

October 21, 2008

Pennbridge Orchard Plaza
Investors

RE: Orchard Plaza, Pearland, Texas
➤ September 2008 Financial and Management Report


Dear Investors:

Enclosed are your September 2008 reports regarding your investment in Orchard Plaza. This package includes:

- **Monthly Property Report** - information regarding property operations and leasing
- **Cash Flow Analysis** - financial performance of the property for the monthly
- **Cash Flow Variance** - explanations regarding variances in the financial performance of the property during the monthly
- **Escrow Analysis** - status of the Owners' and Lender's escrow accounts which are reserved cash for future use per each designated category
- **Rent Roll** - a synopsis of the property's tenants' lease information
- **Tenant Layout** - a list of tenants and their locations within the center

Should you have any questions, please feel free to call.

Sincerely,



Alison H. Shores
Operations Manager

Enclosures

Orchard Plaza
3rd Quarter Property Report
September 30, 2008

Orchard Plaza Overview

Orchard Plaza experienced a decrease in occupancy of 2.11% or 1,500 square feet to end the 3rd Quarter at 44.89% leased/occupied. CBRE marketed the vacant space throughout the quarter and had one perspective tenant Lighthound in final lease negotiations. Robert Sweeney, Asset Manager for Pennbridge Capital made 3 market/leasing trips to the center and worked in conjunction with CBRE to finalize the Lighthound lease, which has since been executed. Hurricane Ike hit Pearland but the worst of storm passed to the east of Orchard Plaza, minimal visible property damage was sustained.

Lawsuit Update

The lawsuit against the Seller of Orchard Plaza went before the judge in September. The judge gave no ruling and urged the parties to attempt to settle out of court for a second time. Although a disappointment to have not received an immediate summary judgment, the terms of the new proposed settlement will include an agreed judgment to be held in trust pending payment in full of the promissory note. If Hamilton defaults on his obligations under the note and fails to cure, the court will enter the agreed judgment, and the Pennbridge Plaintiffs will be able to pursue all available collection and enforcement remedies.

Terms of this new proposed settlement were sent to the Seller's attorney during the first week of October and Pennbridge is awaiting response. While it is not expected that Hamilton will agree to all of the terms outlined below, the proposed terms are summarized as follows:

1. Hamilton will pay \$590,000 (representing the original \$540,000 settlement plus \$50,000 in legal fees) over twelve months beginning February 1, 2009.
2. Hamilton's obligation will be evidenced by a promissory note payable to the Pennbridge Plaintiffs, amortized on a straight-line basis for 12 months.
3. Outstanding amounts under the note will accrue interest at a non-default rate of 8.00% and at a default rate of 12.00%.
4. The note will contain a liquidity acceleration with a ratio of 50% (i.e., if Hamilton receives more than \$10,000 from any source, 50% must be paid in partial satisfaction of the note).
5. Hamilton and Silver Lake Road, L.P. will execute an agreed judgment, jointly and severally, to be held in trust pending payment in full of the promissory note. The agreed judgment will be in the amount of \$590,000 and will accrue interest at 12.00%. If Hamilton defaults on his obligations under the note and fails to cure within five days, the court will enter the agreed judgment, and the Pennbridge Plaintiffs will be able to pursue all available collection and

enforcement remedies. Hamilton will receive a credit on the agreed judgment for all payments made on the note prior to the entry of the judgment.

6. The pending action will remain on file until either (1) Hamilton pays the balance of the note in full or (2) the agreed judgment is entered following an uncured default on the promissory note.

Leasing Update

Leasing inquiries remained slow throughout the 3rd quarter as economic conditions continued to decline. Pearland's market continued to favor the tenant, with few new deals being completed. With fewer tenants looking for space Landlords have been quick to offer aggressive concessions and lower rents to entice tenants to their centers.

