

NET-LEASED GROCERY PORTFOLIO

FOURTEEN LOCATIONS THROUGHOUT SOUTH TEXAS



EXCLUSIVELY LISTED BY

Marcus & Millichap
Real Estate Investment Services

Lowe's Market Portfolio

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Lowe's Market Portfolio

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Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

Lowe's Market Portfolio

VARIOUS CITIES, TX

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Photo of Lubbock Location (Not a Part of Offering)



Representative

Investment Highlights

- Portfolio of Grocery Stores in Tertiary Markets across Texas
- Each Store is the Primary Grocer in it's Respective Market
- Lowe's Achieves Approximately \$1 Billion Dollars in Annual Sales
- Lowe's Operates Over 146 locations in Four States
- Leases are NNN with Varying Expirations
- Tenant Reports Unit Sales Annually
- Experienced Small Town Grocer with Nearly 50 Years in the Business

Marcus & Millichap is pleased to present the opportunity to acquire a 14 property portfolio of tertiary market grocery stores located across the state of Texas. The portfolio consists of twelve grocery stores, one warehouse, and one non-affiliated hardware store.

The tenant, Lowe's Market, has been in the business for nearly 50 years and operates 146 locations across Texas, New Mexico, Arizona and Colorado. Industry sources say the annual sales for Lowe's should exceed \$1 billion.

The stores are typically located in smaller markets with limited or no competition from other grocery stores. The leases are full NNN requiring practically no landlord responsibilities.



TENANT SUMMARY

Lowe's has a rich family history that can be traced back to the late 1940's when E.M. 'Bud' Lowe started his career by selling candy and sundries with only one truck distributing throughout the town of Littlefield.

The Lowe's grocery career began in 1964 with the purchase of their first store in Olton, Texas. Bud and his son, Roger, founded the company on the principle of taking care of the community, their teammates and their family. It is this philosophy that has allowed the company to grow to 146 stores in West Texas, New Mexico, Arizona and Colorado.

Lowe's Corporate Headquarters



Through various and strategic acquisitions over the years, Lowe's now operates under a variety of names including Super S Foods, SuperSave, Lowe's, Big 8 Food Stores, Shop n' Save, Lowe's Pay N Save, Avanza Supermarket, Family Center, Fiesta Foods, Mercado, La Feria, Food Jet and Fiero. Store sizes range between 2,000 and 65,000 square feet.

Following the acquisition of San Antonio based Super S Foods in April of 2011, industry sources estimated that annual sales for the Lowe's company exceeded \$950 million. Most of the markets in which Lowe's stores operate have limited or no competitive grocery stores.

Lowe's Family of Grocery Stores



TENANT SUMMARY MAP



AREA MAPS



- 1) Big Lake Lowes Pay-N-Save
- 2) Cross Plains Lowes Pay-N-Save
- 3) Devine Lowes Warehouse
- 4) East Bernard Lowes Pay-N-Save
- 5) Iraan Lowes Pay-N-Save
- 6) Junction Family Dollar
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- 11) Orange Grove Lowes Pay-N-Save
- 12) Palacios Lowes Pay-N-Save
- 13) Somerset Lowes Pay-N-Save
- 14) Sundown Lowes Pay-N-Save
- 15) Taft Lowes Pay-N-Save

BIG LAKE



The Offering	
Property	Lowe's Market
Property Address	505 2nd Street City of Big Lake, Reagan County, Texas 76932

Site Description	
Gross Leasable Area (GLA)	12,678 SF
Lot Size	1 Acre
Type of Ownership	Fee Simple

Lease Summary	
Base Rent	\$68,000
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	8 Years
Percentage Rent	1.75% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Six, Five Year

CROSS PLAINS



The Offering	
Property	Lowe's Market
Property Address	417 Southwest 5th Street City of Cross Plains, Callahan County, Texas 76443

Site Description	
Gross Leasable Area (GLA)	12,675 SF
Lot Size	0.906 Acres
Type of Ownership	Fee Simple

Lease Summary	
Base Rent	\$60,000
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	8 Years
Percentage Rent	1.75% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Six, Five Year

EAST BERNARD

Investment Highlights



The Offering	
Property	Lowe's Market
Property Address	833 South Dill Street City of East Bernard, Wharton County, Texas 77435

Site Description	
Gross Leasable Area (GLA)	16,000 SF
Lot Size	1.339 Acres
Type of Ownership	Fee Simple

Lease Summary	
Base Rent	\$98,4000
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	5 Years
Percentage Rent	2.0% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Six, Five Year

IRAAN



The Offering	
Property	Lowe's Market
Property Address	103 East 5th Street City of Iraan, Pecos County, Texas 79744

