



# CASTLEWINDS

DALLAS / FORT WORTH

\$32,700 PER AVG. SUITE (FULL PRICE)

# DALLAS - FORT WORTH METROPLEX

## THE OPPORTUNITY

An exciting opportunity currently exists in the Dallas market to acquire real estate at far below replacement cost.

In the mid eighties Dallas was a veritable beehive of development activity. Both tax benefits and creative, easy lending policies fuelled the construction industry to a point where there was considerable overbuild.

As a result of the oversupply, vacancy rates increased considerably and many properties were foreclosed on. Over the following years virtually no new development occurred, consequently vacancy rates steadily tightened. The overall average vacancy rate in Dallas is currently 8%, while the more desirable areas have low vacancy rates of 2 - 3% on average.

Many economists predict Dallas' economy will outperform the rest of the U.S. for the remainder of this century. FORTUNE magazine has named Dallas as the number one city in the U.S. in which to do business. Despite Dallas' strong economy, low unemployment (less than 5%), steady in-migration, and tightening vacancies, the banks are still reluctant to lend money for new construction. This absence of development further enhances the potential growth in Dallas real estate which is being forced upward by an ever increasing demand on a limited supply.

The result is an opportunity to acquire an interest in a prime multi-family apartment complex at less than replacement cost with the potential of significant upside.





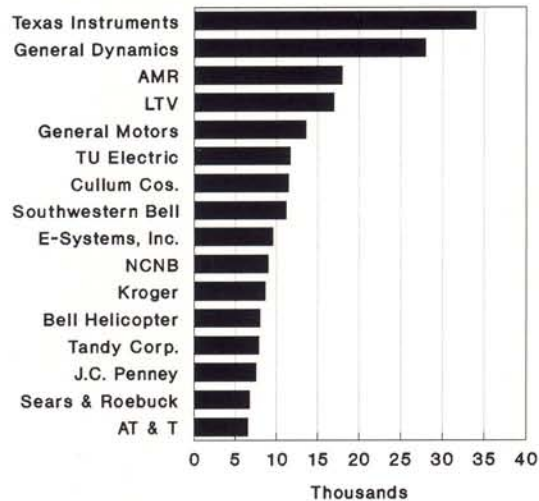


## DALLAS FACTS

- the number one city in the U.S. in which to do business (Fortune Magazine, Oct. 89)
- 8th largest metropolitan area in U.S. with a population of 3.8 million
- ranks 3rd in U.S. for largest concentration of Fortune 500 corporate headquarters
- fastest growing metropolitan area in U.S. since 1980 gaining over 1 million new residents in that period
- low unemployment rate of less than 5%
- ideally located as a hub city for distribution throughout the U.S.
- favourable business climate with no state corporate or personal income tax
- in 1988 & 1989 there were more corporate relocations to Dallas than to any other city in the U.S. These relocations included: J.C. Penny, GTE Corp., Exxon, Fujitsu America, plus over 135 Japanese companies
- only major U.S. city with a triple-A bond rating from both Moody's and Standard & Poors
- ranks 4th in U.S. for largest concentration of insurance company headquarters
- since 1980 has had the nation's fastest growing employment rate in high technology and is dubbed "Silicon Prairie."
- has the world's 9th highest concentration of large multinational corporation headquarters
- Dallas' International Airport is the world's 4th busiest airport and major cargo center. A planned \$3.5 billion U.S. expansion will make it the largest airport in the world by the year 2000.

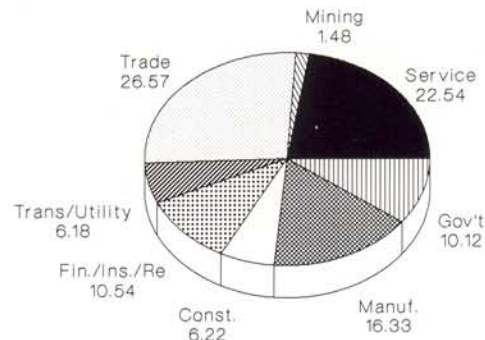
The fact that Dallas real estate can currently be acquired at well below replacement cost, despite a flourishing economy and low vacancy rates, makes it an excellent and well timed investment opportunity.

