 Property Manager shall use reasonable efforts to purchase all goods, supplies or services at the lowest cost reasonably available from reputable sources in the metropolitan area where the Property is located. In making any contract or purchase hereunder, Property Manager shall use reasonable efforts to obtain favorable discounts for the Tenants in Common and all discounts, rebates or commissions under any contract or purchase order made hereunder shall inure to the benefit of the Tenants in Common based on their undivided interests in such Property. Property Manager shall make payments under any such contract or purchase order to enable the Tenants in Common to take advantage of any such discount if the Tenants in Common provides sufficient funds therefor.

2.11 Taxes and Mortgages. Property Manager, unless otherwise requested, shall obtain and verify bills for real estate and personal property taxes, general and special real property assessments and other like charges (collectively "Taxes") which are, or may become, liens against the Property. Property Manager shall appeal such Taxes as Property Manager may decide, in its reasonable judgment, to be prudent. Property Manager shall report any such Taxes that materially exceed the amounts contemplated by the Budget to the Tenants in Common prior to Property Manager's payment thereof. Property Manager, if requested by the Tenants in Common, will cooperate to prepare an application for correction of the assessed valuation to be filed with the appropriate governmental agency. Property Manager shall pay, within the time required to obtain discounts, from funds provided by the Tenants in Common or from the Operating Account, all utilities, Taxes and payments due under

each lease, mortgage, deed of trust or other security instrument, if any, affecting the Property. To the extent contemplated by the Budget and/or the Operating Plan (as either may be revised from time to time), Property Manager may make any such payments without the approval of the Tenants in Common. Expenses for any Taxes that are based upon the assessed valuation of the Property (or any portion thereof or interest therein) shall not be allocated to the Tenants in Common on a pro rata basis. Instead, each Tenant in Common shall be responsible for all such Taxes attributable to the Tenant in Common's undivided interest in the Property, as reasonably determined by Property Manager, based on the Taxes that would have been allocated to the undivided interest if it was a separate assessor's parcel.

2.12 Tenant Relations; Compliance. Property Manager will use reasonable efforts to develop and maintain good relations with the tenants in the Property. At all times during the term hereof, Property Manager shall use its reasonable efforts to retain existing tenants in the Property and, after completion of the initial leasing activity for new tenants, to retain such tenants. Property Manager shall use its reasonable efforts to secure compliance by the tenants with the terms and conditions of their respective Leases.

2.13 Miscellaneous Duties. Property Manager shall (a) maintain at Property Manager's office address as set forth in Section 12.1 and readily accessible to the Tenants in Common, orderly files containing rent records, insurance policies, leases and subleases, correspondence, receipted bills and vouchers, bank statements, canceled checks, deposit slips, debit and credit memos, and all other documents and papers pertaining to the Property or the operation thereof; (b) provide information about the Property necessary for the preparation and filing by each of the Tenants in Common of their individual income or other tax returns required by any governmental authority, including annual statements, identifying each Tenant in Common's undivided percentage of all expenses paid and income received by such Tenant in Common; (c) consider and record tenant service requests in systematic fashion showing the action taken with respect to each, and thoroughly investigate and report to the Tenants in Common in a timely fashion with appropriate recommendations all complaints of a nature which might have a material adverse effect on the Property or the Budget; (d) supervise the moving in and out of tenants and subtenants; arrange, to the extent possible, the dates thereof to minimize disturbance to the operation of the Property and inconvenience to other tenants or subtenants; and render an inspection report, an assessment for damages and a recommendation on the disposition of any deposit held as security for the performance by the tenant under its lease with respect to each premises vacated; (e) check all bills received for the services, work and supplies ordered in connection with maintaining and operating the Property and, except as otherwise provided in this Agreement, pay such bills when due and payable; and (f) not knowingly permit the use of the Property for any purpose that might void any policy of insurance held by the Tenants in Common or which might render any loss thereunder uncollectible. All such records are the property of the Tenants in Common and will be delivered to the Tenants in Common upon request.

2.14 Right to Subcontract Property Management Functions. Property Manager reserves the right, in its sole discretion, to subcontract some or all of the property management functions described herein to local property managers and certain other parties. However, except as expressly provided herein, the fees to be paid to Property Manager under this Agreement are inclusive of fees payable to such third parties.

