

President's Square

SAN ANTONIO, TX



OFFERING MEMORANDUM



Marcus & Millichap
Real Estate Investment Services

President's Square

SAN ANTONIO, TX

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PROPERTY DESCRIPTION

President's Square

SAN ANTONIO, TX

INVESTMENT OVERVIEW



Investment Highlights

- Ninety-Five Percent Occupied at Below Market Rents
- Next to Newly Redeveloped HEB Plus Grocery
- National Tenants of Blast Fitness, ZLB Plasma, Blockbuster, Liberty Tax, and Planned Parenthood
- Traffic Counts Exceed 35,000 Vehicles per Day
- Corner Location at Marbach and Cable Ranch Road

Marcus & Millichap is pleased to offer for sale the President's Square Shopping Center located just outside Loop 410 on Marbach Road. President's Square is a 46,554-square foot community shopping center that is currently 96 percent occupied.

President's Square offers the ability to purchase an attractively cash flowing property occupied by a strong mix of national and regional tenants. The anchor tenant, Blast Fitness, recently purchased 39 Bally Total Fitness locations in seven states. Bally Total Fitness was a tenant at this location for almost twenty years. The new lease with Blast Fitness comes with a corporate guarantee.

PROPERTY SUMMARY

The Offering

Property	President's Square
Property Address	8725 Marbach Road San Antonio, TX 78227

Site Description

Year Built	1984
Gross Leasable Area (GLA)	46,554 SF
Lot Size	4.58 Acres
Type of Ownership	Fee Simple
Parking Ratio	Six Spaces per 1,000 Square Feet
Landscaping	Minimal
Topography	Relatively Flat

