

1933 Fredericksburg Road

SAN ANTONIO, TX

OFFERING MEMORANDUM



Marcus & Millichap
Real Estate Investment Services

1933 Fredericksburg Road

SAN ANTONIO, TX

CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS
& MILLICHAP AGENT FOR MORE DETAILS.

Marcus & Millichap
Real Estate Investment Services

1933 Fredericksburg Road

SAN ANTONIO, TX

TABLE OF CONTENTS

| | |
|-----------|--------------------------------|
| Section 1 | PROPERTY DESCRIPTION |
| Section 2 | PRICING AND FINANCIAL ANALYSIS |
| Section 3 | RENT COMPARABLES |
| Section 4 | DEMOGRAPHIC ANALYSIS |
| Section 5 | MARKET OVERVIEW |

PROPERTY DESCRIPTION

1933 Fredericksburg Road

SAN ANTONIO, TX

Marcus & Millichap
Real Estate Investment Services

INVESTMENT OVERVIEW



Investment Highlights

- Excellent Visibility - Frontage on Three Roads
- Located in the Historic Art Deco District
- Impressive Residential Density - 392,000 Residents in Five Miles
- New Roof in 2004 on 60 Percent of GLA
- All HVAC Units Less than Seven Years Old
- Two Blocks from Recently Updated HEB Grocery Store
- \$50 per Square Foot

Marcus & Millichap is pleased to present this multi-tenant retail center for sale. The 13,621-square foot center features excellent visibility with frontage on three roads.

The property is located in the historical art deco district which has enjoyed a recent beautification project. The beautification project included new sidewalks, light posts, artistic bus stops, historical markers, landscaping, etc.

This area boasts impressive residential density of 392,000 in a five mile radius and a projection of more than two percent annual growth.

More than half of the roof was replaced in 2004 and all of the HVAC units are less than seven years old.

PROPERTY SUMMARY

The Offering

| | |
|--------------------------|---|
| Property | 1933 Fredericksburg Road |
| Property Address | 1933 Fredericksburg Road San Antonio, TX 78201 |
| Assessor's Parcel Number | 06693-002-0220 and 0230 |
| Zoning | C2 H |

Site Description

| | |
|---------------------------|-------------|
| Number of Stories | 1 |
| Year Built/Renovated | 1940 / 2004 |
| Gross Leasable Area (GLA) | 13,767 SF |
| Lot Size | 0.57 Acres |
| Type of Ownership | Fee Simple |
| Landscaping | Minimal |

Construction

| | |
|-----------------|-------------------------|
| Foundation | Concrete Slab |
| Exterior | E.F.I.S. |
| Parking Surface | Asphalt |
| Roof | Built Up Tar and Gravel |

Mechanical

| | |
|-----------------|-----------------------|
| HVAC | Separated per Unit |
| Fire Protection | Tenant Responsibility |
| Utilities | Separately Metered |

Interior Detail

| | |
|-----------------|--------------|
| Walls | Drywall |
| Ceilings | Various |
| Floor Coverings | Various |
| Rest Rooms | In Each Unit |

PROPERTY FEATURES

Construction

- Aluminum Awnings Shelter Glass Store Frontage
- High Ceilings in Tenant Spaces
- Painted Stucco Exterior with Matching Trim and Awnings
- Concrete Sidewalk Along Entire Store Frontage



Features

- Great Visibility at Intersection of Three Streets
- Monument Signage
- Parking Along Street Frontage, Pull-Outs and Rear Lot
- Located in the Art Deco Redevelopment District

1933 Fredericksburg Road

SAN ANTONIO, TX

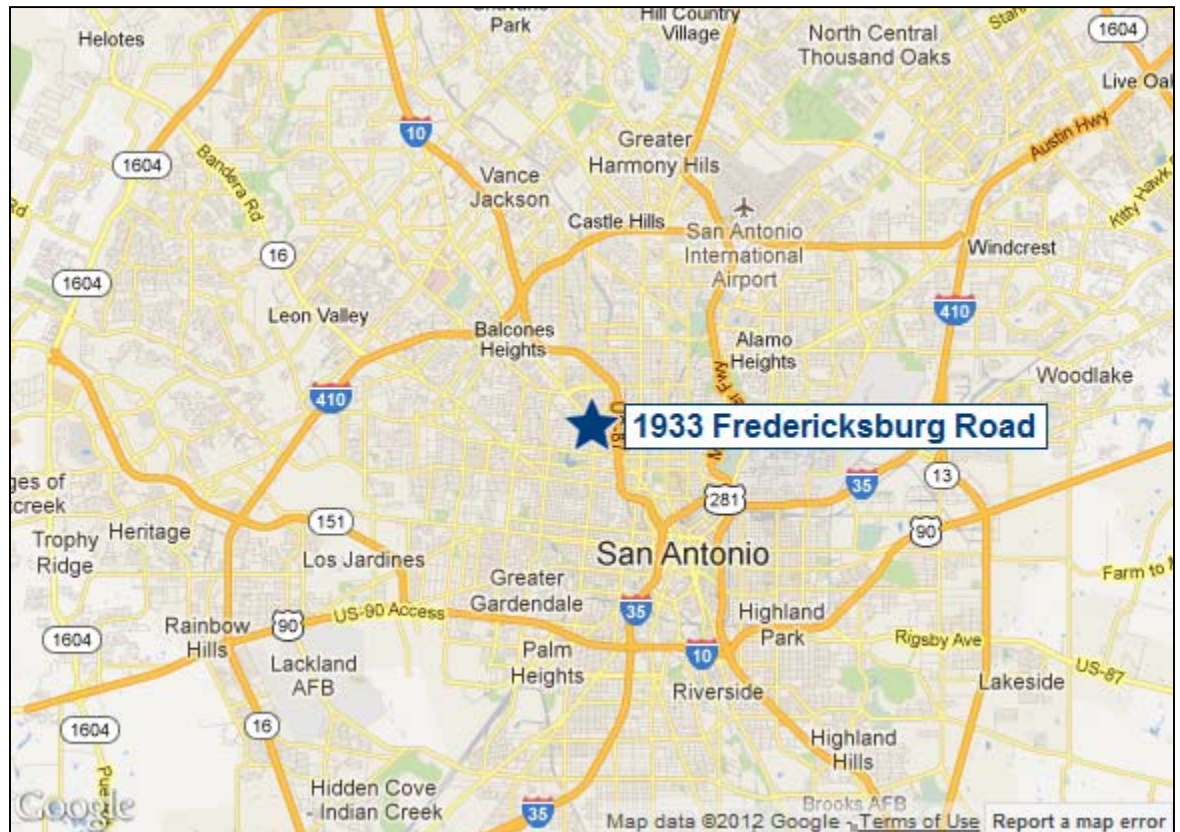
PROPERTY DESCRIPTION



Local Map



Regional Map



This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2012 Marcus & Millichap T0490035

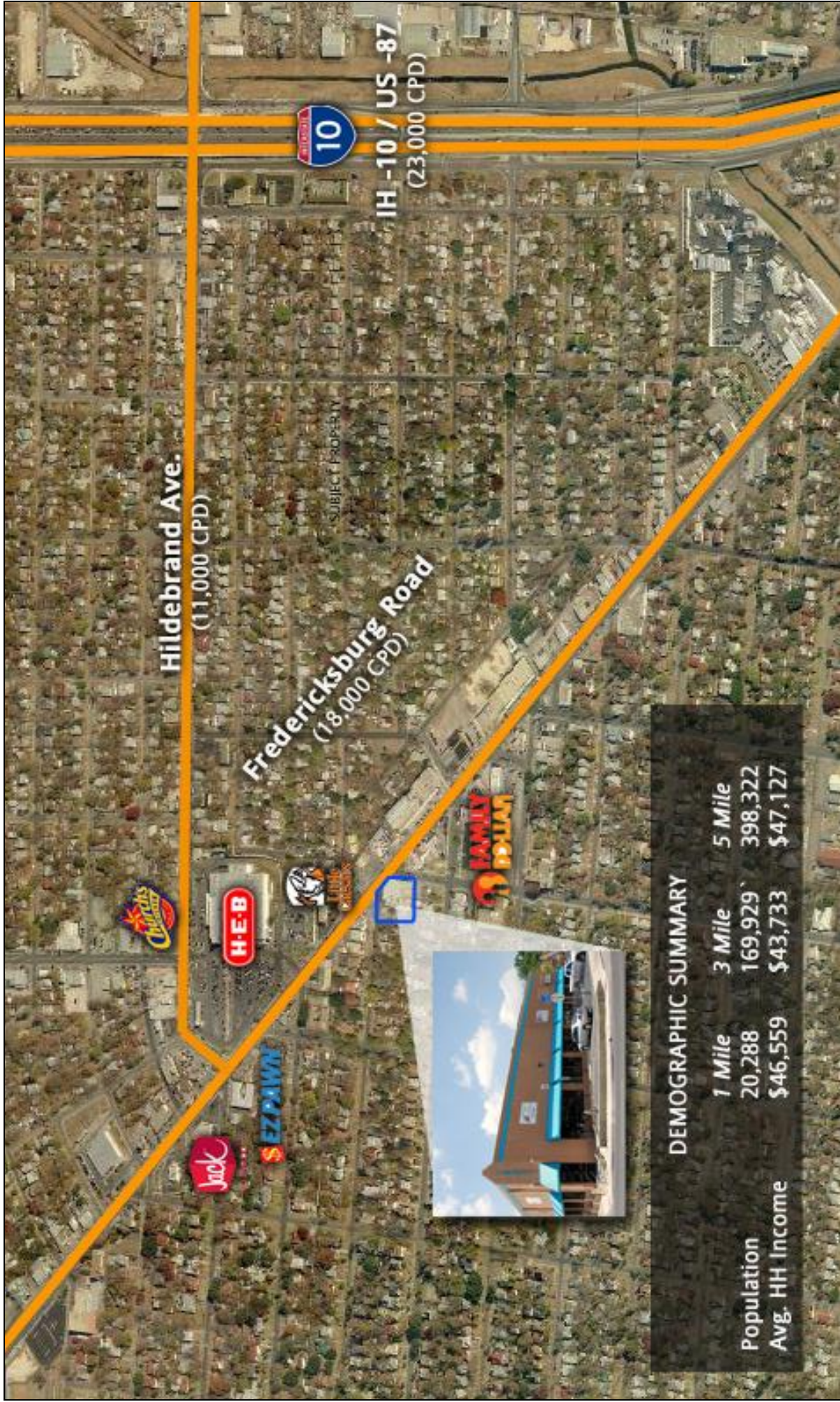
Marcus & Millichap
Real Estate Investment Services