3. INSURANCE.

3.1 Insurance.

3.1.1 Property Manager, at the Tenants in Common's expense, based on their undivided interests in the Property, will obtain and keep in force adequate insurance against physical damage (such as fire with extended coverage endorsement, boiler and machinery) and against liability for loss, damage or injury to property or persons which might arise out of the occupancy, management, operation or maintenance of the Property, as contemplated by the Operating Plan to the extent available at commercially reasonable rates. Such insurance shall be obtained for each of the Tenants in Common and shall include each of the Tenants in Common as a named insured. Property Manager shall not be required to obtain earthquake or flood insurance unless expressly directed to do so by a specific written notice from the Tenants in Common, but may do so in Property Manager's reasonable discretion. Property Manager shall be a named insured on all property damage insurance and an additional insured on all liability insurance maintained with respect to the Property.

3.1.2 As part of the Operating Plan, Property Manager shall advise the Tenants in Common in writing and make recommendations with respect to the proper insurance coverage for the Property, taking into account the insurance requirements set forth in any mortgage on the Property, shall furnish such information as the Tenants in Common may reasonably request to obtain insurance coverage and shall reasonably aid and cooperate with respect to such insurance and any loss thereunder. The Tenants in Common acknowledge that Property Manager is not a licensed insurance agent or insurance expert. Accordingly, Property Manager shall be entitled to rely on the advice of a reputable insurance broker or consultant regarding the proper insurance for the Property.

3.1.3 Property Manager shall investigate and submit, as soon as reasonably possible, a written report to the insurance carrier and the Tenants in Common as to all accidents, claims for damage relating to the ownership, operation and maintenance of the Property, any damage to or destruction of the Property and the estimated costs of repair thereof, and prepare and file with the insurance company in a timely manner required reports in connection therewith. Notwithstanding the foregoing, Property Manager shall not be required to give such notice to the Tenants in Common if the amount of the claims, damage or destruction, as reasonably estimated by Property Manager, does not exceed $10,000 for any one occurrence. Property Manager shall settle all claims against insurance companies arising out of any policies, including the execution of proofs of loss, the adjustment of losses, signing and collection of receipts and collection of money, except that Property Manager shall not settle claims in excess of $10,000 without submitting prior notice to the Tenants in Common.

3.2 Additional Insurance. Any insurance obtained by Property Manager for its own account, and not for the benefit of the Tenants in Common, or the Property, shall be at Property Manager's own expense.

3.3 Contractor's and Subcontractor's Insurance. Property Manager shall require all contractors and subcontractors entering upon the Property to perform services to have insurance coverage at the contractor's or subcontractor's expense, in the following minimum amounts: (a) worker's compensation - statutory amount; (b) employer's liability (if required) - $500,000; and (c) comprehensive general liability insurance, including comprehensive auto liability insurance covering the use of all owned and hired automobiles, with bodily injury and property damage limits of $750,000 per occurrence. Property Manager may waive such requirements in its reasonable discretion. Property Manager shall obtain and keep on file a certificate of insurance which shows that each contractor and subcontractor is so insured.

3.4 Waiver of Subrogation. To the extent available at commercially reasonable rates, all property damage insurance policies required hereunder shall contain language whereby the insurance carrier thereunder waives any right of subrogation it may have with respect to the Tenants in Common or Property Manager.

4. FINANCIAL REPORTING AND RECORD KEEPING.

4.1 Books of Accounts. Property Manager shall maintain adequate and separate books and records for the Property with the entries supported by sufficient documentation to ascertain their accuracy with respect to the Property. Such books and records shall contain a separate accounting of all items of income and all items of expenses for each Tenant in Common. The Tenants in Common agree to provide to Property Manager any financial or other information reasonably requested by Property Manager to carry out its services hereunder. Property Manager shall maintain such books and records, including separate accounting records for each Tenant in Common's income and expense of the Property, at Property Manager's office set forth in Section 12.1. Property Manager shall ensure such control over accounting and financial transactions as is reasonably necessary to protect the Tenants in Common's assets from theft, error or fraudulent activity by Property Manager's employees. Property Manager shall bear losses arising from such instances, including, without limitation, the following: (a) theft of assets by Property Manager's employees, principals, or officers or those individuals associated or affiliated with Property Manager; (b) overpayment or duplicate payment of invoices arising from either fraud or gross negligence, unless credit is subsequently received by the Tenants in Common; (c) overpayment of labor costs arising from either fraud or gross negligence, unless credit is subsequently received by the Tenants in Common; (d) overpayment resulting from payment from suppliers to Property Manager's employees or associates arising from the purchase of goods or services for the Property; and (e) unauthorized use of facilities by Property Manager or Property Manager's employees or associates.