## Largest Employers Dallas - Fort Worth



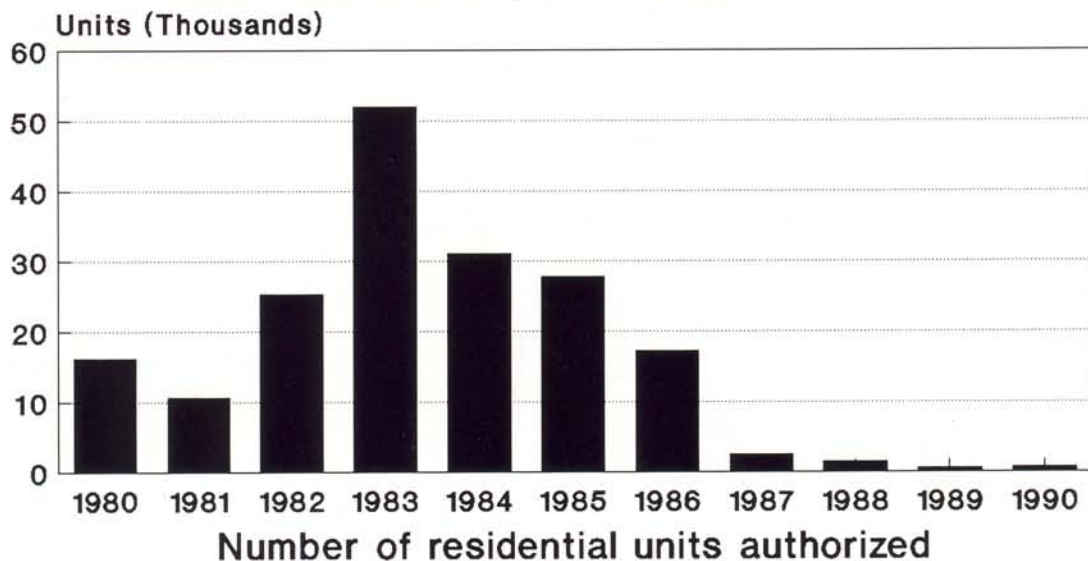
Source: Texas Employment Commission

## Dallas Employment Breakdown By Industry 1989



By Annual Forecast/Data Resources Inc.

## Dallas - Fort Worth Residential Historical Data (New Construction)



Source: U.S. Bureau of The Census

The above graph illustrates the over supply of multi-family units in the mid 80's which contributed to the current bargain prices. It also shows why the vacancy rates have steadily tightened due to no new supply and the influx of people in recent years.



# INVESTMENT HIGHLIGHTS

The Castlewinds project consists of 156 modern suites completed in 1984 and is situated on 8.7 acres in the North Richland Hills area of the Dallas - Fort Worth Metroplex. An investment in Castlewinds has been tailored to fit investors with a view of acquiring assets at below replacement cost while allowing them to benefit from a unique opportunity as a result of supply, demand, and timing.

**EXCELLENT INVESTMENT TIMING** - Castlewinds provides an opportunity to acquire undervalued U.S. real estate at a time when the Canadian dollar is unusually strong versus its U.S. counterpart. With virtually no new supply and an ever increasing demand caused by the high influx of people relocating to Dallas, the vacancy rate is steadily tightening. The local economy is experiencing strong growth and is projected to lead the nation over the next decade.

**BELOW REPLACEMENT VALUE** - Due to the unique real estate market conditions in Dallas, at present, properties can be acquired at prices well below replacement cost.

**GREAT LOCATION** - Castlewinds apartments are located in a desirable well established neighbourhood consisting primarily of single family homes.