At the end of the 3rd Quarter 55.11% of the center or 39,124 square feet remained available to lease (note that this does not include the new Lighthouse lease signed in October which represents 5.81% of the center). The available space at the end of September included 2,450 square feet of pad space and 36,674 square feet of in-line space. The in-line space consisted of 17,599 square feet of second generation space and 19,075 square feet of shell space. The following leads are being pursued:

Extreme Fitness (New Contact) – Perspective tenant operates a gym in Shadow Creek Ranch approximately 5.5 miles northwest of Orchard Plaza. The owner is considering opening a second location to service the east side of Pearland. The tenant has expressed interest in the former Unclaimed Freight space 11,974 SF.

Lighthouse (Update) – The perspective tenant continued to negotiate terms to lease the 2nd generation Dollarwise space 4,125 SF. Terms were finalized and a lease was executed in October.

MacKenzie River Pizza Co. (Update) – The perspective tenant is still considering Orchard Plaza. The tenant would lease between 4,500 – 6,000 square feet. The tenant is currently working on raising funds to start the new restaurant.

Sound Fitness (Update) – Pennbridge Capital continued talks with the prospective tenant through out the 3rd quarter. Hurricane Ike damaged several existing Sound Fitness locations and has temporarily put their expansion plans on hold. Pennbridge will continue to keep communications open.

Occupancy Update

Physical occupancy at Orchard Plaza decreased by 2.11% or 1,500 square feet to end the month at 44.89% occupied. The decrease in occupancy was due to Just 4 Fun who abandoned their leased space. The space was left empty and undamaged however. Pennbridge is continuing its legal action against Just 4 Fun and is awaiting a response from the court by the end of October.

Property Condition Status

Hurricane Ike Damage - Minor damage was sustained to the following: landscaping, roof, roof coupling, marquee sign, fence, and window seals. This in turn allowed water into several tenant suites. Due to the storm electrical service was out from the 13th of September through 22nd of September. Repairs have been made to all of the items listed above.

In general, the property is in good condition and has been well maintained by CBRE.