4.2 Financial Reports. On or about the twentieth (20th) day of each month, Property Manager shall furnish to the Tenants in Common a report of all significant transactions occurring during the prior month. These reports shall show all collections, delinquencies, uncollectible items, vacancies and other matters pertaining to the management, operation, and maintenance of the Property during the month. Property Manager also shall deliver to the Tenants in Common within a reasonable time after (a) the close of a calendar year and (b) the termination of this Agreement, a balance sheet for the Property. The statement of income and expenses, the balance sheet, and all other financial statements and reports shall be prepared on a cash basis.

4.3 Supporting Documentation. As additional support to the monthly financial statement, unless otherwise directed by the Tenants in Common, and at the expense of the Tenants in Common, Property Manager shall maintain and make available at Property Manager's office, as set forth in Section 12.1, copies of the following: (a) all bank statements, bank deposit slips, bank debit and credit memos, canceled checks, and bank reconciliations; (b) detailed cash receipts and disbursement records; (c) detailed trial balance for receivables and payables and billed and unbilled revenue items; (d) rent roll of tenants; (e) paid invoices (or copies thereof); (f) summaries of adjusting journal entries as part of the annual accounting process; (g) supporting documentation for payroll, payroll taxes and employee benefits; (h) appropriate details of accrued expenses and property records; (i) information regarding the operation of the Property necessary for preparation by each Tenant in Common of such Tenant in Common's individual tax returns; and (j) market study of competition (quarterly only). In addition, Property Manager shall deliver to the Tenants in Common with the monthly financial statement copies of the documents described in (a) (statements and reconciliations only), (b), (c), (d), and (h) above. Property Manager shall deliver a copy of the document described in (j) to any Tenant in Common upon request. Property Manager shall maintain separate income and expense accounts for each Tenant in Common.

5. **RIGHT TO AUDIT.** Each of the Tenants in Common and their representatives may examine all books, records and files maintained for the Tenants in Common by Property Manager. The Tenants in Common may perform any audit or investigations relating to Property Manager's activities at any office of Property Manager if such audit or investigation relates to Property Manager's activities for the Tenants in Common. Should any of the Tenants in Common discover defects in internal control or errors in record keeping, Property Manager shall undertake with all appropriate diligence to correct such discrepancies either upon discovery or within a reasonable period of time. Property Manager shall inform the Tenants in Common in writing of the action taken to correct any audit discrepancies.

6. **BANK ACCOUNTS.**

6.1 Bank Account. Property Manager shall establish and maintain, in reputable banks or financial institutions designated by Property Manager, separate bank accounts in trust for, or in the name of, the Tenants in Common (the "Bank Accounts"). All moneys collected from, or in connection with, the Property shall be deposited in the Bank Accounts. Any bank accounts maintained by a third party property manager shall be designated as a real estate trust account or shall be in trust for, or in the name of, the Tenants in Common.

6.2 Operating Account. Property Manager shall be permitted to deposit and make withdrawals from a master Bank Account. Property Manager shall maintain books and records of deposits and withdrawals credited and charged to each Tenant in Common's subaccount (such master account together with and any interest earned thereon, shall hereinafter be referred to as the "Operating Account"). The Tenants in Common shall maintain the Operating Account so that an amount at least as great as the budgeted expenses for such month is in the Operating Account as of the first of each month. Property Manager shall pay from the Operating Account, on behalf of each Tenant in Common with respect to their share of Property operating expenses, based on their undivided interests in the Property, the operating expenses of the Property and any other payments relating to the Property as required by this Agreement. If more than one bank account is necessary to operate the Property, each account shall have a unique name.

6.3 Security Deposit Account. If applicable law requires a segregated account of security deposits, Property Manager will open, on behalf of each Tenant in Common, a separate account at a reputable bank or other financial institution. Property Manager shall maintain such account in accordance with applicable law. Property Manager shall use the account only to maintain security deposits on behalf of the Tenants in Common.

Property Manager shall inform the bank or financial institution to hold the funds in trust for the Tenants in Common. Property Manager shall maintain detailed records of all security deposits deposited, and allow the Tenants in Common or their designees access to such records. Property Manager may return such deposits to any tenant in the ordinary course of business in accordance with the terms of the applicable lease and applicable law. If interest is earned on any interest-bearing accounts in excess of $2,500 in any given month, each Tenant in Common shall be entitled to its share of such interest; otherwise, Property Manager shall be entitled to retain such interest.

6.4 Access to Account. As authorized by signature cards, representatives of Property Manager shall have access to and may draw upon all funds in the accounts described in Sections 6.1, 6.2 and 6.3 without the approval of the Tenants in Common. The Tenants in Common may not withdraw funds from such accounts without Property Manager's prior written consent.