1933 Fredericksburg Road

SAN ANTONIO, TX

PROPERTY DESCRIPTION

AERIAL PHOTO



PRICING AND FINANCIAL ANALYSIS

1933 Fredericksburg Road

SAN ANTONIO, TX

Marcus & Millichap
Real Estate Investment Services

1933 Fredericksburg Road

SAN ANTONIO, TX

PRICING AND FINANCIAL ANALYSIS

FINANCIAL OVERVIEW

Location

1933 Fredericksburg Road
San Antonio, TX 78201

| | |
|---------------------------|-------------------|
| Price | \$700,000 |
| Down Payment | 35.0% / \$245,000 |
| Gross Leasable Area (GLA) | 13,767 |
| Price/SF | \$50.85 |
| CAP Rate - Current | 9.00% |
| Lot Size | 0.57 Acres |

Financing

FIRST TRUST DEED

| | |
|---------------|--------------|
| Loan Amount | \$455,000 |
| Loan Type | Proposed New |
| Interest Rate | 5.0% |
| Amortization | 20 Years |

SECOND TRUST DEED

| | |
|-------------|--------------|
| Loan Amount | \$0 |
| Loan Type | Proposed New |

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

Annualized Operating Data

| Income | Current |
|----------------------------------|--------------------------|
| Base Rent | |
| Occupied Space | \$81,504 |
| Gross Potential Rent | \$81,504 |
| Expense Reimbursements | \$6,528 |
| Gross Potential Income | \$88,032 |
| Vacancy/Collection Allowance | 5% / \$4,402 |
| Effective Gross Income | \$83,630 |
| Total Expenses | \$20,618 |
| Net Operating Income | \$63,013 |
| Debt Service | \$36,034 |
| Debt Coverage Ratio | 1.75 |
| Net Cash Flow After Debt Service | 11.01% / \$26,979 |
| Principal Reduction | \$13,592 |
| Total Return | 16.56% / \$40,572 |

Expenses

| | |
|---------------------------|-----------------|
| Real Estate Taxes * | \$9,147 |
| Insurance | \$2,733 |
| CAM | |
| Utilities | \$1,807 |
| Repairs & Maintenance | \$1,500 |
| Trash Removal | \$1,249 |
| TOTAL CAM | \$4,556 |
| Management Fee (% of EGI) | 5% / \$4,182 |
| TOTAL EXPENSES | \$20,618 |
| EXPENSES/SF | \$1.50 |



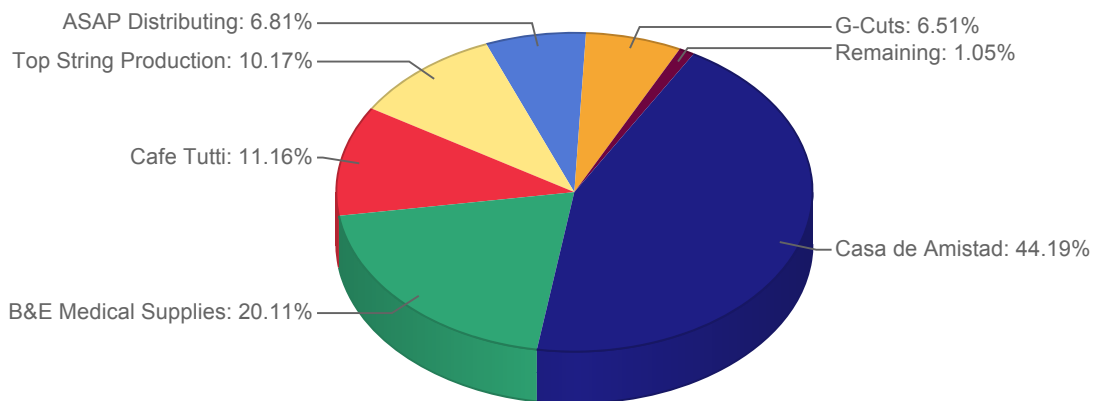
EXPENSES

| | Current | Per SF |
|---------------------------|-----------------|---------------|
| Real Estate Taxes * | \$9,147 | \$0.66 |
| Insurance | \$2,733 | \$0.20 |
| CAM | | |
| Utilities | \$1,807 | \$0.13 |
| Repairs & Maintenance | \$1,500 | \$0.11 |
| Trash Removal | \$1,249 | \$0.09 |
| TOTAL CAM | \$4,556 | \$0.33 |
| Management Fee (% of EGI) | \$4,182 | \$0.30 |
| TOTAL EXPENSES | \$20,618 | \$1.50 |

Comments

* Property value was contested and reduced in 2011 lowering the tax liability for 2012.

Tenants (% OF GLA)



INCOME & EXPENSES

Gross Leasable Area (GLA) 13,767 SF

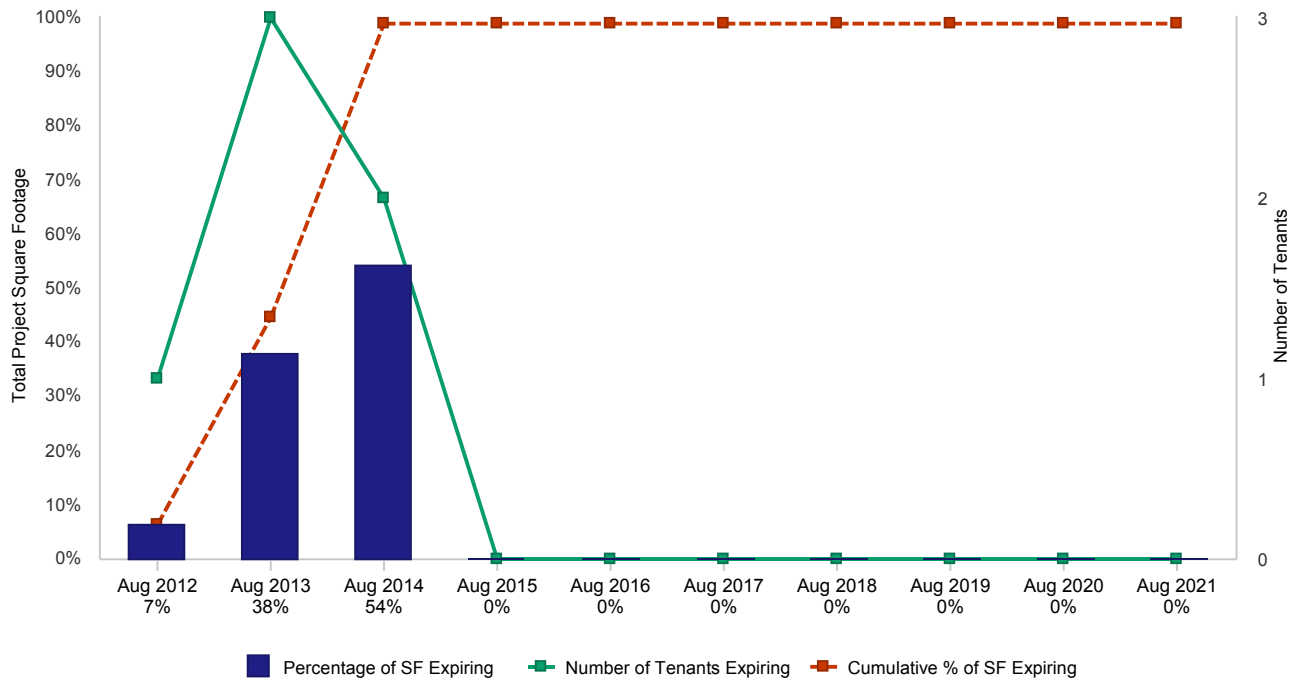
| | Current | Per SF |
|---|-----------------|---------------|
| Base Rent | | |
| Occupied Space | \$81,504 | \$5.92 |
| GROSS POTENTIAL RENT | \$81,504 | \$5.92 |
| Expense Reimbursements | 6,528 | 0.47 |
| GROSS POTENTIAL INCOME | \$88,032 | \$6.39 |
| Vacancy/Collection Allowance (% of GPI) | 5% / \$4,402 | \$0.32 |
| EFFECTIVE GROSS INCOME | \$83,630 | \$6.07 |
| Total Expenses | \$20,618 | \$1.50 |
| NET OPERATING INCOME | \$63,013 | \$4.58 |