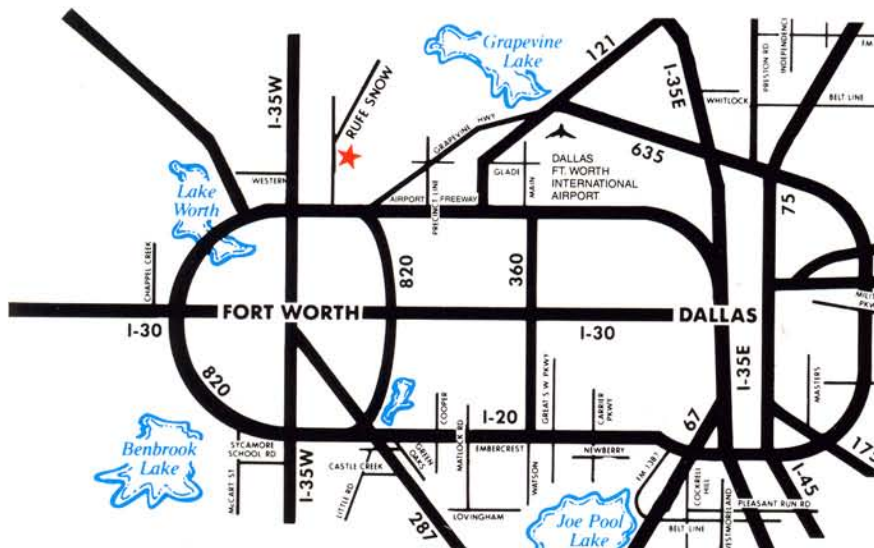
**POSITIVE CASH FLOW** - Castlewinds is projected to produce positive cash flow from start up. In addition, a cash flow loan is provided and is secured by a \$100,000 bank letter of credit.

**TAX ADVANTAGE** - The two tiered partnership structure permits tax deductions to flow to Canadian investors without having to file a U.S. tax return. The result is that a large portion of the investor's equity is recovered through tax savings.

**100% FINANCING** - Excellent pre-arranged financing is available including 100% financing of equity down payment. The investment also takes advantage of the lower U.S. interest rates with a mortgage rate of 10%.

**ASSET MANAGEMENT INCENTIVE** - The General Partner has a vested interest in the improvement and successful operation of the project through a carried interest participation in the property. Upon sale, investors will receive all of their original funds invested plus a preferred return of 10% per annum, then additional profits are shared; 80% investors, 20% General Partner.

**ASSET IMPROVEMENT** - Although Castlewinds is an excellent property in good condition, an opportunity exists to significantly increase the property's value by implementing a moderate refurbishing program. The General Partner is undertaking to make the improvements on behalf of the investors.



**5 YEAR PRO FORMA GUARANTEE** — The numbers projected are guaranteed through a right of off-set on the Developers carried interest in the project.