7. **PAYMENTS OF EXPENSES.**

7.1 Costs Eligible for Payment from Operating Account. Property Manager shall pay all expenses of the operation, maintenance and repair of the Property contemplated by the Budget directly from the Operating Account, subject to the conditions set forth in Section 2.5, including the following: (a) costs of the gross salary and wages or proportional shares thereof, payroll taxes, worker's compensation insurance, and all other benefits of employees (for example, on-site personnel) required to manage, operate and maintain the Property properly, adequately, safely and economically, subject to this Agreement, provided that Property Manager shall not pay such employees in advance; (b) cost to correct the violation of any governmental requirement relating to the leasing, use, repair and maintenance of the Property, or relating to the rules, regulations or orders of the local Board of Fire Underwriters or other similar body, if such cost is not the result of Property Manager's gross negligence or willful misconduct; (c) actual and reasonable cost of making all repairs, decorations and alterations if such cost is not the result of Property Manager's gross negligence or willful misconduct; (d) cost incurred by Property Manager in connection with all service agreements; (e) cost of collection of delinquent rents collected by a collection agency or attorney; (f) legal fees of attorneys; (g) cost of capital expenditures subject to the restrictions in Section 2.9 and in this Section; (h) cost of printed checks for each account required for the Property and the Tenants in Common; (i) cost of utilities; (j) cost of advertising; (k) cost of printed forms and supplies required for use at the Property; (l) management compensation set forth in Section 9; (m) the cost of tenant improvements to the Property; (n) all hiring, relocation and termination costs for any employee, including those individuals whose salaries and benefits are paid by the Tenants in Common; (o) broker's commissions; (p) debt service; (q) the cost of utilities, services, contractors and insurance; (r) reimbursement of Property Manager's out-of-pocket costs and expenses to the extent not prohibited by Section 8 below; (s) general accounting and reporting services within the reasonable scope of the Property Manager's responsibility to the Tenants in Common; (t) cost of forms, papers, ledgers, and other supplies and equipment used in connection with the Property for the preparation of reports, information and returns to be prepared by Property Manager under the terms of this Agreement; (u) all expenses of Property Manager's on-site office; (v) all other costs directly related to the Property, including, but not limited to, communication costs (telephone, postage, etc.), computer rentals or time, supplies (paper, envelopes, business forms, checks, payroll forms and record cards, forms for governmental reports, etc.), printing, insurance, fidelity bonds, taxes and license fees, and general office expenses allocable to the Property; and (w) cost of routine travel by Property Manager's employees or associates to and from Property. Except as expressly set forth in the Budget, Property Manager shall be paid $5,000 per year as reimbursement for the items set forth above in Subsection 7.1(r), (s) and (t). All other amounts not directly related to the Property or the Tenants in Common shall be payable solely by Property Manager, and shall not be paid out of the Operating Account or reimbursed by the Tenants in Common.

7.2 Operating Account Deficiency. If there are not sufficient funds in the Operating Account to make any such payment, Property Manager shall notify the Tenants in Common, if possible, at least ten (10) days prior to any delinquency so that the Tenants in Common have an opportunity, based on their interests in the Property, to deposit sufficient funds in the Operating Account to allow for such payment prior to the imposition of any penalty or late charge. No later than the twentieth (20th) day of each month, Property Manager shall remit to the Tenants in Common all unexpended funds for the prior month, except for a reserve for contingencies reflected in the Budget which shall remain in the Operating Account in the amount equal to the expenses budgeted for the month in which the remittance is to be made. All expenses of the Property shall be allocated to the Tenants in Common in accordance with their interests in the Property.

7.3 Interest on Funds Advanced or Loaned by Property Manager. Property Manager, Cunningham Lending Group, LLC, an Affiliate of Anthony W. Thompson, President of the Property Manager, may (but shall not be obligated to) loan funds to the Tenants in Common in the future, with simple interest thereon at its cost of funds not to exceed twelve percent (12%) per annum (or, if lower, the highest rate permitted by law). Such loan, if any, shall be fully recourse to each Tenant in Common and must be repaid within thirty one (31) days of funding. If the Tenant in Common is a single member limited liability company, the owner of the limited liability company will be personally liable to repay this loan.