ORCHARD PLAZA
CASH FLOW ANALYSIS
FOR THE PERIOD ENDING
SEPTEMBER 30, 2008

	MTD Actual	MTD Budget	\$ Var.	% Var.	QTD Actual	QTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
INCOME													
RENT INCOME													
Gross Potential Rent	\$ 98,915	\$ 98,915	\$ 0	0.00	\$ 296,745	\$ 296,745	\$ 0	0.00	\$ 883,842	\$ 883,842	\$ 0	0.00	\$ 1,182,366
Less: Vacancy	51,510	23,535	(27,975)	(118.87)	147,320	72,405	(74,915)	(103.47)	414,193	343,894	(70,299)	(20.44)	379,249
Less: Delinquency	11,966	0	(11,966)	0.00	30,775	0	(30,775)	0.00	61,964	0	(61,964)	0.00	0
Less: Rental Abatements	0	0	0	0.00	0	0	0	0.00	18,396	0	(18,396)	0.00	0
Less: Prepaid Rent Applied	0	0	0	0.00	7,549	0	(7,549)	0.00	47,385	0	(47,385)	0.00	0
Plus: Prior Delinquencies Collected	1,651	0	1,651	0.00	10,001	0	10,001	0.00	24,851	0	24,851	0.00	0
Plus: Prepaid Rent	487	0	487	0.00	2,962	0	2,962	0.00	41,234	0	41,234	0.00	0
NET RENT INCOME	37,577	75,380	(37,803)	(50.15)	124,064	224,340	(100,276)	(44.70)	407,989	539,948	(131,959)	(24.44)	803,117
REIMBURSEMENTS													
Est. Property Tax	5,209	11,705	(6,496)	(55.50)	18,039	34,816	(16,777)	(48.19)	55,623	63,010	(7,387)	(11.72)	103,627
Est. Property Insurance	842	1,891	(1,049)	(55.47)	2,916	5,625	(2,709)	(48.16)	8,991	8,309	682	8.21	14,873
Estimated CAM Charges	4,170	9,376	(5,206)	(55.52)	14,443	27,888	(13,445)	(48.21)	44,537	71,030	(26,493)	(37.30)	103,565
Less: Prepaid Reimbursements Applied	0	0	0	0.00	1,924	0	(1,924)	0.00	15,350	0	(15,350)	0.00	0
Plus: Prepaid Reimbursements	0	0	0	0.00	665	0	665	0.00	13,133	0	13,133	0.00	0
TOTAL REIMBURSEMENTS	10,221	22,972	(12,751)	(55.51)	34,139	68,329	(34,190)	(50.04)	106,934	142,349	(35,415)	(24.88)	222,065
OTHER INCOME													
Refunds	0	0	0	0.00	0	0	0	0.00	92	0	92	0.00	0
Forfeitures	5,000	0	5,000	0.00	5,000	0	5,000	0.00	10,193	0	10,193	0.00	0
Operating Expense Reserve	0	0	0	0.00	44,568	6,282	38,286	609.46	187,840	134,302	53,538	39.86	134,302
Settlement Payments	0	45,000	(45,000)	(100.00)	0	135,000	(135,000)	(100.00)	0	360,000	(360,000)	(100.00)	495,000
Pennbridge Master Lease	32,816	0	32,816	0.00	49,511	0	49,511	0.00	202,871	0	202,871	0.00	0
TOTAL OTHER INCOME	37,816	45,000	(7,184)	(15.96)	99,079	141,282	(42,203)	(29.87)	400,996	494,302	(93,306)	(18.88)	629,302
EFFECTIVE GROSS REVENUE	85,614	143,352	(57,738)	(40.28)	257,282	433,951	(176,669)	(40.71)	915,919	1,176,599	(260,680)	(22.16)	1,654,484
EXPENSES													
OPERATING EXPENSE (Reimbursable)													
TAX AND INSURANCE													
Property Taxes	0	15,633	15,633	100.00	0	46,899	46,899	100.00	950	141,697	140,747	99.33	188,596
Property Insurance	0	2,525	2,525	100.00	0	7,575	7,575	100.00	24,645	22,725	(1,920)	(8.45)	30,300
TOTAL TAX AND INSURANCE	0	18,158	18,158	100.00	0	54,474	54,474	100.00	25,595	164,422	138,827	84.43	218,896