TENANT SUMMARY

| Suite | Tenant | GLA | % of GLA | Lease Commence | Lease Expire | Annual Rent | Rent/ SF | Other: Options/ % Rent | Lease Type |
|----------------|-----------------------|--------|----------|----------------|--------------|-------------|----------|------------------------|------------|
| 101 | Casa de Amistad | 6,083 | 44.19% | 6/2001 | 5/2015 | \$29,184.00 | \$4.80 | One - 3 Yr | NNN |
| 106 | B&E Medical Supplies | 2,768 | 20.11% | 8/2010 | 7/2014 | \$14,400.00 | \$5.20 | | Gross |
| 107 | Cafe Tutti | 1,536 | 11.16% | 10/2011 | 9/2013 | \$15,000.00 | \$9.77 | | NNN |
| 110 | ASAP Distributing | 938 | 6.81% | 7/2012 | 6/2014 | \$7,620.00 | \$8.12 | | Gross |
| 112 | Top String Production | 1,400 | 10.17% | 5/2010 | 6/2015 | \$7,500.00 | \$5.36 | One 3 - Yr | Gross |
| 111 | G-Cuts | 896 | 6.51% | 10/2011 | 10/2012 | \$7,800.00 | \$8.71 | | NNN |
| TOTAL VACANT | | | | | | | | | |
| TOTAL OCCUPIED | | 13,621 | 98.94% | | | \$81,504.00 | | | |
| TOTAL | | 13,621 | 98.94% | | | \$81,504.00 | | | |

LEASE EXPIRATION SUMMARY

| For The Year Beginning | Year 1 Aug 2012 | Year 2 Aug | Year 3 Aug 2014 | Year 4 Aug 2015 | Year 5 Aug 2016 | Year 6 Aug 2017 | Year 7 Aug | Year 8 Aug | Year 9 Aug 2020 | Year 10 Aug 2021 |
|------------------------|--------------------|---|---|--------------------|--------------------|--------------------|---------------|---------------|--------------------|---------------------|
| Tenant(s) Name | G-Cuts | B&E Medical Supplies Cafe Tutti ASAP Distributing | Casa de Amistad Top String Production | | | | | | | |
| Total Number of | 1 | 3 | 2 | | | | | | | |
| Total Square Feet | 896 | 5,242 | 7,483 | | | | | | | |
| Total Percentage | 6.5% | 38.1% | 54.4% | | | | | | | |
| Cumulative | 6.5% | 44.6% | 99.0% | | | | | | | |



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.

RENT COMPARABLES

1933 Fredericksburg Road

SAN ANTONIO, TX

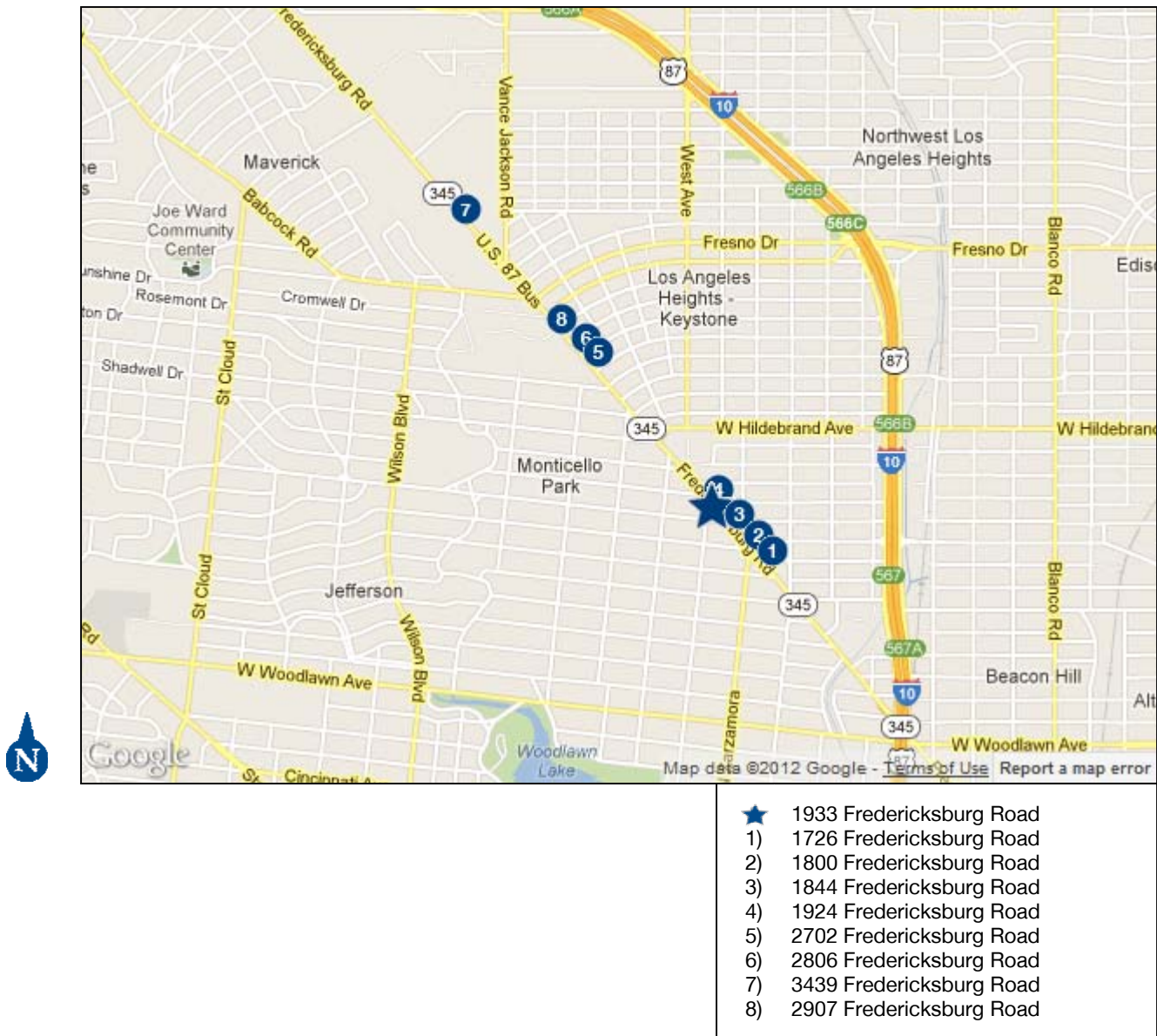
Marcus & Millichap
Real Estate Investment Services