8. **PROPERTY MANAGER'S COSTS NOT TO BE REIMBURSED.**

8.1 Non-reimbursable Costs. The following expenses or costs incurred by or on behalf of Property Manager in connection with the management and leasing of the Property shall be at the sole cost and expense of Property Manager and shall not be reimbursed by the Tenants in Common: (a) cost attributable to losses arising from gross negligence or fraud on the part of Property Manager, Property Manager's associates or employees; (b) cost of insurance purchased by Property Manager for its own account; and (c) Property Manager's cost of overhead, salaries and other items except as expressly provided in Section 7.1.

8.2 Litigation. Property Manager will be responsible for and hold the Tenants in Common harmless from, all fees, costs, expenses, and damages relating to disputes with employees for worker's compensation (to the extent not covered by insurance), discrimination or wrongful termination, including legal fees and other expenses.

9. **COMPENSATION.** Each Tenant in Common shall pay the fees set forth below based on their undivided interest in the Property.

9.1 Property Management Fee. Property Manager, or an Affiliate, shall receive, for its services in managing the Property in accordance with the terms of this Agreement, a monthly management fee (the "Property Management Fee"), of up to six percent (6%) of Gross Revenues (defined below), which Property Management Fee shall be in addition to out-of-pocket and on-site personnel costs that are reimbursable pursuant to Section 7, and the other fees provided in this Agreement. "Gross Revenues" shall be all gross billings from the operations of the Property, including rental receipts and reimbursements by tenants for common area expenses, operating expenses and taxes and similar pass-through, obligations paid by tenants, but excluding (a) security deposits received from tenants and interest accrued thereon for the benefit of the tenant until such deposits or interest are included in the taxable income of the Tenants in Common, (b) advance rents until the month in which payments are to apply as rental income, (c) reimbursements by tenant's for work done for that particular tenant, (d) insurance proceeds received by the Tenants in Common as a result of any insured loss (except proceeds from rent insurance), (e) condemnation proceeds not attributable to rent, (f) capital contributions made by the Tenants in Common, (g) proceeds from capital, financing and any other transaction not in the ordinary course of the operation of the Property, (h) income derived from interest on investments or otherwise, (i) abatement of taxes, awards arising out of takings by eminent domain, discounts and dividends on insurance policies, and (j) rental concessions not paid by third parties. The Property Management Fee shall be payable monthly, following calculation thereof, upon submission of a monthly statement from the Operating Account or from other funds timely provided by the Tenants in Common. Upon termination of this Agreement, the parties will prorate the Property Management Fee on a daily basis to the effective date of such cancellation or termination. If Property Manager engages local property managers or other parties to provide property management services in accordance with Section 2.14, Property Manager shall be obligated to pay such third parties, it being intended that the Property Management Fee shall be inclusive of such third party fees.

9.2 Leasing Commissions. Property Manager or an Affiliate shall receive, for its services in leasing the Property in accordance with the terms of this Agreement, a leasing commission (the "Leasing Commission") equal to six percent (6%) of the value of any lease entered into during the term of this Agreement and three percent (3%) with respect to any renewals. Any leasing fees due outside leasing agents or brokers, except for any who are on site will be paid by the Property Manager from these commissions. The value of the lease shall be alculated by totaling the minimum monthly rent (or similar rent) for the term of the lease. The term of the lease shall not exceed five (5) years for purposes of the foregoing computation and shall be exclusive of option periods. If another broker represents the tenant, then Property Manager may cooperate with that broker on terms and conditions

acceptable to Property Manager, in its sole discretion, with commissions to the other broker to be paid by the Property Manager.

9.3 Construction Management Fee. Property Manager, or an Affiliate, shall receive, for its services in supervising any construction or repair project in or about the Property, including the anticipated improvements described in Section 2.14, a construction management fee (the "Construction Management Fee") equal to five percent (5%) of any amount (including related professional services) up to Twenty-Five Thousand Dollars ($25,000.00), four percent (4%) of any amount over Twenty-Five Thousand Dollars ($25,000.00) but less than Fifty Thousand Dollars ($50,000.00), and three percent (3%) of any amount over Fifty Thousand Dollars ($50,000.00) which is expended in any calendar year for construction or repair projects.

9.4 Selling Commission. The Tenants in Common hereby grant Property Manager, or an Affiliate, the exclusive right to sell the Property on terms acceptable to the Tenants in Common as described herein. Property Manager shall be entitled to receive a sales commission (the "Selling Commission") from the Tenants in Common equal to up to six percent (6%) maximum of the gross sales price of the Property if the Property Manager obtains a buyer for the Property (or portion thereof) on terms approved by the Tenants in Common or if Property Manager or an Affiliate purchases the Property pursuant to the Purchase Option set forth in Section 11 of the Tenants in Common Agreement. The Property Manager or an Affiliate will be entitled to a maximum of four percent (4%) of the Selling Commission; any third party real estate agents and brokers who assist in the sale will also be paid a portion of the Selling Commission up to a maximum of six percent (6%) including the Selling Commission paid to the Property Manager. Notwithstanding anything to the contrary contained herein, if the Property Manager is terminated "for cause" pursuant to Section 10.1 of this Agreement, the Property Manager shall not thereafter have the right to sell the Property and shall not receive the Selling Commission.