Construction

Foundation	Concrete Slab
Exterior	Brick
Parking Surface	Asphalt

PROPERTY PHOTOS



President's Square

SAN ANTONIO, TX

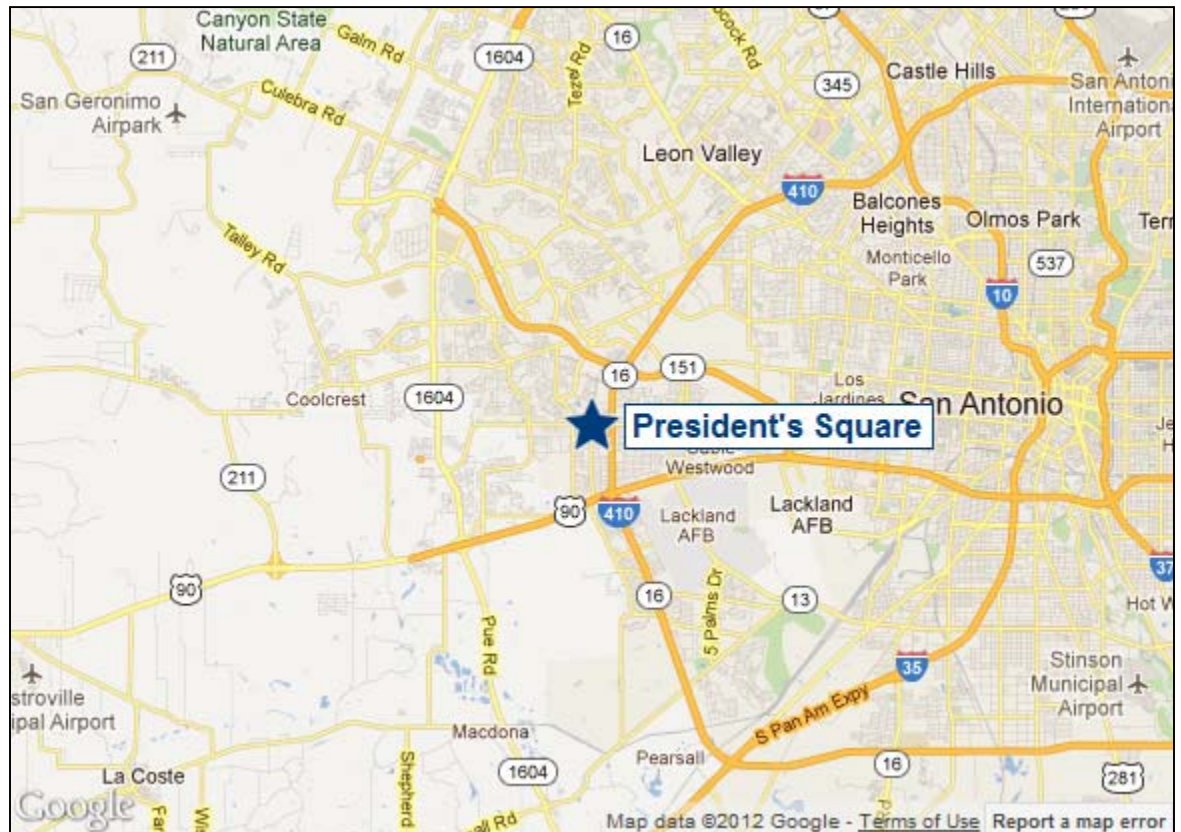
PROPERTY DESCRIPTION



Local Map



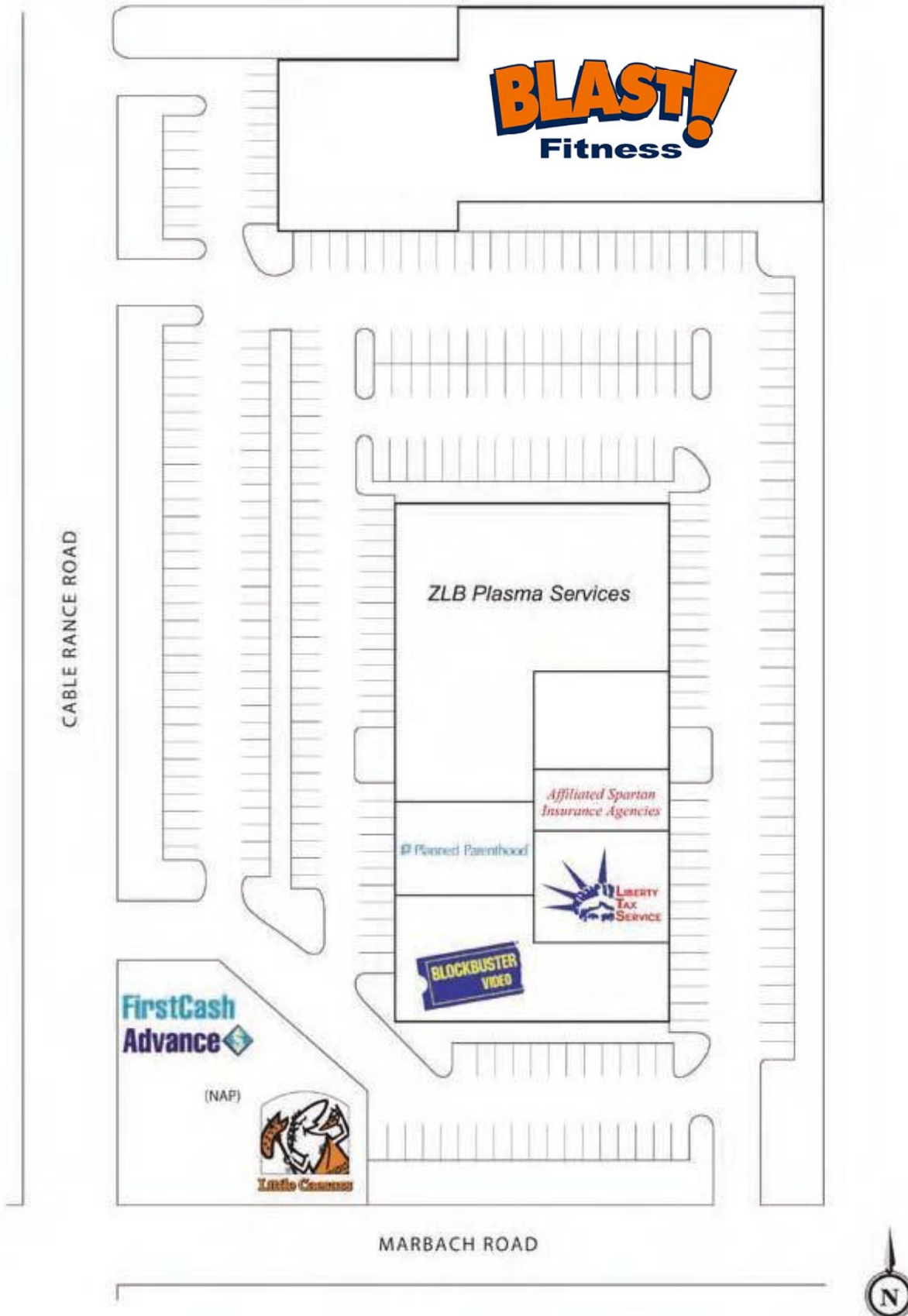
Regional Map



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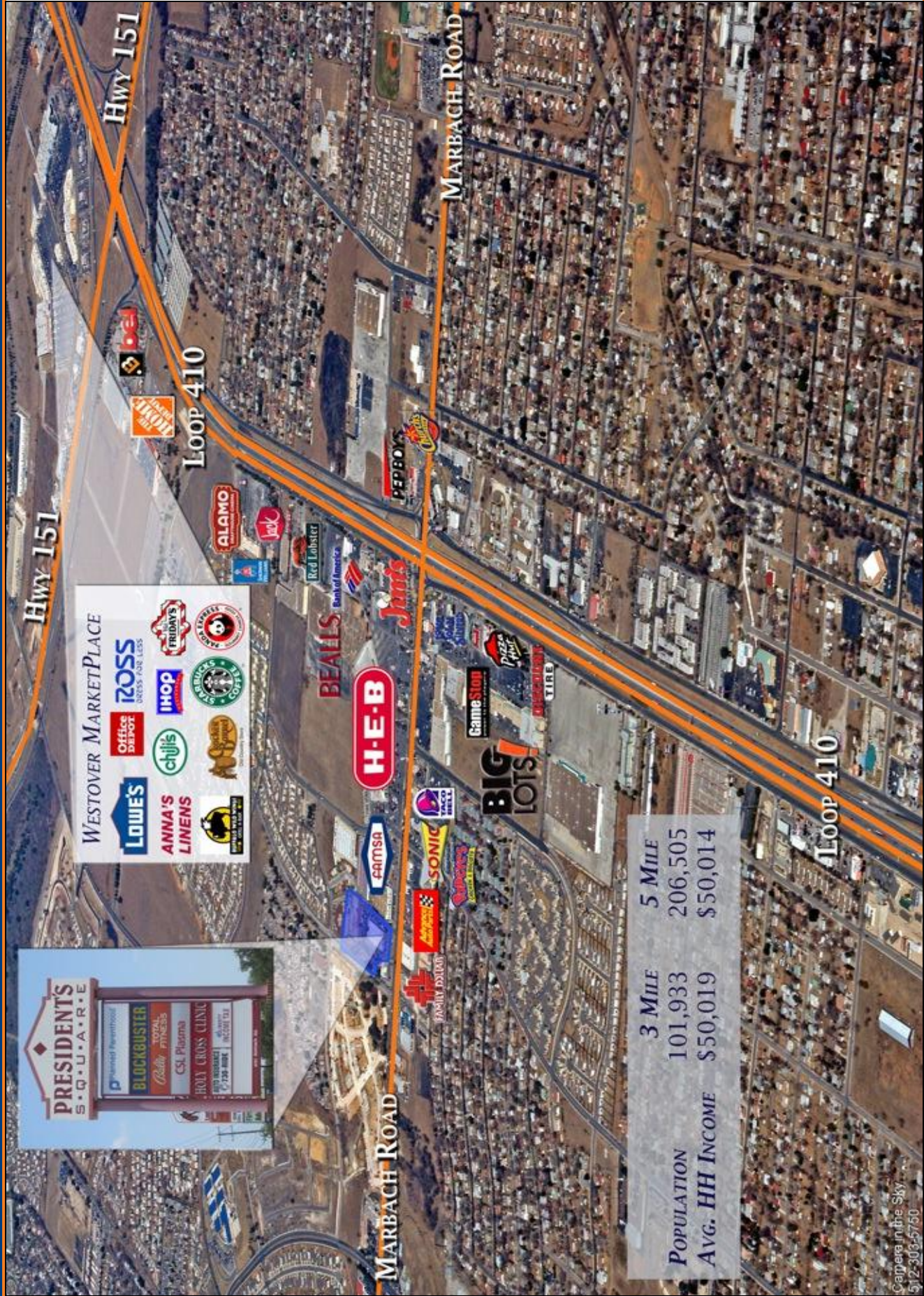
Marcus & Millichap
Real Estate Investment Services

SITE PLAN



President's Square SAN ANTONIO, TX

PROPERTY DESCRIPTION



	3 MILE	5 MILE
POPULATION	101,933	206,505
AVG. HH INCOME	\$50,019	\$50,014

Carpeta in the Sky
512-303-5750

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TRAFFIC COUNTS



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PRICING AND FINANCIAL ANALYSIS