1933 Fredericksburg Road

SAN ANTONIO, TX

RENT COMPARABLES

RENT COMPARABLES MAP



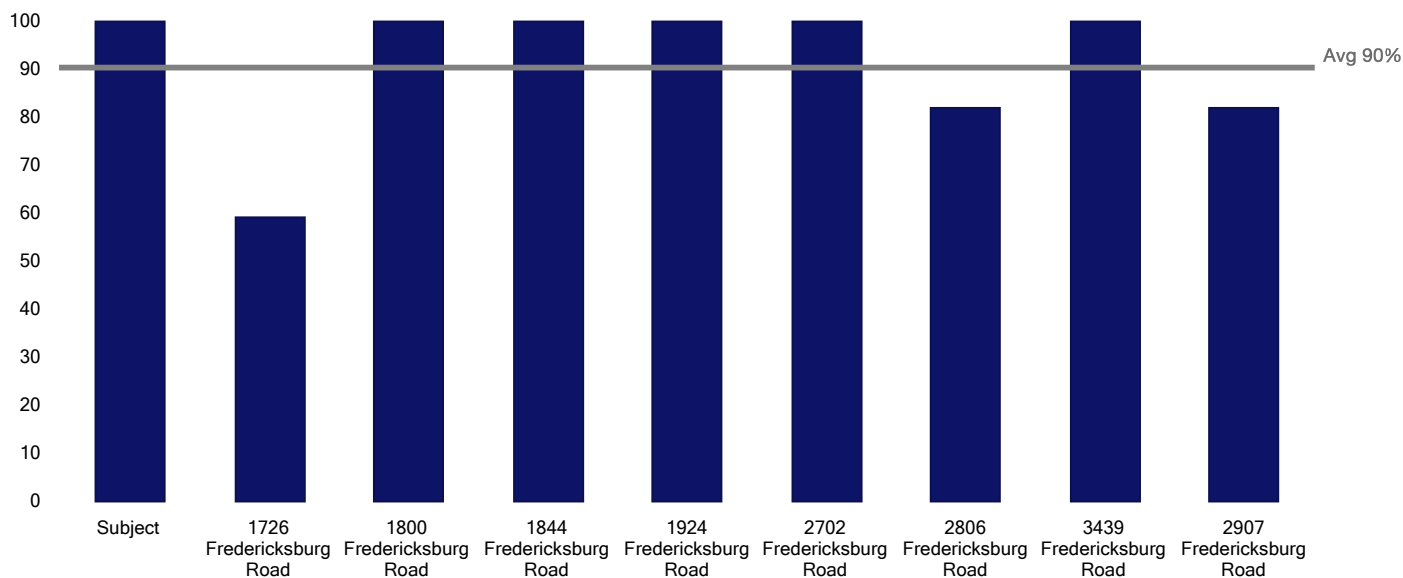
1933 Fredericksburg Road

SAN ANTONIO, TX

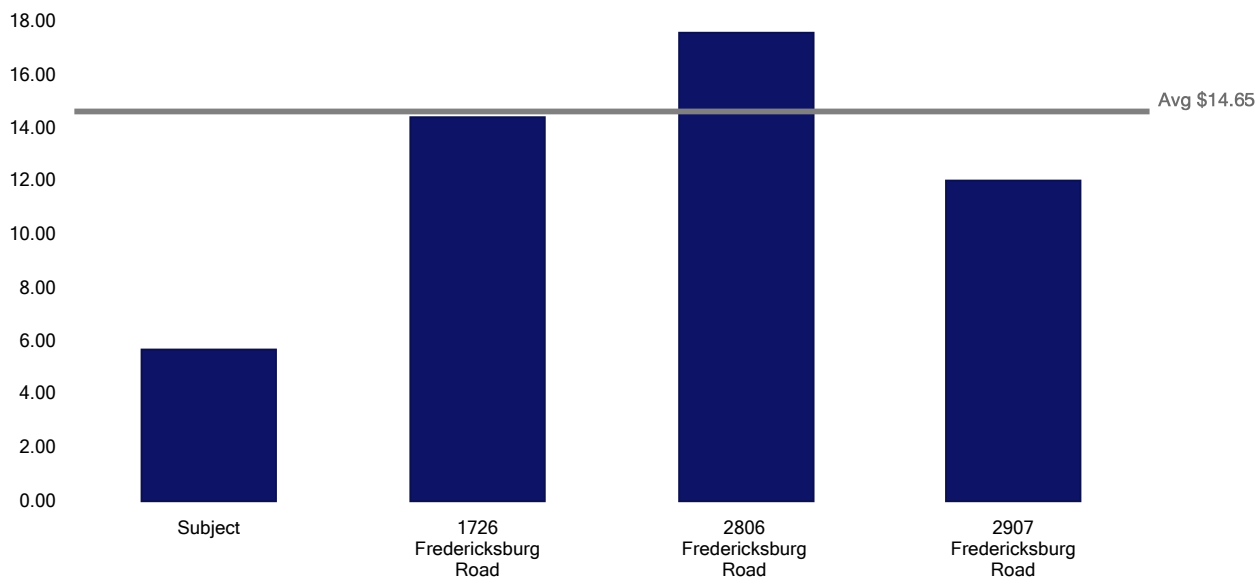
RENT COMPARABLES

OCCUPANCY AND AVERAGE RENT PER SF

Average Occupancy



Average Rent per Square Foot



1933 Fredericksburg Road

SAN ANTONIO, TX

RENT COMPARABLES

RENT COMPARABLES



Subject Property

1933 Fredericksburg Road

1933 Fredericksburg Road
San Antonio, TX 78201

| | |
|----------------------------|----------------|
| Date Surveyed: | May 2012 |
| Occupancy: | 100% |
| Year Built/Renovated: | 1940/2004 |
| Gross Leasable Area (GLA): | 13,767 SF |
| Rent/SF (GLA): | \$5.67 |
| Available SF: | 0 |
| Lot Size: | 0.57 Acres |
| Lease Type: | Modified Gross |

Major Tenants

Casa De Amistad
Cafe Tutti
ASAP Distributing
Top String Productions
G Cuts
B&E Medical Supplies

1



1726 Fredericksburg Road
San Antonio, TX 78201

| | |
|----------------------------|-------------|
| Date Surveyed: | August 2012 |
| Occupancy: | 59% |
| Year Built: | 1928 |
| Gross Leasable Area (GLA): | 9,000 SF |
| Rent/SF (GLA): | \$14.40 |
| Available SF: | 3,735 |
| Lot Size: | N/A |
| Lease Type: | NNN |

Major Tenants

Employ Sense
Instant Tax Service
Karate Studio
Alternate Accessories

2



1800 Fredericksburg Road
San Antonio, TX 78201

| | |
|----------------------------|-------------|
| Date Surveyed: | August 2012 |
| Occupancy: | 100% |
| Year Built: | 1955 |
| Gross Leasable Area (GLA): | 17,802 SF |
| Rent/SF (GLA): | N/A |
| Available SF: | N/A |
| Lot Size: | N/A |
| Lease Type: | N/A |

Major Tenants

Centro Cultural Azlan
Grace PG Design Assoc
Komet Asset
SA Police Dept Annex

1933 Fredericksburg Road

SAN ANTONIO, TX

RENT COMPARABLES

RENT COMPARABLES

3



1844 Fredericksburg Road
San Antonio, TX 78201

Date Surveyed: May 2012
Occupancy: 100%
Year Built: 1970
Gross Leasable Area (GLA): 5,175 SF
Rent/SF (GLA): N/A
Available SF: N/A
Lot Size: N/A
Lease Type: N/A

Major Tenants

All Four Seasons Florist
Create A Stitch
Iman's Beauty Salon

4



1924 Fredericksburg Road
San Antonio, TX 78201

Date Surveyed: August 2012
Occupancy: 100%
Year Built: 1950
Gross Leasable Area (GLA): 51,068 SF
Rent/SF (GLA): N/A
Available SF: N/A
Lot Size: N/A
Lease Type: N/A

Major Tenants

Amphisphere Theatre
Bergundy Ballroom
Clark Institute of
Cosmetology
Color Cuts
Farmer's Insurance

5



2702 Fredericksburg Road
San Antonio, TX 78201

Date Surveyed: August 2012
Occupancy: 100%
Year Built: 1970
Gross Leasable Area (GLA): 30,947 SF
Rent/SF (GLA): N/A
Available SF: N/A
Lot Size: N/A
Lease Type: N/A

Major Tenants

Guarantee Loan Service
Plaza Del Rey Ballroom &
Bingo

RENT COMPARABLES

6



2806 Fredericksburg Road
San Antonio, TX 78201

Date Surveyed: May 2012
Occupancy: 82%
Year Built: 1950
Gross Leasable Area (GLA): 7,287 SF
Rent/SF (GLA): \$17.54
Available SF: 1,310
Lot Size: N/A
Lease Type: FSG

| Major Tenants |
|--------------------|
| AA New Beginnings |
| Callaghan Ballroom |
| GLM Contracting |
| Monfrey Flowers |
| Nature's Sunshine |

7



3439 Fredericksburg Road
San Antonio, TX 78201

Date Surveyed: May 2012
Occupancy: 100%
Year Built: 1959
Gross Leasable Area (GLA): 14,542 SF
Rent/SF (GLA): N/A
Available SF: N/A
Lot Size: N/A
Lease Type: N/A

| Major Tenants |
|-----------------------|
| Antique's Hair Salon |
| Flooring Unlimited |
| King Armadillo Lounge |
| Sherwin Williams |
| Soccer World |

8



2907 Fredericksburg Road
San Antonio, TX 78201

Date Surveyed: May 2012
Occupancy: 82%
Year Built: 1975
Gross Leasable Area (GLA): 10,185 SF
Rent/SF (GLA): \$12.00-\$13.20
Available SF: 4,400
Lot Size: N/A
Lease Type: NNN

DEMOGRAPHIC ANALYSIS

1933 Fredericksburg Road

SAN ANTONIO, TX

Marcus & Millichap
Real Estate Investment Services

DEMOGRAPHIC REPORT

| | 1 Mile | 3 Miles | 5 Miles |
|------------------------------------|----------|----------|----------|
| 1990 Population | 18,868 | 160,506 | 379,273 |
| 2000 Population | 20,171 | 168,911 | 388,994 |
| 2010 Population | 18,581 | 162,924 | 382,190 |
| 2011 Population | 18,805 | 165,495 | 392,174 |
| 2016 Population | 20,130 | 181,636 | 434,834 |
| 1990 Households | 6,538 | 54,720 | 132,810 |
| 2000 Households | 6,953 | 56,834 | 137,924 |
| 2010 Households | 6,863 | 55,993 | 138,281 |
| 2011 Households | 7,019 | 57,115 | 143,164 |
| 2016 Households | 7,723 | 64,461 | 163,612 |
| 2011 Average Household Size | 2.67 | 2.71 | 2.63 |
| 2011 Daytime Population | 4,597 | 79,445 | 283,811 |
| 1990 Median Housing Value | \$45,475 | \$43,359 | \$45,588 |
| 2000 Median Housing Value | \$55,094 | \$50,854 | \$54,059 |
| 2000 Owner Occupied Housing Units | 58.14% | 49.83% | 47.80% |
| 2000 Renter Occupied Housing Units | 34.41% | 42.81% | 44.90% |
| 2000 Vacant | 7.45% | 7.37% | 7.30% |
| 2011 Owner Occupied Housing Units | 53.28% | 46.85% | 45.76% |
| 2011 Renter Occupied Housing Units | 36.54% | 43.10% | 43.57% |
| 2011 Vacant | 10.18% | 10.05% | 10.67% |
| 2016 Owner Occupied Housing Units | 53.02% | 46.42% | 44.96% |
| 2016 Renter Occupied Housing Units | 36.62% | 43.32% | 44.12% |
| 2016 Vacant | 10.36% | 10.25% | 10.92% |
| \$ 0 - \$14,999 | 21.2% | 24.6% | 24.0% |
| \$ 15,000 - \$24,999 | 17.0% | 16.9% | 15.6% |
| \$ 25,000 - \$34,999 | 13.2% | 13.8% | 13.4% |
| \$ 35,000 - \$49,999 | 14.9% | 16.2% | 15.0% |
| \$ 50,000 - \$74,999 | 16.6% | 15.1% | 15.1% |
| \$ 75,000 - \$99,999 | 8.0% | 6.2% | 6.6% |
| \$100,000 - \$124,999 | 5.0% | 3.1% | 3.8% |
| \$125,000 - \$149,999 | 1.6% | 1.6% | 2.2% |
| \$150,000 - \$199,999 | 1.7% | 1.1% | 2.0% |
| \$200,000 - \$249,999 | 0.3% | 0.2% | 0.6% |
| \$250,000 + | 0.5% | 1.2% | 1.8% |
| 2011 Median Household Income | \$33,799 | \$31,079 | \$32,749 |
| 2011 Per Capita Income | \$16,527 | \$17,097 | \$20,032 |
| 2011 Average Household Income | \$44,159 | \$43,733 | \$50,114 |

Demographic data © 2010 by Experian/Applied Geographic Solutions.

SUMMARY REPORT

Geography: 5 Miles

Population

In 2011, the population in your selected geography was 392,174 . The population has changed by 0.82% since 2000. It is estimated that the population in your area will be 434,834 five years from now, which represents a change of 10.88% from the current year. The current population is 49.3% male and 50.7% female. The median age of the population in your area is 33.2 , compare this to the U.S. average which is 36.9. The population density in your area is 4,997.36 people per square mile.

Households

There are currently 143,164 households in your selected geography. The number of households has changed by 3.80% since 2000. It is estimated that the number of households in your area will be 163,612 five years from now, which represents a change of 14.28% from the current year. The average household size in your area is 2.63 persons.