ORCHARD PLAZA
CASH FLOW ANALYSIS
FOR THE PERIOD ENDING
SEPTEMBER 30, 2008

	MTD Actual	MTD Budget	\$ Var.	% Var.	QTD Actual	QTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
COMMON AREA MAINTENANCE													
Utilities - Water & Sewage	454	450	(4)	(0.89)	1,419	1,350	(69)	(5.11)	2,139	4,050	1,911	47.20	5,400
Utilities - Water & Irrigation	784	125	(659)	(527.20)	2,123	375	(1,748)	(466.13)	4,348	1,125	(3,223)	(286.52)	1,500
Utilities - Electricity	509	1,400	891	63.64	4,401	4,200	(201)	(4.79)	11,553	12,600	1,047	8.31	16,800
Cleaning - Sidewalks	0	550	550	100.00	703	550	(153)	(27.82)	4,005	1,650	(2,355)	(142.73)	2,200
Trash Removal	1,575	1,273	(302)	(23.72)	4,241	3,819	(422)	(11.05)	12,083	11,457	(626)	(5.46)	15,276
Landscaping - Irrigation Repair	0	150	150	100.00	1,732	150	(1,582)	(1,054.67)	1,732	450	(1,282)	(284.89)	450
Landscaping - Contract	1,488	1,988	500	25.15	4,465	4,964	499	10.05	13,395	18,892	5,497	29.10	23,356
Lighting - Repair & Maintenance	0	0	0	0.00	601	500	(101)	(20.20)	2,471	1,500	(971)	(64.73)	2,000
Other Maintenance	189	500	311	62.20	1,327	500	(827)	(165.40)	1,717	1,500	(217)	(14.47)	2,600
Parking - Sweeping	839	839	0	0.00	3,356	2,517	(839)	(33.33)	7,551	7,551	0	0.00	10,068
Parking - Concrete/Asphalt	0	0	0	0.00	1,835	1,000	(835)	(83.50)	6,295	7,850	1,555	19.81	10,450
Plumbing	0	300	300	100.00	0	300	300	100.00	189	900	711	79.00	1,200
Fire Alarm	0	0	0	0.00	0	0	0	0.00	0	500	500	100.00	500
Seasonal Decorations	0	0	0	0.00	0	0	0	0.00	0	0	0	0.00	3,500
Pest Control	0	130	130	100.00	2,983	1,690	(1,293)	(76.51)	3,893	3,770	(123)	(3.26)	4,160
Roof	0	0	0	0.00	0	2,500	2,500	100.00	2,915	7,500	4,585	61.13	7,500
Telephone	128	95	(33)	(34.74)	379	285	(94)	(32.98)	983	855	(128)	(14.97)	1,140
TOTAL COMMON AREA MAINTENANCE	5,966	7,800	1,834	23.51	29,565	24,700	(4,865)	(19.70)	75,269	82,150	6,881	8.38	108,100
MANAGEMENT FEE	3,200	3,688	488	13.24	12,800	10,975	(1,825)	(16.63)	32,000	30,175	(1,825)	(6.05)	43,033
TOTAL OPERATING EXPENSE (Reimbursable)	9,166	29,646	20,480	69.08	42,365	90,149	47,784	53.01	132,864	276,747	143,883	51.99	370,029
OPERATING EXPENSE (Non-Reimbursable)													
Repairs & Maintenance	135	2,175	2,040	93.79	2,311	6,525	4,214	64.58	5,536	19,225	13,689	71.20	25,400
Postage & Courier	36	45	9	20.00	155	135	(20)	(14.81)	578	405	(173)	(42.72)	540
Mileage Reimbursement	23	40	17	42.50	70	120	50	41.67	189	360	171	47.50	480
Asset Management Fee	1,179	1,434	255	17.75	2,327	4,340	2,013	46.38	5,851	11,767	5,916	50.28	16,545
Marketing	0	0	0	0.00	0	0	0	0.00	616	0	(616)	0.00	0
Bank Account Analysis Fee	134	0	(134)	0.00	442	0	(442)	0.00	995	0	(995)	0.00	0
Legal	0	0	0	0.00	0	0	0	0.00	866	0	(866)	0.00	0
TOTAL OPERATING EXPENSE (Non-Reimbursable)	1,507	3,694	2,187	59.20	5,305	11,120	5,815	52.29	14,631	31,757	17,126	53.93	42,965
NET OPERATING INCOME	74,941	110,012	(35,071)	(31.88)	209,612	332,682	(123,070)	(36.99)	768,424	868,095	(99,671)	(11.48)	1,241,490
DEBT SERVICE													
Mortgage Interest	57,072	57,072	0	0.00	169,375	169,375	0	0.00	506,284	506,284	0	0.00	673,818
TOTAL DEBT SERVICE	57,072	57,072	0	0.00	169,375	169,375	0	0.00	506,284	506,284	0	0.00	673,818
NET INCOME	17,869	52,940	(35,071)	(66.25)	40,237	163,307	(123,070)	(75.36)	262,140	361,811	(99,671)	(27.55)	567,672