9.5 Loan Fee. Property Manager or an Affiliate shall receive a loan fee (the "Loan Fee") in the amount of one percent (1%) of the principal amount of all loans obtained for the Property by the Property Manager during the term of this Agreement. Property Manager or an Affiliate shall pay any loan brokers or other parties (other than the lender) who assist in such financings.

9.6 Payment of Fees. The Property Management Fee shall be paid monthly in arrears. The Leasing Commission, Construction Management Fee and Loan Fee shall each be paid when the Lease is signed, the construction is substantially completed and the new financing has closed escrow. The Selling Commission shall be paid upon closing escrow, after the Tenants in Common have received a return of their unrecovered investment in the Property but before any net profits are distributed to the Tenants in Common.

10. TERMINATION.

10.1 Termination by Tenants in Common. Each of the Tenants in Common shall have the right to terminate this Agreement: (a) without cause, within thirty (30) days of each anniversary of the date hereof and upon payment of their *pro rata* share of a termination fee of One Million Three Hundred Forty-Two Thousand Three Hundred Fifty and 00/100 ($1,342,350) and (b) "for cause," upon thirty (30) days prior written notice. However, the Lender is required to approve the termination in writing before any such termination shall be effective. For purposes of this Agreement, termination "for cause" shall mean termination due to the (a) gross negligence or fraud of Property Manager, (b) willful misconduct or willful breach of this Agreement by Property Manager, (c) bankruptcy, insolvency or inability of the Property Manager to meet its obligation as the same come due, or (d) a conviction of a felony by Anthony W. Thompson, President of Property Manager. Property Manager or an affiliate of Property Manager that owns a tenant in common interest in the Property or a membership interest in NNN Congress Center, LLC, hereby agrees not to participate in any vote to terminate this Agreement. The parties acknowledge that the termination fee is due on termination without cause in recognition of the substantial costs that Property Manager has incurred in start-up and other expenses to be prepared to manage, and to manage, the Property. In addition, this Agreement, on each anniversary date, shall be subject to renewal or termination by the Tenants in Common as provided by Section 6.12 of the Rev. Proc. Thirty (30) days before each such anniversary date, the Property Manager shall give written notice to each Tenant in Common of its right to renew or not renew ("Original Notice"). Absent receipt by the Property Manager of a written demand not to renew from any Tenant in Common within fifteen (15) days of the Original Notice, this Agreement shall be deemed renewed until the next anniversary date.

10.2 Termination by Property Manager. Property Manager shall have the right to terminate this Agreement, provided that the Tenants in Common are in default in the performance of any of its obligations hereunder, and such default remains uncured for thirty (30) days following Property Manager's giving of written notice of such default to the Tenants in Common.

10.3 Termination On Sale. This Agreement shall automatically terminate upon the sale of the entire Property without payment of any termination fee.

10.4 Final Accounting. Within thirty (30) days after termination of this Agreement for any reason, Property Manager shall deliver to each Tenant in Common based on their undivided interest in the Property, the following: (a) a final accounting, setting forth the balance of income and expenses on the Property as of the date of termination; (b) any balance or monies of the Tenants in Common or tenant security deposits held by Property Manager with respect to the Property; and (c) all materials and supplies, keys, books and records, contracts, leases, receipts for deposits, unpaid bills and other papers or documents which pertain to the Property. For a period of thirty (30) days after such expiration or cancellation for any reason other than the Tenants in Common's default, Property Manager shall be available, through its senior executives familiar with the Property, to consult with and advise the Tenants in Common or any person or entity succeeding to the Tenants in Common as owner of the Property or such other person or persons selected by the Tenants in Common regarding the operation and maintenance of the Property. In addition, Property Manager shall cooperate with the Tenants in Common in notifying all tenants of the Property of the expiration and termination of this Agreement, and shall use reasonable efforts to cooperate with the Tenants in Common to accomplish an orderly transfer of the operation and management of the Property to a party designated by the Tenants in Common. Property Manager shall receive its monthly Property Management Fee for such services. Property Manager shall, at its cost and expense, promptly remove all signs wherever located indicating that it is the Property Manager and replace and repair any damage resulting therefrom. Termination of this Agreement shall not release either party from liability for failure to perform any of the duties or obligations as expressed herein and required to be performed by such party for the period prior to the termination.