Income

In 2011, the median household income for your selected geography is \$32,749 , compare this to the U.S. average which is currently \$53,620. The median household income for your area has changed by 11.97% since 2000. It is estimated that the median household income in your area will be \$34,396 five years from now, which represents a change of 5.03% from the current year.

The current year per capita income in your area is \$20,032 , compare this to the U.S. average, which is \$28,713. The current year average household income in your area is \$50,114 , compare this to the U.S. average which is \$73,458.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 74.23% White, 4.06% African American, 1.12% Native American and 0.92% Asian/Pacific Islander. Compare these to U.S. averages which are: 72.40% White, 12.60% African American, 0.95% Native American and 4.93% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 76.48% of the current year population in your selected area. Compare this to the U.S. average of 16.90%.

Housing

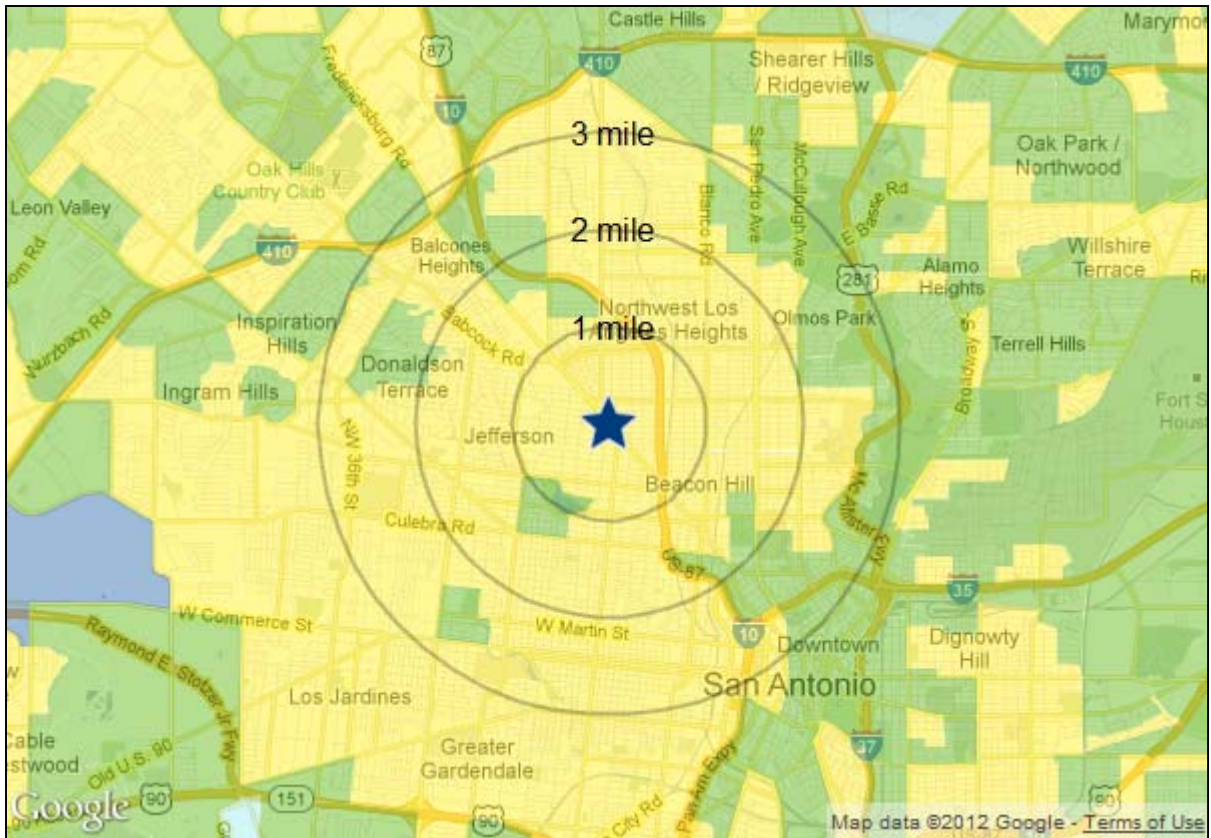
The median housing value in your area was \$54,059 in 2000, compare this to the U.S. average of \$110,796 for the same year. In 2000, there were 71,117 owner occupied housing units in your area and there were 66,808 renter occupied housing units in your area. The median rent at the time was \$432 .

Employment

In 2011, there are 283,811 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 54.8% of employees are employed in white-collar occupations in this geography, and 45.2% are employed in blue-collar occupations. In 2011, unemployment in this area is 8.19% . In 2000, the median time traveled to work was 20.4 minutes.

Demographic data © 2010 by Experian/Applied Geographic Solutions.

POPULATION DENSITY



Demographic data © 2010 by Experian/Applied Geographic Solutions.

Population Density

| Theme | Low | High |
|---------------|-----------|---------|
| Low | less than | 55 |
| Below Average | 55 | 475 |
| Average | 475 | 4100 |
| Above Average | 4100 | 35000 |
| High | 35000 | or more |

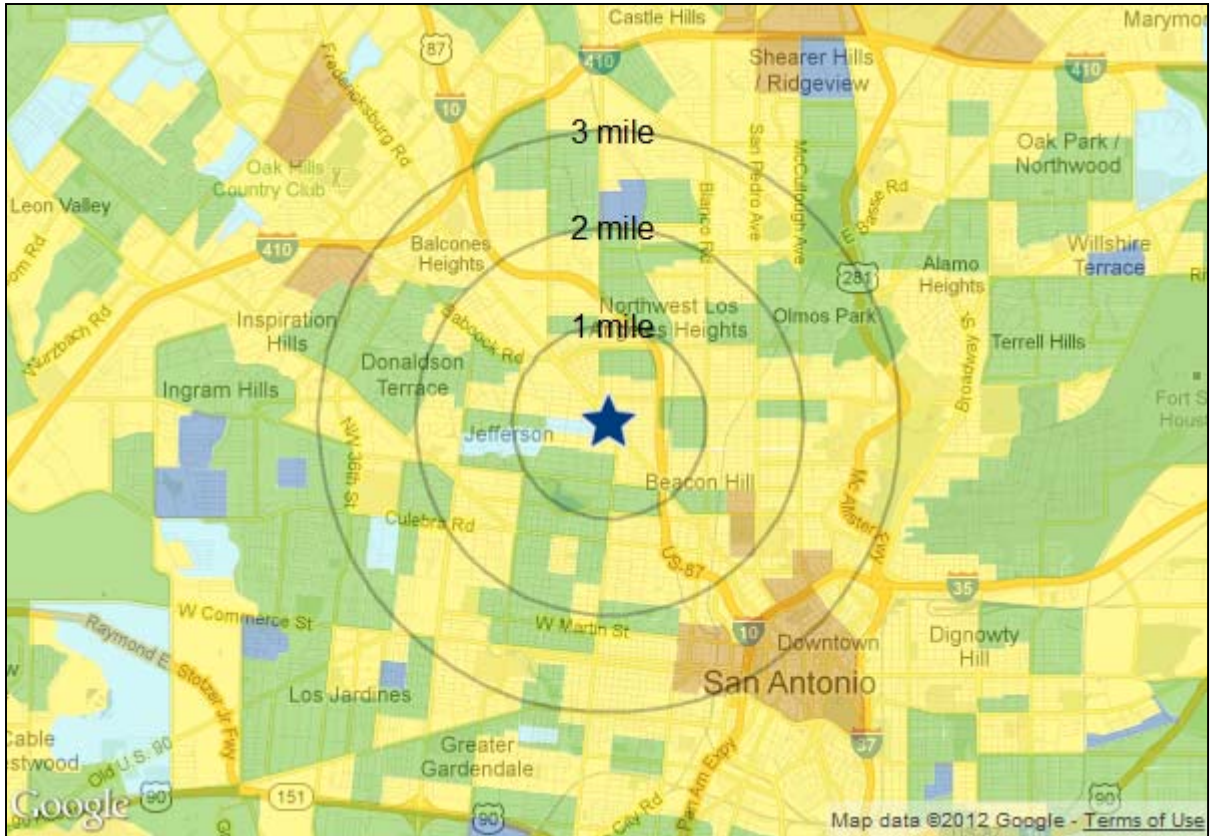
Number of people living in a given area per square mile.

1933 Fredericksburg Road

SAN ANTONIO, TX

DEMOGRAPHIC ANALYSIS

EMPLOYMENT DENSITY



Demographic data © 2010 by Experian/Applied Geographic Solutions.

Employment Density

| Theme | Low | High |
|---------------|-----------|---------|
| Low | less than | 9 |
| Below Average | 9 | 96 |
| Average | 96 | 1025 |
| Above Average | 1025 | 10875 |
| High | 10875 | or more |

The number of people employed in a given area per square mile.

AVERAGE HOUSEHOLD INCOME



Demographic data © 2010 by Experian/Applied Geographic Solutions.