ORCHARD PLAZA
CASH FLOW ANALYSIS
FOR THE PERIOD ENDING
SEPTEMBER 30, 2008

	MTD Actual	MTD Budget	\$ Var.	% Var.	QTD Actual	QTD Budget	\$ Var.	% Var.	YTD Actual	YTD Budget	\$ Var.	% Var.	Annual
OTHER													
Tenant Improvements	0	0	0	0.00	0	0	0	0.00	13,683	0	(13,683)	0.00	0
Real Estate Commissions	0	0	0	0.00	0	0	0	0.00	14,586	0	(14,586)	0.00	0
TOTAL OTHER	0	0	0	0.00	0	0	0	0.00	28,269	0	(28,269)	0.00	0
PROJECT CASH FLOW AFTER OTHER	17,869	52,940	(35,071)	(66.25)	40,237	163,307	(123,070)	(75.36)	233,871	361,811	(127,940)	(35.36)	567,672
AMOUNTS FUNDED TO RESERVES													
Insurance Escrow Reserve (Lender)	2,100	0	(2,100)	0.00	6,300	0	(6,300)	0.00	22,612	0	(22,612)	0.00	0
Tax Escrow Reserve (Lender)	13,813	0	(13,813)	0.00	41,439	0	(41,439)	0.00	106,710	0	(106,710)	0.00	0
Replacement Reserve (Lender)	887	887	0	0.00	2,661	2,661	0	0.00	7,985	7,983	(2)	(0.03)	10,644
TOTAL FUNDED TO RESERVES	16,800	887	(15,913)	(1,794.02)	50,400	2,661	(47,739)	(1,794.02)	137,307	7,983	(129,324)	(1,619.99)	10,644
CASH FLOW AFTER RESERVES FUNDED	1,069	52,053	(50,984)	(97.95)	(10,163)	160,646	(170,809)	(106.33)	96,564	353,828	(257,264)	(72.71)	557,028
AMOUNTS FUNDED BY RESERVES													
Insurance Escrow Reserve (Lender)	0	0	0	0.00	0	0	0	0.00	24,645	0	24,645	0.00	0
Tax Escrow Reserve (Lender)	0	0	0	0.00	0	0	0	0.00	0	0	0	0.00	0
TI/LC Reserve (Lender)	0	0	0	0.00	0	0	0	0.00	28,269	0	28,269	0.00	0
Replacement Reserve (Lender)	0	0	0	0.00	0	0	0	0.00	0	0	0	0.00	0
Utility Deposits (Owner)	0	0	0	0.00	0	0	0	0.00	0	0	0	0.00	0
TOTAL FUNDED BY RESERVES	0	0	0	0.00	0	0	0	0.00	52,914	0	52,914	0.00	0
CASH FLOW AFTER AMOUNTS FUNDED BY RESERVES	1,069	52,053	(50,984)	(97.95)	(10,163)	160,646	(170,809)	(106.33)	149,478	353,828	(204,350)	(57.75)	557,028
OWNER DISTRIBUTIONS	0	38,340			0	115,020			230,038	345,060			460,080
NET CASH FLOW	\$ 1,069	\$ 13,713			\$ (10,163)	\$ 45,626			\$ (80,560)	\$ 8,768			\$ 96,948

Orchard Plaza
Cash Flow Variance
3rd Quarter Ending September 30, 2008

The following is a summary of the significant variances for Orchard Plaza for the third quarter of 2008 (“Q3 08”). The comparisons detailed below correspond to the Q3 08 Actual versus Q3 08 Budget columns in the attached Cash Flow Analysis. Note that the budget numbers for this analysis are from the 2008 Operating Budget prepared by CBRE.

INCOME

Rent Income

Vacancy – The Q3 08 variance of (\$74,915) was due to budgeted lease up projections not being achieved and *The Drink Station* paying a reduced rent compared to budget. The lease up projections budgeted rent for the following spaces which remained vacant during Q3 08: *Dollarwise* 4,125 SF, *Unclaimed Freight* 11,974 SF, *Shell Space* 1,350 SF, and *Tudor* 2,000 SF

Delinquencies – The Q3 08 variance of (\$30,775) represents July, August, and September delinquent payments. The following tenants had one or more delinquent payments: *Antigua Coffee*, *Elite Urbanware*, *Jackson Hewitt*, *Just 4 Fun*, *Merle Norman*, *Picassos Place*, *The Drink Station*, *Kinsey Wellness* and *the Dentist Office*. The Delinquency line item was partially offset by the line item “Prior Delinquencies Collected” in the amount of \$10,001. This amount was for receipt of payments from *Antigua Coffee*, *Kinsey Wellness* and *the Dentists Office*. All remaining delinquencies are believed to be collectible with the exception of *Just 4 Fun* (\$10,607), legal action was taken. *Picassos Place* (\$4,019) contacted Pennbridge Capital and requested an early lease termination. The tenant has one year remaining on its lease and would like to close at the end of October. Negotiations are currently underway to determine the best option for property and future payments will be received.

