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**KTR CAPITAL PARTNERS BREAKS GROUND AT  
O'HARE EAST BUSINESS CENTER**

**New York, NY - October 6, 2006** - KTR Capital Partners ("KTR") has begun construction on two state-of-the-art distribution centers totaling approximately 394,000 square feet on a 25 acre site within the O'Hare Market in Franklin Park, IL. The property is located near the intersection of River Road and Irving Park Road approximately 3 miles from the South Cargo entrance of O'Hare International Airport. O'Hare East Business Center is comprised of a 199,000 square foot distribution building with 77 loading docks and a 195,000 square foot distribution building with 69 loading docks, both with multiple entrances, distributed car parking and flexible floor plates. The two buildings will be constructed concurrently with expected completion in the second quarter of 2007. This project will be among the few state-of-the-art distribution centers in the O'Hare marketplace offering 30-foot clear ceilings, ESFR sprinkler systems and high throughput capabilities. Further, the site has the ability to accommodate drop-lot trailer parking for up to 110 trailers.

John P. DiCola, Partner of KTR, commented, "We believe this site affords one of the best development opportunities in the O'Hare Market place. The site is immediately accessible to O'Hare Airport, which is now in the midst of a massive capital improvement program to ensure it remains a world-class air port and air cargo hub. Located near major interstate highways, the site offers a central location for distributors looking to service the entire Chicago Metropolitan area. The development of this market-leading asset in Franklin Park represents a significant step toward increasing our penetration of one of the nation's strongest industrial markets and further demonstrates our commitment to the area, and our anticipation of future growth throughout the region."

KTR acquired this site in July 2006 from HSA Commercial Real Estate. The development of this site will entail the demolition of an existing 500,000 square foot manufacturing facility. All previous tenants have been relocated to other buildings in the area.

"O'Hare East represents a unique opportunity within the O'Hare submarket," added Brian D. Milberg, Vice President of Investments at KTR. "With the redevelopment of this site, we will rapidly deliver very high quality space to the market at price point that is lower than comparable alternative in the market today." Milberg further commented, "We are creating a quality product in a market that is in constant need of modern industrial/distribution facilities. We have already attracted interest from a diverse group of potential tenants as the

development appeals to a wide range of users – from regional distributors interested in a crossroads location and to air freight tenants that require convenient access to O’Hare.”

The development team for the O’Hare East Business Center includes Cornerstone Architects of Itasca, Illinois and Manhard Consulting of Vernon Hills, Illinois who served as the design team. Keeley Construction of Villa Park, Illinois is serving as the General Contractor. Matthew Mulvihill and Brian Carroll of Grubb and Ellis represented KTR on the acquisition of the property and currently serve as the leasing brokers for the project.

#### **KTR CAPITAL PARTNERS**

KTR Capital Partners is a private equity firm based in New York City that was established in November of 2004 to continue the highly successful real estate investment activities of Keystone Property Trust (formerly NYSE:KTR). Since December 1997, the KTR team has completed nearly \$2 billion of acquisitions and development. KTR is a recognized industry leader that has attracted investment capital from leading institutional investors for its first fund – Keystone Industrial Fund, L. P. - a \$500 million fund focused on value-add investments in the industrial real estate sector. The firm has offices in Suburban Philadelphia, Deerfield Beach, FL and Chicago. For further information go to [www.ktrcapital.com](http://www.ktrcapital.com)