Average Household Income

| Theme | Low | High |
|---------------|-----------|-----------|
| Low | less than | \$29,500 |
| Below Average | \$29,500 | \$48,500 |
| Average | \$48,500 | \$80,000 |
| Above Average | \$80,000 | \$132,500 |
| High | \$132,500 | or more |

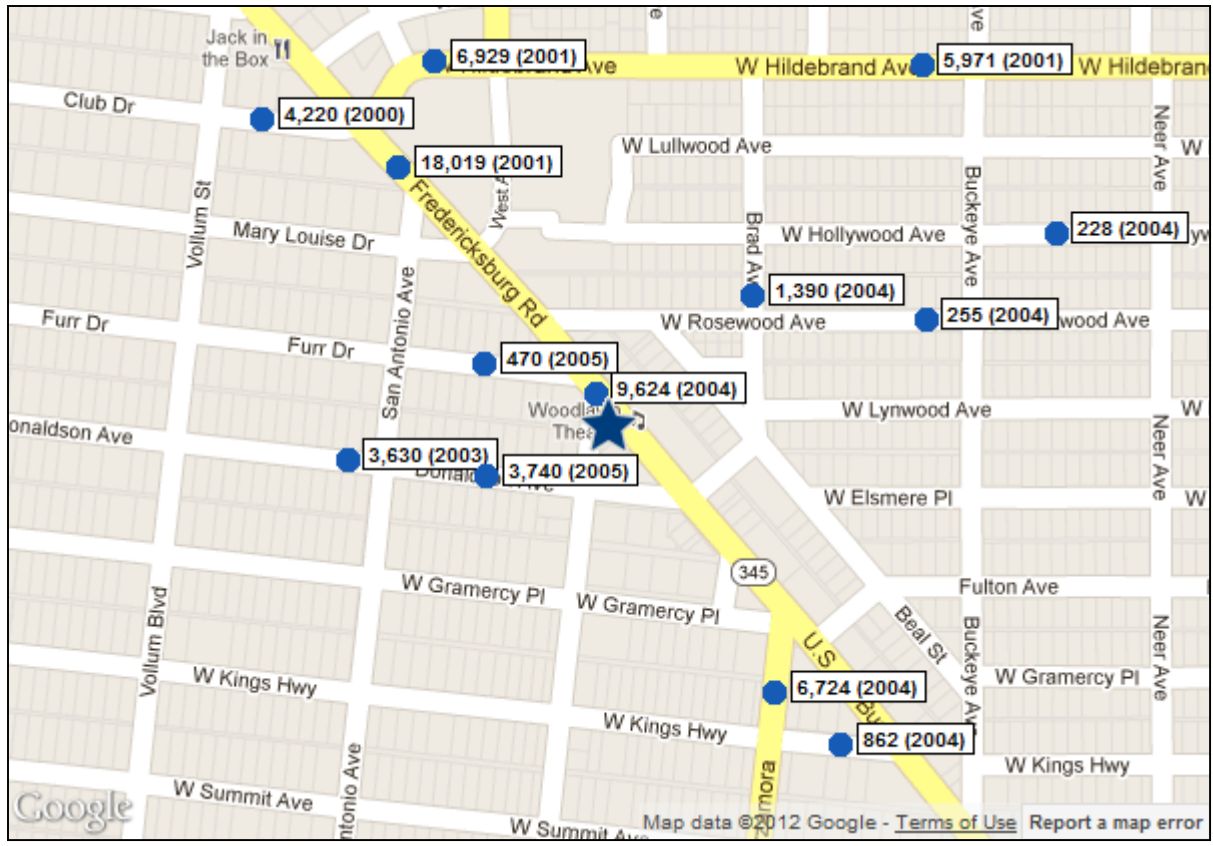
Average income of all the people 15 years and older occupying a single housing unit.

1933 Fredericksburg Road

SAN ANTONIO, TX

DEMOGRAPHIC ANALYSIS

TRAFFIC COUNTS



Traffic Count data © 2010 by TrafficMetrix. All rights reserved.

Two-way, average daily traffic volumes.

1933 Fredericksburg Road

SAN ANTONIO, TX

SAN ANTONIO

MARKET HIGHLIGHTS

Strong population growth

- San Antonio's population is projected to increase more than 10 percent over the next five years.

Robust job creation

- Job growth in San Antonio is expected to average 3.5 percent per year through 2016.

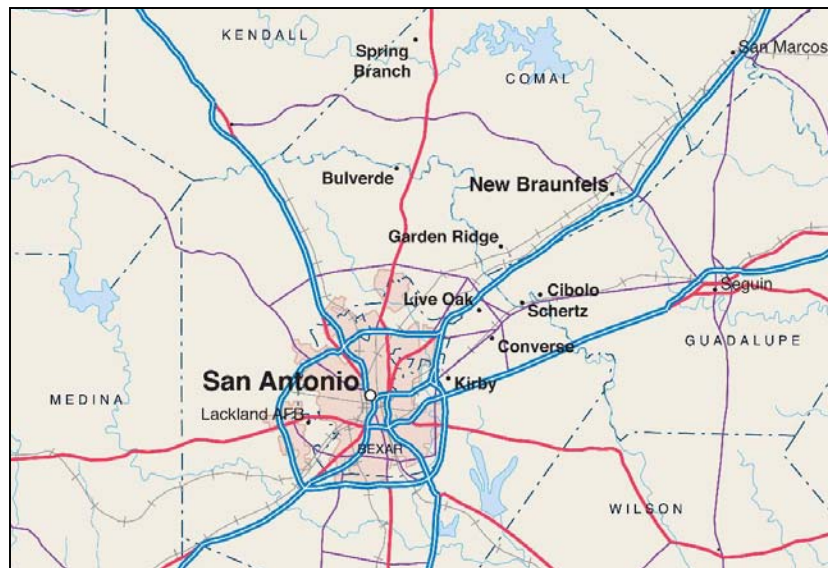
Low cost of living

- San Antonio residents enjoy a low cost of living and no state personal income taxes.



GEOGRAPHY

The San Antonio MSA is located in the southern portion of central Texas, with the Edwards Plateau to the northwest and the Gulf Coastal Plains to the southeast. The metro covers 412 square miles straddling the Interstate 35 corridor, one of the fastest growing areas in the state.



San Antonio MSA

SAN ANTONIO

METRO

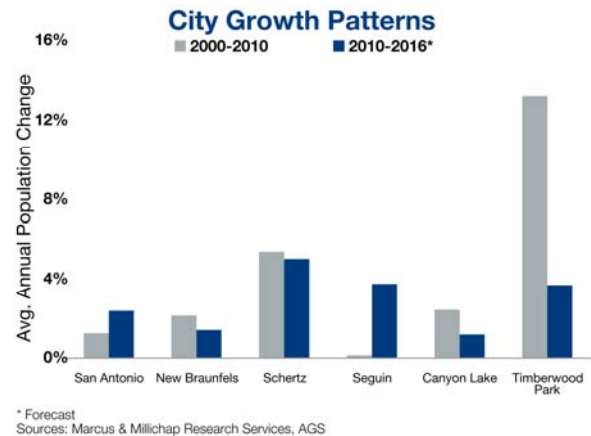
The San Antonio MSA covers eight counties—Bandera, Atascosa, Kendall, Comal, Bexar, Guadalupe, Medina and Wilson—and contains more than 2.2 million inhabitants. Six incorporated cities and towns have populations greater than 20,000. San Antonio is the largest, with nearly 1.3 million residents.

INFRASTRUCTURE

San Antonio serves as a major gateway between the United States and Mexico. Situated only 145 miles from Laredo, San Antonio is an easy drive along Interstate 35 from the border. The area is further enhanced by a transportation network that provides a myriad of shipping options to domestic and international businesses.

Also bolstering San Antonio's trade is the air cargo component of the international airport, which consists of two Foreign Trade Zones. Air Cargo East features 104,000 square feet of warehouse space and 1.1 million square feet of aircraft apron. Air Cargo West provides 65,300 square feet of warehouse space and 248,140 square feet of aircraft apron to attract companies.

The Port of San Antonio is a 1,900-acre aerospace and industrial complex, as well as an international logistics platform, located at the site of the former Kelly Air Force Base. The entire site is covered by a General Purpose Foreign Trade Zone. Rail service to the port and throughout the region is provided by BNSF and Union Pacific.



Largest Cities: San Antonio MSA

| | |
|-----------------|-----------|
| San Antonio | 1,332,000 |
| New Braunfels | 46,000 |
| Schertz | 30,500 |
| Seguin | 23,500 |
| Canyon Lake | 22,000 |
| Timberwood Park | 21,600 |

2011 Estimate
Sources: Marcus & Millichap Research Services, AGS

Airports

- San Antonio International Airport
- Kelly Field

Major roadways

- Interstates 10, 35, 37 and 410
- U.S. Highways 281 and 90
- State Highway 151 and Loop 1604

Rail

- Freight - BNSF, Union Pacific
- Passenger - Amtrak

Port

- Port of San Antonio

The San Antonio MSA is:

- 75 miles from Austin
- 145 miles from Laredo
- 190 miles from Houston
- 250 miles from Dallas

SAN ANTONIO

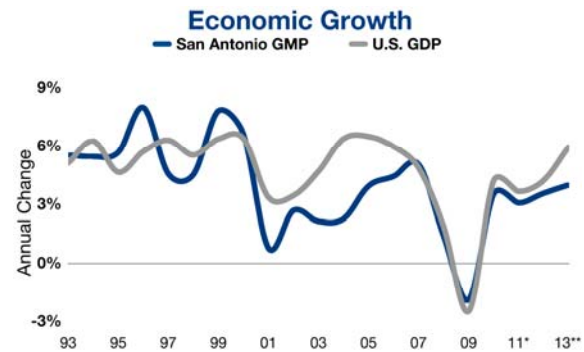
ECONOMY

San Antonio's economy is anchored by three industries: healthcare, tourism and national defense. Despite the importance of these sectors, San Antonio continues to make great strides in diversifying its economic base, resulting in one of the nation's most abbreviated down cycles during the last recession. Oil and gas extraction from Eagle Ford Shale will likely be a boon to the South West Texas economy in the years ahead. The energy sector is becoming more prominent with expansions at NuStar Energy and Tesoro.

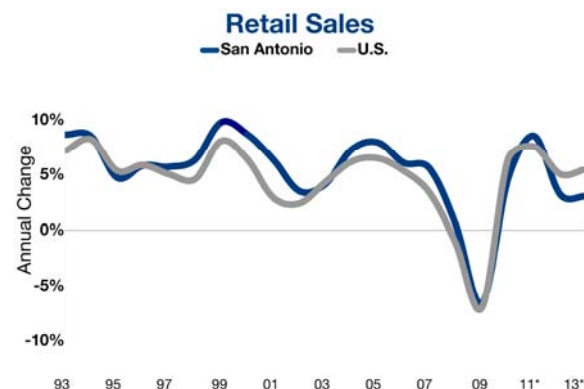
San Antonio is the clear leader in Texas when it comes to benefiting from military spending, as Fort Sam Houston, Lackland Air Force Base, Randolph Air Force Base, Camp Bullis and others are located in the MSA.