Prepaid Rent Applied – Prepaid rents are monies collected upon lease execution, but not applied until commencement of the lease term or are monies collected for tenants who prepay the next month’s rent early. The Q3 08 variance of (\$7,549) was the total amount applied in the third quarter due to multiple tenants prepaying rent.

Prepaid Rent – The Q3 08 variance of \$2,962 was the total amount of rents collected early in the third quarter.

Reimbursements

Taxes, Insurance and CAM Charges – The variances that exist under the aforementioned categories were due partially to the 2007 expense true-up in which tenants received

credits in March 2008 for the overpayment of 2007 expenses and budgeted leasing projections not achieved as stated above in the Vacancy explanation.

Prepaid Reimbursements Applied – “Prepaid Reimbursements Applied” are treated the same as “Prepaid Rents Applied” above.

Prepaid Reimbursements – “Prepaid Reimbursements” are treated the same as “Prepaid Rent” above.

Other Income

Forfeitures – The Q3 08 variance of \$5,000 was due to the forfeiture of a security deposit by *Unclaimed Freight*. The deposit had remained on the security deposit ledger even though the tenant had vacated the center.

Operating Expense Reserve – “Operating Expense Reserve” are funds held by the lender in an escrow account, which is drawn upon once a month to pay for expenses to run the property. These payments will always be received in arrears due to timing. The Q3 08 variance of \$38,286 was due to the required cash flow being greater than initially budgeted, increasing the amount drawn from the reserve. All available funds in the Operating Expense Reserve have now been used.

Settlement Payments – “Settlement Payments” are payments received from John Hamilton as part of the Settlement Agreement made last year. No payments have been made, creating a Q3 08 variance of (\$135,000).

Pennbridge Master Lease – The Q3 08 variance of \$49,511 was due to the Master Lease payments made in August and September by Pennbridge Capital.

EXPENSES

Taxes – The cash flow analysis will not show any tax expense until the tax bill comes due at the end of the year. The budget accrues the expense each month, which therefore creates a natural variance until the tax bill is paid.

Insurance – The annual insurance payment of \$24,645 was made in March. The annual budgeted amount for insurance was \$30,300 for 2008 given an actual variance of \$5,655 for the year. The budget accrues the expense each month, which therefore creates a natural variance.

Common Area Maintenance – There was one (1) large positive Q3 08 variance within the common area maintenance: 1) \$2,500 for Roof Repairs. No repairs were required during the third quarter creating the variance to budget, however due to hurricane Ike those funds will be used during the fourth quarter.

The following are three (3) large negative variances within the common area maintenance 1) (\$1,748) for Utilities Water & Irrigation, 2) (\$1,582) for Irrigation Repair, and 3) (\$1,293) for Pest Control. The Utilities Water & Irrigation expense was greater than budget due to increased water rates and usage at the property. The Irrigation Repair expense was due to replacement of a failed wiring system. The Pest Control expense was high for the quarter due to payment timing.

Overall YTD, there is a \$6,881 positive variance which will most likely be depleted during the remainder of 2008.

Management Fee – The negative Q3 08 variance of (\$1,825) was caused by payment timing. CBRE had been collecting fees two months in arrears but has now caught up and are paying the fee one month in arrears.

Repairs & Maintenance (Non Reimbursable) – The positive Q3 08 variance of \$4,214 was due to all of the budgeted funds not being used. These funds are for preparing vacant spaces to be released and/or to make repairs that are not part of the Common Area Maintenance.

Asset Management Fee – The positive Q3 08 variance of \$2,013 was due to less revenue being collected than budgeted which directly correlates with the Asset Management Fee.

Bank Account Analysis Fee – The Q3 08 variance of (\$442) was due to no expense being budgeted for 2008.