President's Square

SAN ANTONIO, TX

OFFERING SUMMARY



Price	\$4,100,000
Down Payment	100% \$4,100,000
Price per Square Foot (GLA)	\$88.07
Gross Leasable Area (GLA)	46,554
Year Built	1984
Lot Size	4.58 Acres

VITAL DATA

Cap Rate - Current	10.31%
Net Operating Income - Current	\$422,546
Total Return - Current	10.31% / \$422,546



Major Tenants

Tenant Name
Blast Fitness
Blockbuster Video
CSL Plasma
Planned Parenthood
Liberty Income Tax
Spartan Insurance



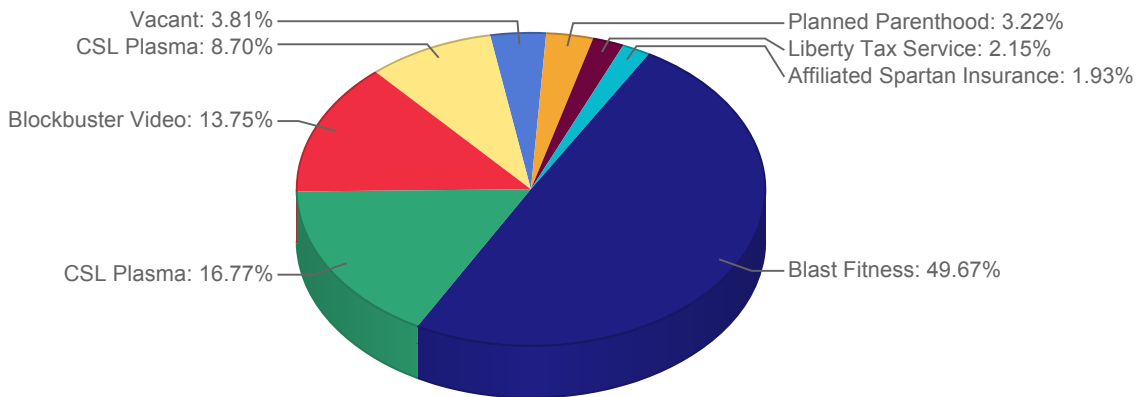
Demographics

	1-Mile	3-Mile	5-Mile
2010 Population	17,266	108,028	227,743
2016 Population	17,292	119,702	277,285
2010 Households	6,106	33,533	70,508
2015 Households	6,236	38,771	90,211
Median HH Income	\$39,372	\$45,738	\$47,207
Per Capita Income	\$15,749	\$18,637	\$19,496
Average HH Income	\$44,729	\$50,174	\$52,839

EXPENSES - 2012 BUDGET

	Current	Per SF
Real Estate Taxes	\$98,682	\$2.12
Insurance	8,524	\$0.18
CAM		
Utilities	18,745	\$0.40
Repairs & Maintenance	34,174	\$0.73
Landscaping	13,052	\$0.28
Security Contract	4,456	\$0.10
Administrative	\$804	\$0.02
TOTAL CAM	\$71,231	\$1.53
Management Fee	\$16,164	\$0.35
General Administrative - Non-Reimbursable	6,000	\$0.13
TOTAL EXPENSES	\$200,601	\$4.31

Tenants (% OF GLA)



COMMENTS

* General maintenance expense is an average of trailing three years.

INCOME & EXPENSES

Gross Leasable Area (GLA) 46,554 SF

	Current	Per SF
Base Rent		
Occupied Space*	\$466,025	\$10.41
Vacant Space at Market Rents (1,775 SF)	23,075	\$13.00
GROSS POTENTIAL RENT	\$489,100	\$10.51
Expense Reimbursements		
Real Estate Taxes	84,652	\$1.82
Insurance	5,566	\$0.12
CAM	66,904	\$1.44
Total Expense Reimbursements	\$157,122	\$3.38
GROSS POTENTIAL INCOME	\$646,222	\$13.88
Vacancy/Collection Allowance (% of GPR)	4.7% / \$23,075	\$0.50
EFFECTIVE GROSS INCOME	\$623,147	\$13.39
Total Expenses	\$200,601	\$4.31
NET OPERATING INCOME	\$422,546	\$9.08