Education and healthcare play vital roles in the local economy. An important component of the healthcare industry is South Texas Medical Center, a conglomerate of hospitals, clinics, and research and higher-education facilities. The center employs thousands of workers and is directly responsible for the area's large biomedical industry.

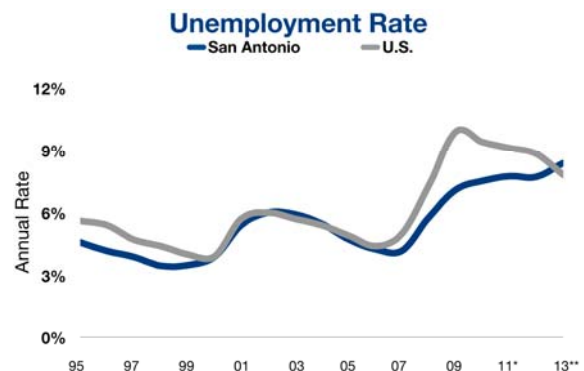
As the most-visited city in Texas, San Antonio's travel and tourism industry remains a key economic utility. Destinations such as the Alamo and River Walk make the city highly identifiable and popular. The leisure and hospitality segment will be one of the top



* Estimate ** Forecast
Sources: Marcus & Millichap Research Services, BEA, Economy.com



* Estimate ** Forecast
Sources: Marcus & Millichap Research Services, Economy.com, U.S. Census Bureau



* Estimate ** Forecast
Sources: Marcus & Millichap Research Services, BEA, Economy.com

SAN ANTONIO

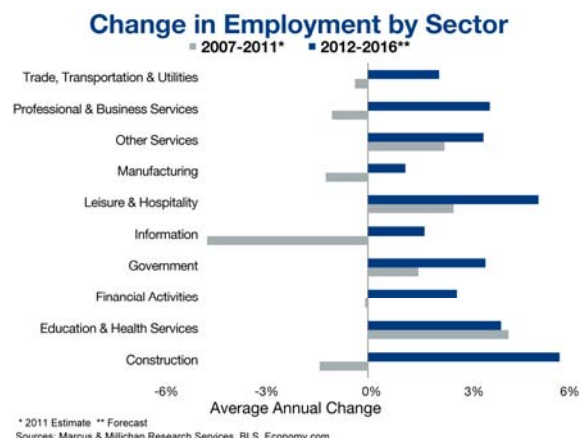
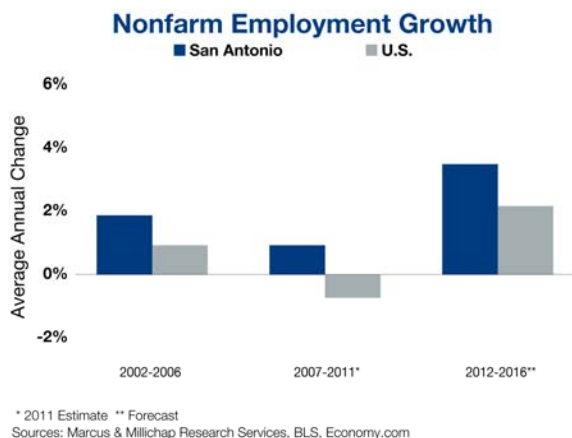
LABOR

The San Antonio MSA attracts businesses seeking to take advantage of lower costs of living and doing business, which will continue to drive strong population gains over the long term. The expanded infrastructure needed to meet this growth will restore employment in the construction industry; the sector will expand at an annual average rate of 6 percent through 2016.

The largest job sector in the local economy is government, supported by the military. Overall, more than 159,000 people, or 19 percent of the labor force, is employed in this segment. The second largest industry, trade, transportation and utilities, accounts for 17 percent of all jobs in the metro.

Education and health services companies employ the third largest share of San Antonio workers, with its standing heavily influenced by the South Texas Medical Center -- the largest medical research and care provider in southern Texas. The education and health services sector is forecast to post 3.9 percent annual job creation over the next five years.

The leisure and hospitality sector plays a crucial role, employing more than 100,000 residents. Tourism in San Antonio is related not only to the U.S. economy but also to the Mexican economy. San Antonio is the only non-border town in the United States to have such a correlation. Substantial employment increases of 5 percent annually are projected for the industry through 2016.



SAN ANTONIO

EMPLOYERS

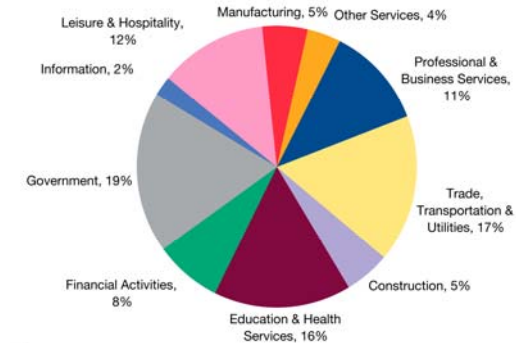
A strong, diverse private sector fosters the San Antonio economy. Major corporate headquarters in San Antonio include five Fortune 500 companies. The largest of these, the United Service Automobile Association, or USAA, leads the financial services segment that also includes Wells Fargo and JPMorgan Chase.

The MSA is home to one of the largest military concentrations in the nation. The defense industry in San Antonio employs over 89,000 and provides a \$5.25 billion impact to the city's economy, helping to make government the largest employment sector.

San Antonio is receiving greater interest from companies that manufacture items too large to affordably ship from overseas. As a result, the local manufacturing base is forecast to grow by 1.1 through 2016. Helping to drive these gains is Toyota Motor Manufacturing Texas, which began building Tundra trucks in 2006 and now hires thousands of workers.

The healthcare industry rounds out the top employers in San Antonio. The leader in both total employment and healthcare employment is South Texas Medical Center, which provides several thousand jobs. Other large healthcare employers include Baptist Health System and Methodist Healthcare System. KCI, a company that provides wound care solutions is expanding locally and Medtronic is opening a facility in San Antonio.

Share of 2011 Total Employment*

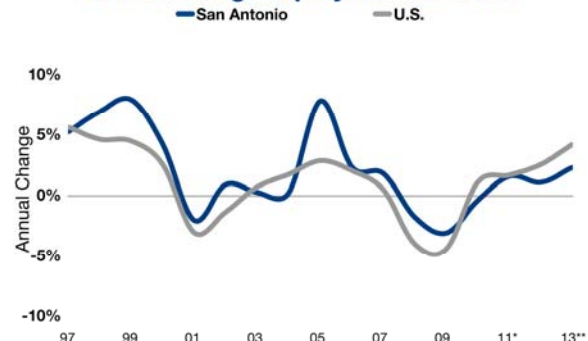


* Estimate
Sources: Marcus & Millichap Research Services, BLS, Economy.com

Major Employers

South Texas Medical Center
USAA
Wells Fargo
Baptist Health System
Southwest Research Institute
Methodist Healthcare System
JPMorgan Chase
Christus Santa Rosa Healthcare
Toyota Motor Manufacturing Texas
Sea World San Antonio

Office-Using Employment Growth



* Estimate ** Forecast
Sources: Marcus & Millichap Research Services, BLS, Economy.com

SAN ANTONIO

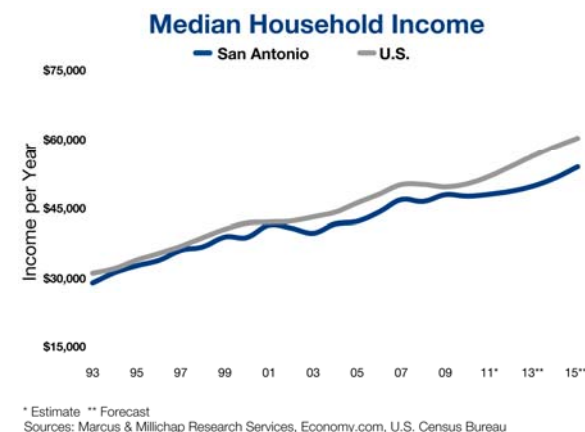
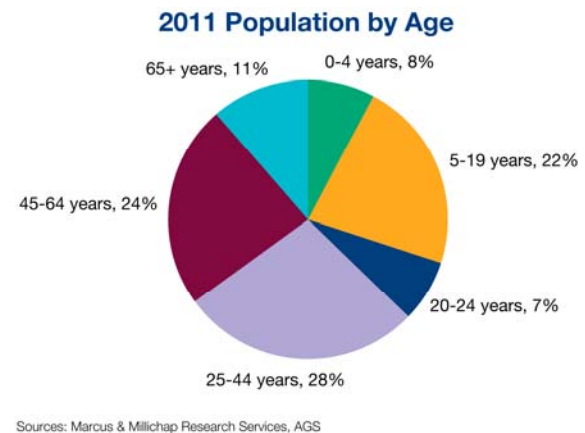
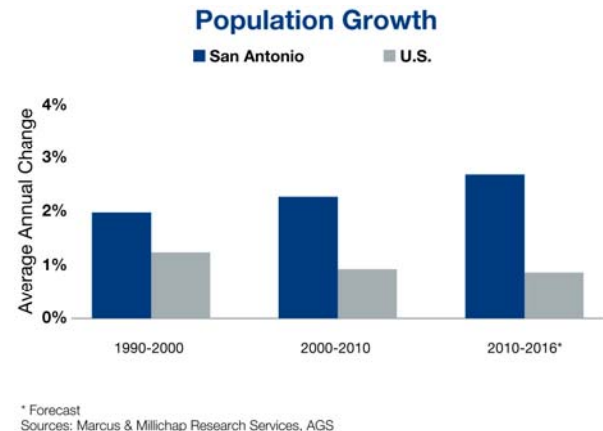
DEMOGRAPHICS

The San Antonio MSA's population at 2.2 million will grow at a rate triple the U.S. average over the next five years, expanding 2.7 percent annually. The city of San Antonio will register the largest absolute increase, while areas such as Schertz, located along the Interstate systems, will lead in percentage growth.