ORCHARD PLAZA
 ESCROW ANALYSIS
 AS OF SEPTEMBER 30, 2008

Date	Description	Owners					Lender							Grand Total	
		Security	TI/LC	Utility	Total	Insurance	Property	Replacement	TI/LC	TI/LC Reserve	Cash Flow	Interest			
		Deposits	Reserve	Reserve		Escrow	Tax	Reserve	Reserve	Settlement	Reserve	Income			
Reserve	Reserve	Reserve	Deposits	Escrow	Escrow	Reserve	Reserve	Settlement	Reserve	Less Fee	Total				
06/30/08	Ending Balance	\$ 69,849	\$ 17,606	\$ 3,515	\$ 1,020	\$ 91,990	\$ 31,913	\$ 65,271	\$ 17,747	\$ 853,878	\$ 467,285	\$ 44,568	\$ 20,418	\$1,501,080	\$ 1,593,070
07/01/08	Interest Earned					-							183	183	183
07/07/08	Mortgage Payment					-	2,100	13,813	887					16,800	16,800
07/29/08	From Reserve to Other					-						(24,746)		(24,746)	(24,746)
07/31/08	Ending Balance	\$ 69,849	\$ 17,606	\$ 3,515	\$ 1,020	\$ 91,990	\$ 34,013	\$ 79,084	\$ 18,634	\$ 853,878	\$ 467,285	\$ 19,822	\$ 20,601	\$1,493,317	\$ 1,585,307
08/01/08	Interest Earned					-							190	190	190
08/04/08	Mortgage Payment					-	2,100	13,813	887					16,800	16,800
08/14/08	From Reserve to Other					-						(19,822)		(19,822)	(19,822)
08/31/08	Ending Balance	\$ 69,849	\$ 17,606	\$ 3,515	\$ 1,020	\$ 91,990	\$ 36,113	\$ 92,897	\$ 19,521	\$ 853,878	\$ 467,285	\$ 0	\$ 20,791	\$1,490,485	\$ 1,582,475

See accountants' Compilation report.