Site Description	
Gross Leasable Area (GLA)	8,727 SF
Lot Size	0.482 Acres
Type of Ownership	Fee Simple

Lease Summary	
Base Rent	\$51,999.96
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	8 Years
Percentage Rent	1.75% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Six, Five Year

MARION



The Offering

Property	Lowe's Market
Property Address	212 South Center Street City of Marion, Guadalupe County, Texas 78124

Site Description

Gross Leasable Area (GLA)	6,720 SF
Lot Size	0.428 Acres
Type of Ownership	Fee Simple

Lease Summary

Base Rent	\$33,804
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	8 Years
Percentage Rent	1.75% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Six, Five Year

MCCAMEY



The Offering

Property	Lowe's Market
Property Address	224 East 6th Street City of McCamey, Upton County, Texas 79752

Site Description

Gross Leasable Area (GLA)	9,944 SF
Lot Size	0.551 Acres
Type of Ownership	Fee Simple

Lease Summary

Base Rent	\$54,000
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	8 Years
Percentage Rent	1.75% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Six, Five Year

NIXON



The Offering

Property	Lowe's Market
Property Address	102 North Nixon Avenue City of Nixon, Gonzales County, Texas 78140

Site Description

Gross Leasable Area (GLA)	15,145 SF
Lot Size	1.354 Acres
Type of Ownership	Fee Simple

Lease Summary

Base Rent	\$110,400
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	6 Years
Percentage Rent	2.0% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Four, Five Year

ORANGE GROVE



The Offering

Property	Lowe's Market
Property Address	210 Orange Avenue City of Orange Grove, Jim Wells County, Texas 78372

Site Description

Gross Leasable Area (GLA)	16,700 SF
Lot Size	1.825 Acres
Type of Ownership	Fee Simple

Lease Summary

Base Rent	\$143,400
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	6 Years
Percentage Rent	2.0% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Four, Five Year

PALACIOS



The Offering	
Property	Lowe's Market
Property Address	702 Henderson City of Palacios, Matagorda County, Texas 77465

Site Description	
Gross Leasable Area (GLA)	22,674 SF
Lot Size	1.825 Acres
Type of Ownership	Fee Simple

Lease Summary	
Base Rent	\$196,800
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	6 Years
Percentage Rent	2.0% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Four, Five Year

SOMERSET



The Offering

Property	Lowe's Market
Property Address	19860 Somerset Road City of Somerset, Bexar County, Texas 78069

Site Description

Gross Leasable Area (GLA)	11,000 SF
Lot Size	2.55 Acres
Type of Ownership	Fee Simple

Lease Summary

Base Rent	\$104,400
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	5 Years
Percentage Rent	2.0% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Four, Five Year

SUNDOWN



The Offering	
Property	Lowe's Market
Property Address	103 East Richardson City of Sundown, Hockley, Texas 76443

Site Description	
Gross Leasable Area (GLA)	10,015 SF
Lot Size	0.71 Acres
Type of Ownership	Fee Simple

Lease Summary	
Base Rent	\$38,400
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	8 Years
Percentage Rent	1.75% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Six, Five Year

TAFT



The Offering	
Property	Lowe's Market
Property Address	616 Highway 181 City of Taft, San Patricio County, Texas 78390

Site Description	
Gross Leasable Area (GLA)	14,700 SF
Lot Size	1.101 Acres
Type of Ownership	Fee Simple

Lease Summary	
Base Rent	\$24,000
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	7 Years
Percentage Rent	2.25% of Gross Sales in Excess of Minimum Annual Base Rent
Options	Four, Five Year

DEVINE



The Offering

Property	Lowe's Market
Property Address	1000 FM 3176 City of Devine, Medina County, Texas 78016

Site Description

Gross Leasable Area (GLA)	36,000 SF
Lot Size	5.388 Acres
Type of Ownership	Fee Simple

Lease Summary

Base Rent	\$87,000
Lease Type	NNN
Lease Term	10.5 Years
Remaining Lease Term	5 Years
Options	Four, Five Year

NIXON - DO IT BEST



The Offering

Property	Do it Best - Alamo Lumber Company
Property Address	109 West 2nd Street City of Nixon, Gonzales County, Texas 78140

Site Description

Gross Leasable Area (GLA)	11,000 SF
Lot Size	1.82 Acres
Type of Ownership	Fee Simple

Lease Summary

Base Rent	\$47,400
Lease Type	NNN
Lease Term	5 Years
Remaining Lease Term	9 months
Options	Two, Five Year

Do It Best Corporation

Do it Best Corp. is Indiana's largest privately owned business and continues to return industry-leading rebates to members. Do it Best Corp. is the only full-service member-owned distributor of hardware and building materials products in the industry, serving 4,000 member-owned locations across the United States and more than 50 countries.