Area residents are relatively young, with 31 percent under the age of 20, compared with just 27 percent for the nation. In addition, 11 percent of the population are in their retirement years, ages 65 and older, as opposed to 13 percent for the U.S. The low median age of 34 years is also due in large part to the area's strong military presence, as well as its sizable student population; the region houses 17 institutions of higher learning.

The median household income in the San Antonio MSA, at \$48,800 per year, falls below the U.S. median of \$54,200 annually. Although this trend is expected to continue over the next few years, income levels should grow faster than home values, bolstering disposable incomes. This, in turn, will help boost retail sales.

The median home price of \$150,600, which is well below the national median of \$163,700, has afforded nearly 60 percent of households to own their homes.



SAN ANTONIO

QUALITY OF LIFE

With over 300 days of sunshine annually and an average temperature of 68.8 degrees, San Antonio's mild climate makes it easy to enjoy the numerous outdoor activities available in the region, including golf at one of more than 50 courses.

Hispanic culture and history abounds in such places as La Villita, the Spanish Governor's Palace, San Fernando Cathedral, Jose Antonio Navarro State Historical Park and the Alamo. Tradition blends with more modern attractions such as the River Walk, a 2.5-mile stretch of parks, cafés, nightclubs and hotels.

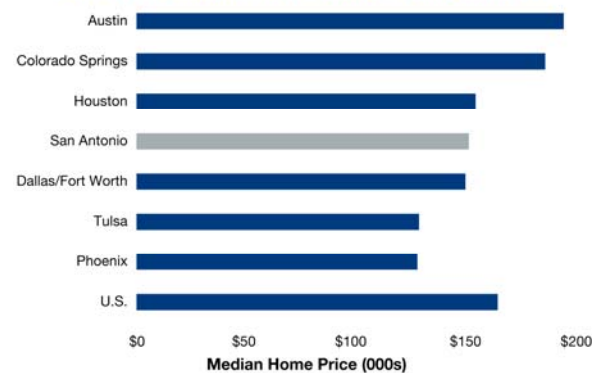
Locals and tourists can enjoy theme parks such as SeaWorld San Antonio, the world's largest marine life park, and Six Flags Fiesta Texas. In addition, the city is home to numerous sporting events and teams, including the NBA's San Antonio Spurs, the WNBA's San Antonio Silver Stars, the AHL's Rampage and AA baseball's Missions.

Art enthusiasts can visit any one of San Antonio's many museums and cultural centers. McNay Art Museum and the San Antonio Museum of Art, for instance, both display a wide variety of works.

The broad mix of recreational activities, together with a low cost of living and consistent job growth, will continue to attract residents to the San Antonio metro.

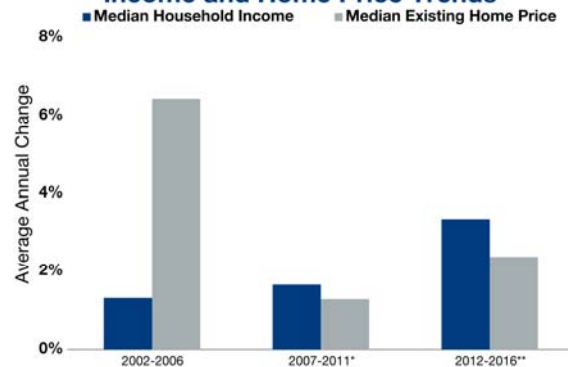


2011 Median Home Price Comparison



Sources: Marcus & Millichap Research Services, Economy.com, National Association of Realtors®

Income and Home Price Trends

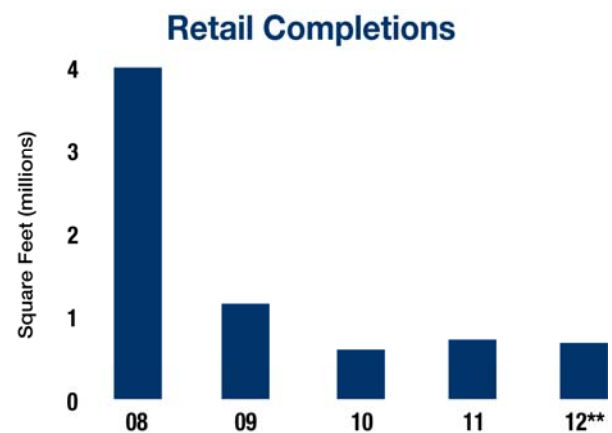
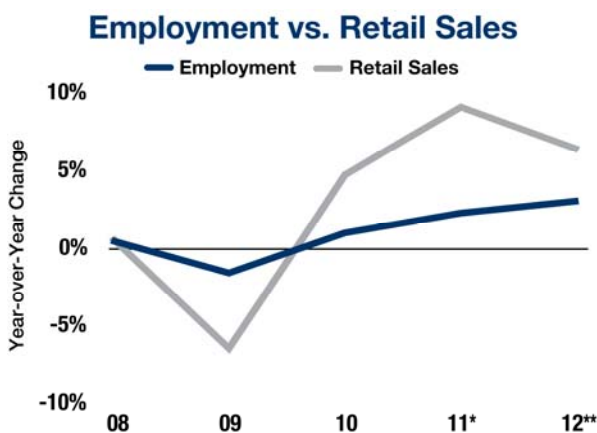


* 2011 Estimate ** Forecast
Sources: Marcus & Millichap Research Services, Economy.com, National Association of Realtors®, U.S. Census Bureau

SAN ANTONIO

Eagle Ford Drilling Prompts Company Expansions, Boosting Retail Operations

Retail operations will improve modestly this year, as job growth in all sectors prompt an increase in spending in San Antonio. Major oil companies will hire aggressively in southwest San Antonio with Halliburton Co., Baker Hughes Inc., and Chesapeake Energy Corp. creating more than 2,000 jobs to support drilling efforts in the Eagle Ford Shale. Additional hiring will occur in employment hubs north and west of the city core. With the influx of workers in the metro, developers will hasten building schedules in these areas to capture rising demand. In addition, the improving housing market will boost retail sales for big-ticket items, encouraging retailer expansion into once slow-growth suburbs. With tenants concentrating in areas with high home sales and job additions, retail space demand will exceed supply this year, gearing the market toward healthy vacancy improvements and modest rent growth.



* Estimate. ** Forecast.

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., RCA

A disconnect between buyers' and sellers' expectations, and the institutional focus on primary markets, will keep deal flow in San Antonio measured this year. However, the current climate is creating opportunities for investors, particularly those seeking higher yields. Well-anchored multi-tenant properties, for example, can trade at first-year returns in the low-8-percent range, 50 to 70 basis points higher than other Texas metros. Local investors with a penchant for filling vacant space will target value-add plays. Properties with up to 30 percent vacancy and replaceable rents can change hands at cap rates below 10 percent, and greater returns can be realized after stabilization. In the single-tenant arena, national drugstores will continue to receive attention from investors across the country with first-year returns in the low-7-percent range. Franchisees and less-creditworthy tenants will generate bids 200 basis points higher.

SAN ANTONIO

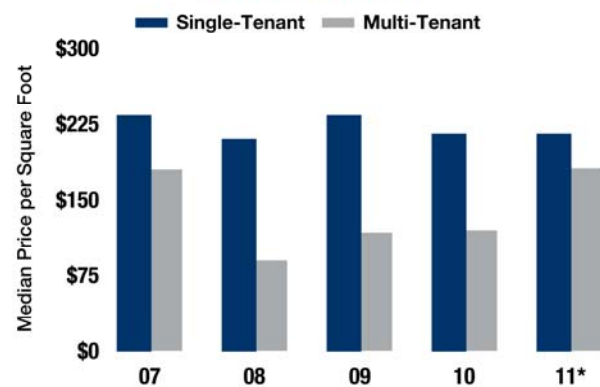
2012 Market Outlook

- 2012 NRI Rank: 18, Down 4 Places. A latecomer to the retail recovery, San Antonio fell four spots in this year's ranking.
- Employment Forecast: Employment will expand by 2.9 percent, or 25,000 jobs this year. In 2011, 18,000 positions were created.
- Construction Forecast: Developers will bring 625,000 square feet of space online in 2012, adding to the 674,000 square feet of space that came online last year.
- Vacancy Forecast: After ticking up 60 basis points last year, vacancy will decrease by 60 basis points to 9 percent in 2012.
- Rent Forecast: Asking rents will rise 1.2 percent to \$14.57 per square foot, while effective rents increase 1.3 percent to \$12.71 per square foot.
- Investment Forecast: San Antonio's status as a secondary investment market will keep some institutional capital away from the area, presenting greater opportunities for private investors to acquire top listings.

Asking Rent and Vacancy Trends



Sales Trends



* Estimate. ** Forecast.

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., RCA

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.



1933 Fredericksburg Road

SAN ANTONIO, TX

OFFERING MEMORANDUM

Marcus & Millichap
Real Estate Investment Services

Offices Nationwide
www.MarcusMillichap.com

Exclusively Listed By:

Bethany Babcock
Associate
Associate Member, National Retail Group
San Antonio Office
License: TX 0598255
Tel: (210)343-7800
Fax: (210)343-7810
Bethany.Babcock@marcusmillichap.com