**Orchard Plaza
Rent Roll
September 2008**

#	Suite/Tenant	GLA	Actual Building	Lease Dates		Term YRS	Base Rent		Options	Notification Deadline	Occupied & Open	% Occupied & Open
				Rent Start	Exp		Annual PSF	Monthly PSF				
Executed Leases Pad												
1	5 Star Floors	2,625	3.70%	7/1/2006	6/30/2011	5.00	\$24.00	\$2.00	3 / 5 Year	1/1/2011	Open for Business	3.70%
2	Lenny's Sub Shop	1,700	2.39%	4/23/2007	4/30/2012	5.00	\$24.00	\$2.00	2 / 5 Year	11/1/2011	Open for Business	2.39%
3	Merle Norman Cosmetics	750	1.06%	12/1/2006	11/30/2011	5.00	\$24.00	\$2.00	1 / 5 Year	6/1/2011	Open for Business	1.06%
4	The Drink Station	1,575	2.22%	4/1/2008	3/31/2013	5.00	\$18.00	\$1.50	1 / 5 Year	12/1/2012	Open for Business	2.22%
5	Thao D. Vo, DDS	1,700	2.39%	7/1/2006	6/30/2011	5.00	\$24.00	\$2.00	1 / 5 Year	1/1/2011	Open for Business	2.39%
Subtotal		8,350	11.76%									
Executed Leases In-Line												
6	Antigua Coffee House	1,500	2.11%	2/1/2006	1/31/2011	5.00	\$19.80	\$1.65	1 / 5 Year	7/1/2010	Open for Business	2.11%
7	Art Nails Spa - Formerly LA Nails	1,125	1.58%	12/1/2005	11/30/2010	5.00	\$19.80	\$1.65	1 / 5 Year	5/1/2010	Open for Business	1.58%
8	Bushi Ban International	4,125	5.81%	9/16/2006	9/30/2011	5.04	\$13.96	\$1.16	1 / 5 Year	4/1/2011	Open for Business	5.81%
9	Discount Wheelchairs & Medical Supplies	1,125	1.58%	3/1/2008	2/29/2012	4.00	\$16.00	\$1.33	1 / 5 Year	9/1/2011	Open for Business	1.58%
10	Hello Gorgeous Too	1,125	1.58%	4/1/2008	3/31/2013	5.00	\$16.00	\$1.33	1 / 5 Year	10/1/2012	Open for Business	1.58%
11	Jackson Hewitt	1,500	2.11%	2/1/2006	1/31/2011	5.00	\$19.80	\$1.65	1 / 5 Year	8/1/2010	Open for Business	2.11%
12	JV Hair	1,125	1.58%	10/4/2006	9/30/2011	5.00	\$18.00	\$1.50	1 / 5 Year	4/1/2011	Open for Business	1.58%
13	Kinsey Wellness	1,238	1.74%	7/1/2008	6/30/2013	5.25	\$16.00	\$1.33	1 / 5 Year	1/1/2013	Open for Business	1.74%
14	Mathnasium Pearland	1,125	1.58%	1/1/2007	12/31/2011	5.00	\$18.00	\$1.50	1 / 5 Year	6/1/2011	Open for Business	1.58%
15	Pearland Dream Dinners	1,475	2.08%	12/1/2006	11/31/2011	5.00	\$18.00	\$1.50	1 / 5 Year	6/1/2011	Open for Business	2.08%
16	Pearland Music Studio	1,650	2.32%	4/1/2007	3/31/2012	5.00	\$18.90	\$1.58	2 / 5 Year	10/11/2011	Open for Business	2.32%
17	Picasso's Place	1,500	2.11%	10/1/2006	9/30/2009	3.00	\$18.00	\$1.50	1 / 5 Year	4/1/2009	Open for Business	2.11%
18	The Fish Bowl & More	1,650	2.32%	9/1/2006	8/31/2011	5.00	\$18.00	\$1.50	2 / 5 Year	3/1/2011	Open for Business	2.32%
19	Little Tokyo	3,250	4.58%	1/15/2006	1/31/2011	5.05	\$18.17	\$1.51	1 / 5 Year	7/1/2011	Open for Business	4.58%
Subtotal		23,513	33.12%									
Total Leased Space		31,863	44.89%									44.89%

Vacant Space		
Vacant Pad	2,450	3.45%
Vacant In-Line	36,674	51.66%
Total Vacant Space	39,124	55.11%
Orchard Plaza Total Space	70,987	100.00%

- (4) Monthly rent increases to \$2,493.75 on 4/01/09. Monthly rent increases to \$2,756.25 on 4/01/10. Monthly rent increases to \$2,887.50 on 4/01/11.
- (8) Monthly rent increases to \$5,000 on 9/16/08. Monthly rent increases to \$5,200 on 9/16/09. Monthly rent increases to \$5,800 on 9/16/10.
- (9) Monthly rent increases to \$1,593.75 on 3/01/09. Monthly rent increases to \$1,687.50 on 3/01/10. Monthly rent increases to \$1,781.25 on 3/01/11.
- (10) Monthly rent increases to \$1,593.75 on 4/01/10. Monthly rent increases to \$1,687.50 on 4/01/11. Monthly rent increases to \$1,781.25 on 4/01/12.
- (12) Monthly rent increases to \$1,856.25 on 10/01/08.
- (13) Lease Commences on 4/01/08. Tenant starts paying \$1,650.67 per month on 7/01/08. Monthly rent increase to \$1,753.83 on 7/01/10. Monthly rent increases to \$1,857.00 on 7/01/11. Monthly rent Increases to \$1,960.17 on 7/01/12.
- (14) Monthly rent increases to \$1,815 on 1/01/09.
- (15) Monthly rent increases to \$2,433.75 on 12/01/09.
- (16) Monthly rent increases to \$2,598.75 on 4/1/09. Monthly rent increases to \$2,676.71 on 4/1/10. Monthly rent increases to \$2,757.01 on 4/1/11.
- (17) Monthly rent increases to \$2,475 on 10/01/08.

Orchard Plaza Tenant Layout September 2008