In fiscal year 2012, Do it Best grossed over \$2.6 Billion in sales an increase of 10% from 2011

Alamo Lumber Company

San Antonio based Alamo Lumber Company has been family owned company since 1893 and operates fourteen locations throughout south Texas.

PRICING AND FINANCIAL ANALYSIS

Lowe's Market Portfolio

VARIOUS CITIES, TX

Marcus & Millichap
Real Estate Investment Services

FINANCIAL OVERVIEW



Location

Various
Various Cities, TX Various

Price	\$13,340,000
Down Payment	35% / \$4,669,000
Rentable Square Feet	201,678
Price/SF	\$66.15
CAP Rate	8.38%
Year Built	2008
Lot Size	Various
Type of Ownership	Fee Simple



Annualized Operating Data

Base Rent (\$5.54/SF)	\$1,118,004
Net Operating Income	\$1,118,004
Debt Service	\$672,409
Debt Coverage Ratio	1.66
Net Cash Flow After Debt Service	9.54% / \$445,595
Principal Reduction	\$199,793
Total Return	13.82% / \$645,388

Tenant Summary

Tenant	Corporate Store
Lease Guarantor	Corporate Guarantee
Lease Type	Triple Net (NNN)
Roof and Structure	Tenant Responsible
Lease Term	Various
Lease Commencement Date	Various
Rent Commencement Date	Various
Lease Expiration Date	Various
Term Remaining on Lease	Various
Increases	None

Financing

FIRST TRUST DEED

Loan Amount	\$8,671,000
Loan Type	Proposed New
Interest Rate	4.75%
Amortization	20 Years

Loan information is time sensitive and subject to change. Contact your local Marcus & Millichap Capital Corporation representative.



TENANT SUMMARY

Location	Tenant	GLA	Lease Commence	Lease Expire	Annual Rent	Rent/SF	Options / % Rent	Lease Type
Big Lake	Lowes Pay & Save	12,678	5/19/2010	12/31/2020	\$68,000.00	\$5.36	Six 5 - Yr / 1.75% of GS	NNN
Cross Plains	Lowes Pay & Save	12,675	5/19/2010	12/31/2020	\$60,000.00	\$4.73	Six 5 - Yr / 1.75% of GS	NNN
Devine	Lowes Warehouse	36,000	8/3/2007	12/31/2017	\$87,000.00	\$2.42	Four 5-Yr	NNN
East Bernard	Lowes Pay & Save	16,000	7/25/2006	12/31/2017	\$98,400.00	\$6.15	Six 5 - Yr / 2% of GS	NNN
Iraan	Lowes Pay & Save	8,727	5/19/2010	12/31/2020	\$51,999.96	\$5.96	Six 5 - Yr / 1.75% of GS	NNN
Marion	Lowes Pay & Save	6,720	8/9/2010	12/31/2020	\$33,804.00	\$5.03	Six 5 - Yr / 1.75% of GS	NNN
McCamey	Lowes Pay & Save	9,944	5/19/2010	12/31/20	\$54,000.00	\$5.43	Six 5 - Yr / 1.75% of GS	NNN
Nixon	Lowes Pay & Save	15,145	8/1/2008	12/31/2018	\$110,400.00	\$7.29	Four 5 - Yr / 2% of GS	NNN
*Nixon	Alamo Lumber Co.	11,000	11/1/2008	10/31/2013	\$47,400.00	\$4.31	Two 5 - Yr	NNN
Orange Grove	Lowes Pay & Save	16,700	5/1/2008	12/31/2018	\$143,400.00	\$8.59	Four 5-Yr / 2% of GS	NNN
Palacios	Lowes Pay & Save	22,674	3/28/2008	12/31/2018	\$196,800.00	\$8.68	Four 5-Yr / 2% of GS	NNN
Somerset	Lowes Pay & Save	8,700	3/1/2007	12/31/2017	\$104,400.00	\$12.00	Four 5-Yr / 2% of GS	NNN
Sundown	Lowes Pay & Save	10,015	5/19/2010	12/31/2020	\$38,400.00	\$3.83	Six 5 - Yr / 1.75% of GS	NNN
Taft	Lowes Pay & Save	14,700	11/6/2009	12/31/2019	\$24,000.00	\$1.63	Four 5-Yr / 2.25% of GS	NNN
TOTAL OCCUPIED		201,678			\$1,118,003.96			
TOTAL		201,678			\$1,118,003.96			