11. **CONFLICTS.** Property Manager shall not deal with or engage, or purchase goods or services from, any subsidiary or affiliated company of Property Manager in connection with the management of the Property for amounts above market rates.

12. **NOTICES.**

12.1 Notices. All notices, demands, consents, approvals, reports and other communications provided for in this Agreement shall be in writing and shall be given to the Tenants in Common or Property Manager at the address set forth below or at such other address as they may specify hereafter in writing:

Tenants in Common:	At the addresses specified in the Tenants in Common Agreement
Property Manager:	Triple Net Properties Realty, Inc., Property Manager 1551 N. Tustin Avenue, Suite 650 Santa Ana, California 92705 Attn: Anthony W. Thompson, President
With a copy to:	Hirschler Fleischer P. O. Box 500 Richmond, Virginia 23218-0500 Attn: Louis J. Rogers, Esquire

Such notice or other communication may be delivered by a recognized overnight delivery service providing a receipt, facsimile transmission or mailed by United States registered or certified mail, return receipt requested, postage prepaid if deposited in a United States Post Office or depository for the receipt of mail regularly maintained by the post office. Notices sent by overnight courier shall be deemed given one (1) business day after mailing;

notices sent by registered or certified mail shall be deemed given two (2) business days after mailing; and notices sent by facsimile transmission shall be deemed given as of the date sent (if sent prior to 5:00 p.m. PST and if receipt has been acknowledged by the operator of the receiving machine).

13. **MISCELLANEOUS.**

13.1 Assignment. Property Manager may not assign this Agreement without the prior written consent of each of the Tenants in Common, which consent may be withheld in each of the Tenants in Common's sole and absolute discretion. Subject to the Tenants in Common Agreement, a Tenant in Common may assign its rights to a party acquiring its undivided interest ("Successor Tenant in Common") and upon assignment and the assumption of this Agreement by the Successor Tenant in Common pursuant to an agreement whereby (a) the assigning Tenant in Common assigns to the Successor Tenant in Common all of its right, title and interest in and to this Agreement and (b) the Successor Tenant in Common assumes and agrees to perform faithfully and to be bound by all of the terms, covenants, conditions, provisions and agreements of this Agreement with respect to the undivided interest to be transferred, the assigning Tenant in Common shall be relieved of all liability accruing after the effective date of the assignment and, without further action by Property Manager or the other Tenants in Common, the Successor Tenant in Common shall become a party to this Agreement.

13.2 Gender. Each gender shall include each other gender. The singular shall include the plural and vice-versa.

13.3 Amendments. Except as otherwise provided, each amendment, addition or deletion to this Agreement shall not be effective unless approved by the parties in writing.

13.4 Attorneys' Fees. In any action or proceeding between Property Manager and the Tenants in Common arising from or relating to this Agreement or the enforcement or interpretation hereof, the party prevailing in such action or proceeding shall be entitled to recover from the other party all of its reasonable attorneys' fees and other costs and expenses of the action or proceeding.

13.5 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to any choice of law rules.

13.6 Headings. All headings are only for convenience and ease of reference and are irrelevant to the construction or interpretation of any provision of this Agreement.

13.7 Representations. Property Manager represents and warrants that it is or shall be prior to entering into any transaction fully qualified and licensed, to the extent required by law, to manage and lease real estate and perform all obligations assumed by Property Manager hereunder. Property Manager shall use reasonable efforts to comply with all such laws now or hereafter in effect.

13.8 Indemnification by Property Manager. Property Manager shall indemnify, defend and hold the Tenants in Common and their shareholders, officers, directors, and employees harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including reasonable attorneys' fees and court costs, sustained or incurred by or asserted against the Tenants in Common by reason of the acts of Property Manager which arise out of its gross negligence or fraud of Property Manager, its agents or employees or Property Manager's breach of this Agreement. If any person or entity makes a claim or institutes a suit against the Tenants in Common on a matter for which the Tenants in Common claim the benefit of the foregoing indemnification, then (a) the Tenants in Common shall give Property Manager prompt notice thereof in writing; (b) Property Manager may defend such claim or action by counsel of its own choosing provided such counsel is reasonably satisfactory to the Tenants in Common; and (c) neither the Tenants in Common nor Property Manager shall settle any claim without the other's written consent.