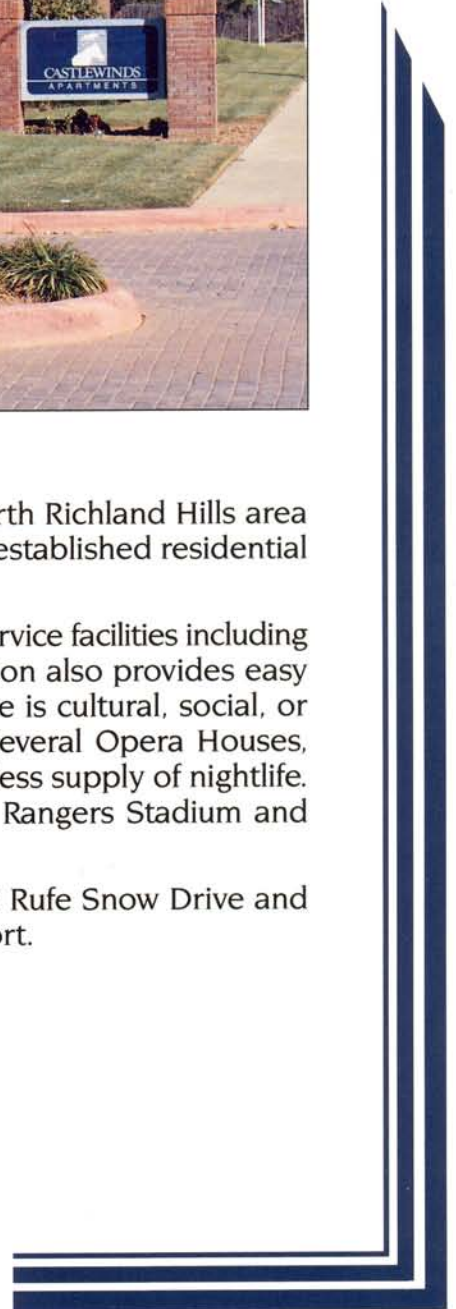
# CASTLEWINDS APARTMENTS



The Castlewinds Apartments is a Class 'A' complex located in the North Richland Hills area of the Dallas - Fort Worth Metroplex. The project is situated in a well established residential neighbourhood consisting primarily of single family homes.

Conveniently located closeby are a variety of desirable shopping and service facilities including several major malls and some of the areas best restaurants. Its location also provides easy access to entertainment in the midcities area whether the preference is cultural, social, or recreational. For culture there is the Dallas Symphony Orchestra, several Opera Houses, and countless Art Museums. For social entertainment there is an endless supply of nightlife. Sports activities also abound; with the Cotton Bowl Stadium, Texas Rangers Stadium and the Dallas Cowboys Training Center.

The property is situated on a major North-South thoroughfare called Rufe Snow Drive and is only 15 minutes from the Dallas - Fort Worth International Airport.





# CASTLEWINDS APARTMENTS

The Castlewinds Apartments is a modern brick and wood sided Complex constructed in 1984, consisting of 20 two storey garden apartment buildings situated on 8.7 acres. Each of the buildings feature contemporary skylights and a pitched roof design. The Castlewinds complex has the added prestige of a brick and rod iron perimeter security fence and 24 hour uniform officers. This modern security system provides a tranquil lifestyle for residents enjoying the fully landscaped grounds and recreational amenities.

The project contains 156 units, a professional leasing office, plus a large private clubhouse with a fireplace, wet bar, cathedral ceilings and skylights. The suite configuration is as follows: 4 two level 3 bedroom, two bath suites; 72 two bedroom two bath suites; and, 80 one bedroom suites. Each suite is individually metered and consists of a separate living room, dining room, a kitchen equipped with a double stainless steel sink, self-cleaning oven, dishwasher, frost-free refrigerator, washer/dryer connections, and attractive mini blinds. All units have french pane windows and patio doors, air conditioning, private balcony or patio, in-suite storage plus additional outdoor storage areas. Approximately half of the units include wood burning fireplaces, with all of the upper floor units featuring cathedral ceilings and attractive skylights.

Some additional amenities at Castlewinds include: a private swimming pool, indoor and outdoor jacuzzi, a volleyball court and a fully equipped exercise room.







### **PROPERTY STATUS**

Castlewinds is currently 95% leased. The project has been operated under foreclosure by Great American Bank for the past 10 months. According to the most current MPF Research Report the overall occupancy for the Dallas - Fort Worth Metroplex is 92%. The class 'A' projects are experiencing much stronger occupancy while the class 'C' projects experience greater vacancies.

### **SAFETY OF INVESTMENT**

To eliminate any concerns associated with investing outside of Canada, the general partner has retained the services of a select team of professional advisors: Dunwoody & Company International, accountants and project auditors; Russel Dumoulin, legal advisors; Thorsteinssons, tax law specialists; and Transwestern Property Company, Property Managers.

### **PROFESSIONAL ASSET MANAGEMENT**

Transwestern Property Company has been selected by the General Partner to manage the project due to their qualifications and experience in the Texas market. Transwestern has over 70 employees and currently manages 3,400 units. They maintain offices in Dallas, Houston, San Antonio and Austin. As a full service firm, Transwestern has been awarded the designation of Accredited Management Organization (AMO) by the Institute of Real Estate Management.

Transwestern's corporate philosophy is to create value in the property being managed. Their objective is to manage the asset aggressively while maintaining an equilibrium between rental rates and occupancy with the ultimate goal of maximizing the total cash return to owners upon sale.



# CASTLEWINDS APARTMENTS

## FLOOR PLANS

626 sq. ft.



1,169 sq. ft.



920 sq. ft.