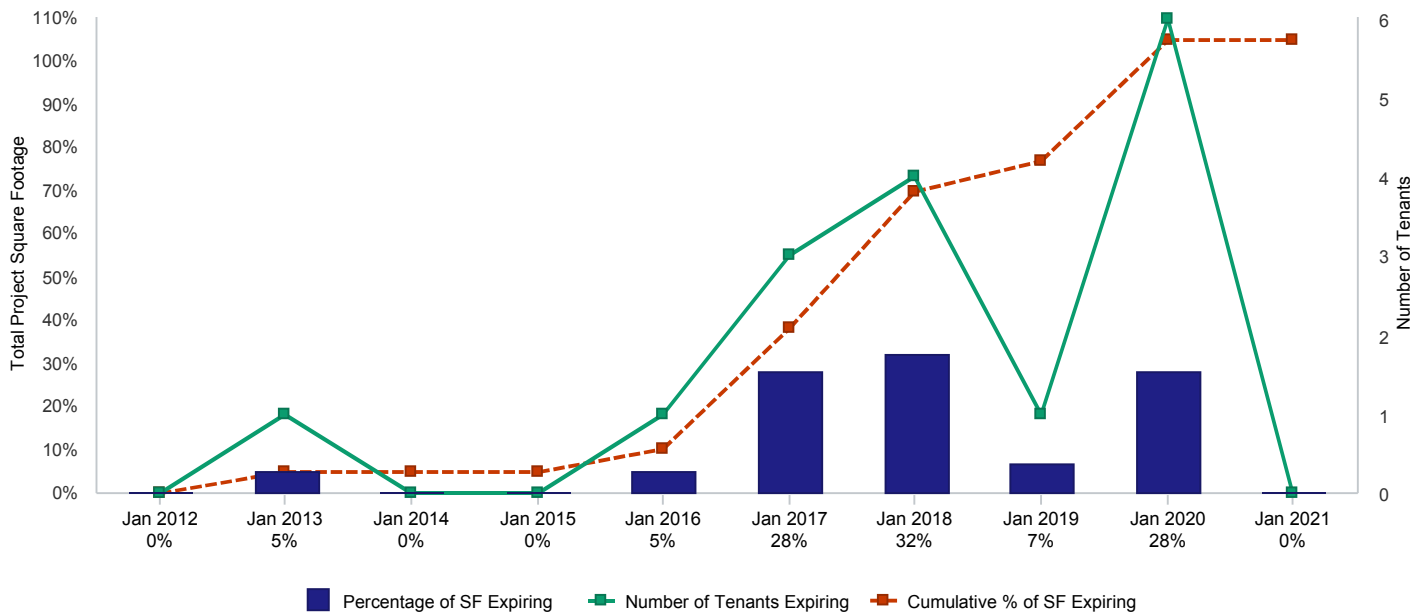
Comments

*Per Seller, Alamo Lumber Co. intends to allow thier first five year Renewal Option to go into effect. Each Renewal Option is automatic as noted in the Lease Agreement.

*Alamo Lumber's Annual Base Rent with increase to \$51,600 begining November 1, 2013.

LEASE EXPIRATION SUMMARY

For The Year Beginning	Year 1 Jan 2012	Year 2 Jan 2013	Year 3 Jan 2014	Year 4 Jan 2015	Year 5 Jan 2016	Year 6 Jan 2017	Year 7 Jan 2018	Year 8 Jan 2019	Year 9 Jan 2020	Year 10 Jan 2021
Tenant(s) Name	Alamo Lumber Co.				Lowes Pay & Save	Lowes Warehouse Pay & Save Lowes Pay & Save	Family Dollar Pay & Save Lowes Pay & Save Lowes Pay & Save	Lowes Pay & Save	Lowes Pay & Save	Lowes Pay & Save Lowes Pay & Save Lowes Pay & Save Lowes Pay & Save Lowes Pay & Save Lowes Pay & Save
Total Number of Tenants		1			1	3	4	1	6	
Total Square Feet		11,000			10,908	60,700	68,819	14,700	60,759	
Total Percentage		5.1%			5.1%	28.1%	31.9%	6.8%	28.1%	
Cumulative Percentage		5.1%			10.1%	38.3%	70.1%	76.9%	105.1%	



Any projections, opinions, assumptions or estimates used here within are for example purposes only and do not represent the current or future performance of the property.

Comments

BROKERAGE SERVICES

Approved by the Texas Real Estate Commission for Voluntary Use
Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:
 The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:
 The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:
 A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property. With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant Date

Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.



Lowe's Market Portfolio

OFFERING MEMORANDUM