13.9 Indemnification by the Tenants in Common. The Tenants in Common shall indemnify, defend and hold Property Manager and its shareholders, officers, directors and employees harmless from any and all claims, demands, causes of action, losses, damages, fines, penalties, liabilities, costs and expenses, including reasonable attorney's fees and court costs, sustained or incurred by or asserted against Property Manager by reason

of the operation, management, and maintenance of the Property and the performance by Property Manager of Property Manager's obligations under this Agreement but only to the extent of each Tenants in Common's interest in the Property, except those which arise from Property Manager's gross negligence or fraud. If any person or entity makes a claim or institutes a suit against Property Manager on any matter for which Property Manager claims the benefit of the foregoing indemnification, then (a) Property Manager shall give the Tenants in Common prompt notice thereof in writing; (b) the Tenants in Common may defend such claim or action by counsel of its own choosing provided such counsel is reasonably satisfactory to Property Manager; (c) neither Property Manager nor the Tenants in Common shall settle any claim without the other's written consent; and (d) this subsection shall not be so construed as to release the Tenants in Common or the Property Manager from any liability to the other for a breach of any of the covenants agreed to be performed under the terms of this Agreement.

13.10 Complete Agreement. This Agreement shall supersede and take the place of any and all previous agreements entered into between the parties with respect to the management of the Property.

13.11 Severability. If any provisions of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement, where the application of such provisions or circumstances other than those as to which it is determined to be invalid or unenforceable shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

13.12 No Waiver. The failure by any party to insist upon the strict performance of, or to seek remedy of, any one of the terms or conditions of this Agreement or to exercise any right, remedy, or election set forth herein or permitted by law shall not constitute or be construed as a waiver or relinquishment for the future of such term, condition, right, remedy or election, but such item shall continue and remain in full force and effect. All rights or remedies of the parties specified in this Agreement and all other rights or remedies that they may have at law, in equity or otherwise shall be distinct, separate and cumulative rights or remedies, and no one of them, whether exercised or not, shall be deemed to be in exclusion of any other right or remedy of the parties.

13.13 Binding Effect. This Agreement shall be binding and inure to the benefit of the parties and their respective successors and assigns.

13.14 Enforcement of Property Manager's Rights. In the enforcement of its rights under this Agreement, Property Manager shall not seek or obtain a money judgment or any other right or remedy against any shareholders or disclosed or undisclosed principals of the Tenants in Common. Property Manager shall enforce its rights and remedies solely against the estate of the Tenants in Common in the Property or the proceeds of any sale of all or any portion of the Tenants in Common's interest therein.

13.15 Binding Arbitration. BY EXECUTING THIS AGREEMENT YOU ARE AGREEING TO HAVE CERTAIN DISPUTES DECIDED BY NEUTRAL ARBITRATION AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE SUCH DISPUTES LITIGATED IN A COURT OR JURY TRIAL. BY EXECUTING THIS AGREEMENT YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

PROPERTY MANAGER:

TRIPLE NET PROPERTIES REALTY, INC.,
a California corporation

By: _____
Anthony W. Thompson, President

TENANTS IN COMMON:

NNN CONGRESS CENTER, LLC
a Delaware limited liability company

By: TRIPLE NET PROPERTIES, LLC,
a Virginia limited liability company
Its: Manager

By: _____
Anthony W. Thompson, President

_____

_____

_____

Exhibit A

Parcel 1:

Lots 1 through 12 inclusive (except the East 56 feet of said Lots 1 through 12) and the North 9.4 feet of the West 94.89 feet of Lot 13, Lot 24 (Except the South 9.4 feet thereof) and all of Lots 25 to 40 inclusive in Moseley and McCord's Subdivision of Block 53 in School Section Addition to Chicago in Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

Parcel 2:

The East 1/2 of the vacated alley lying West of and adjacent to Lot 39, Lots 4 through 12 inclusive and the North 9.4 feet of the West 94.89 feet of Lot 13 all in Moseley and McCord's Subdivision of Block 53 in School Section Addition to Chicago in Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

Parcel 3:

The West 1/2 of the vacated alley lying East of and adjacent to Lot 24 (except the South 9.4 feet thereof), Lots 25 through 33 inclusive and Lot 38 all in Moseley and McCord's Subdivision of Block 53 in School Section Addition to Chicago in Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.

Save and except the following from Parcels 1, 2 and 3:

The West 113.00 feet (measured perpendicularly) of the following described property, all taken as one tract: Lot 24, except the South 9.40 feet, and all of Lots 25 through 37, both inclusive, in Moseley and McCord's Subdivision of Block 53 in School Section Addition to Chicago a subdivision in Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois.