



## **FORT Properties' Response to Wall Street Journal Article**

There was an interesting article in *The Wall Street Journal* on July 10, 2008 that we wanted to bring to your attention. The story exemplifies the importance of not only qualifying the tenant-in-common (TIC) sponsor, but evaluating each offering as well. The article explores a 2006 TIC investment involving deliberate fraud on the part of the building's sole tenant, Le Nature. We would like to take a moment to provide some perspective on this rare TIC outcome — the only one of its kind to our knowledge.

The TIC sponsor for this investment, U.S. Advisors, LLC, was provided Le Nature's accounting records, as is the procedure for any commercial real estate acquisition. The records provided, however, had been illegally altered to obscure an objective view of the company's financials. We can say this with absolute certainty — this situation did not result from the TIC investment structure and would have been no different for an individual investor or an institutional investor regardless of whether they were comfortable with a private bottling company as the building's sole tenant. Private companies are historically difficult to evaluate, due to the lack of public information. Le Nature's criminal actions not only defrauded both the lender and the TIC sponsor — resulting in an unfortunate loss for the 35 owners of the property — but also Le Nature's own investors, creditors and vendors.

FORT Properties goes to great efforts to prevent this sort of problem from occurring. First, we choose our properties based on the financial strength as well as the transparency of the tenants, strength and depth-of-market conditions and overall asset quality. Our key tenants are, for the most part, well-established publicly traded companies with highly scrutinized financial records. Equally important, we only purchase properties that are ideally located in their market with rents that are sustainable beyond the anticipated length of the hold. In addition, the quantity of our reserves exceeds industry standards and provides additional security against adverse market conditions.

FORT Properties preserves and builds wealth for its investors. Our investments have exceeded projections and perhaps the best testament to our effectiveness is the number of investors who turn to us time and time again. We operate to the highest standards in the industry, which is reflected by our exceptional history of providing steady returns with no surprises. We take pride in the intelligent structure of our investments. Being one of the founders of this investment strategy, we recognize the difficulty of seeking unanimous consent when making key decisions and have allowed for greater flexibility in our model while strictly adhering to provisions within the tax code.

We certainly realize that stories like the one published in *The Wall Street Journal* can be disconcerting, but TIC numbers speak for themselves. Beyond the dramatic tone of this article, lie the thousands of TIC success stories.

Please call or [e-mail](#) our senior management team if we can provide a more in-depth and objective review of this situation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charles Runnels", is written over a light blue horizontal line.

Charles "Duke" Runnels  
President & CEO