COMMENTS

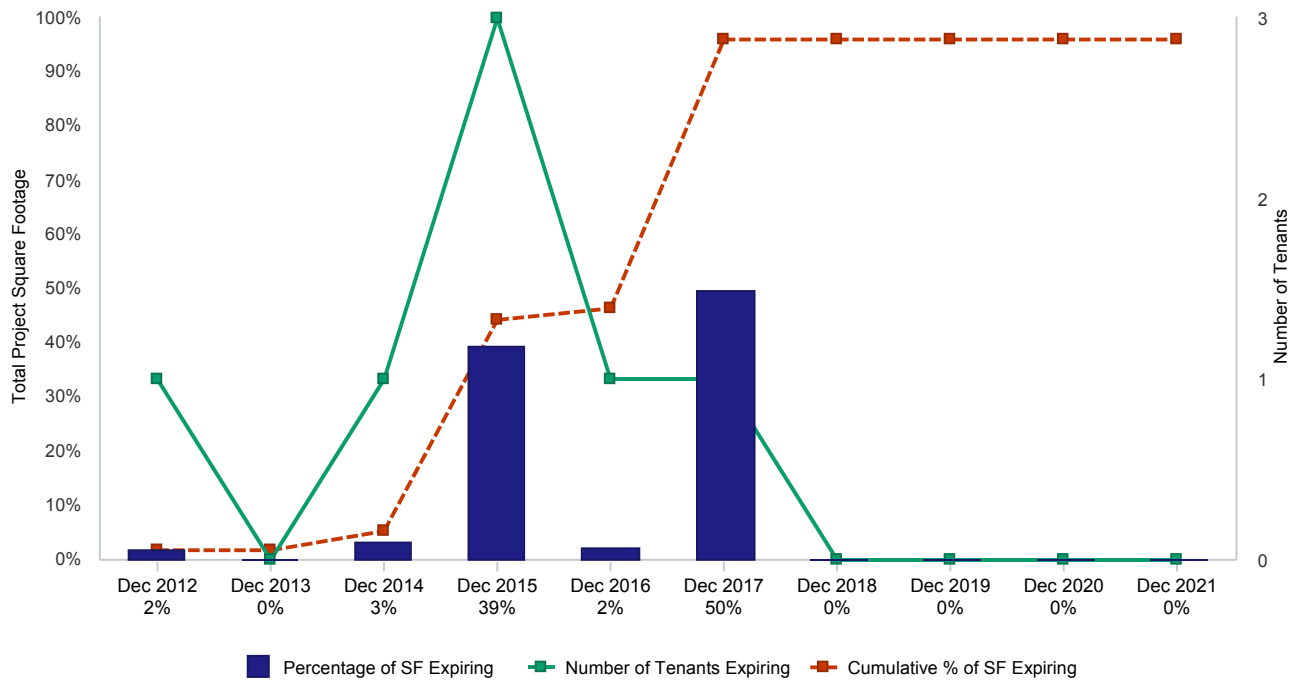
* Base rent from occupied space includes scheduled 2012 rent increases annualized.

TENANT SUMMARY

Suite	Tenant	GLA	% of GLA	Lease Commence	Lease Expire	Annual Rent	Rent/SF	2012 Expense Reimbs. Budget	Lease Type
100	Blast Fitness	23,125	49.67%	2/1/93	1/31/18	\$174,307.80	\$7.54	\$72,738.72	NNN
200	Blockbuster Video	6,400	13.75%	9/14/87	4/30/16	\$97,600.00	\$15.25	\$26,064.15	NNN
210	Liberty Tax Service	1,000	2.15%	12/1/04	4/30/17	\$14,075.40	\$14.08	\$3,874.68	NNN
215	Planned Parenthood	1,500	3.22%	2/1/05	3/31/15	\$21,645.00	\$14.43	\$5,812.20	NNN
220	Affiliated Spartan Insurance	900	1.93%	7/1/03	8/31/13	\$12,000.00	\$13.33	\$3,487.44	NNN
225	CSL Plasma	4,049	8.70%	2/15/07	12/31/15	\$50,005.20	\$12.35	\$16,236.48	NNN
230	Vacant	1,775	3.81%			\$23,075.00	\$13.00	\$6,212.50	NNN
275	CSL Plasma	7,805	16.77%	12/15/07	12/31/15	\$96,391.80	\$12.35	\$28,908.12	NNN
TOTAL VACANT		1,775	3.81%			\$23,075.00		\$6,212.50	
TOTAL OCCUPIED		44,779	96.19%			\$466,025.20		\$157,121.79	
TOTAL		46,554	100.00%			\$489,100.20		\$163,334.29	

LEASE EXPIRATION SUMMARY

For The Year Beginning	Year 1 Dec 2012	Year 2 Dec 2013	Year 3 Dec 2014	Year 4 Dec 2015	Year 5 Dec 2016	Year 6 Dec 2017	Year 7 Dec 2018	Year 8 Dec 2019	Year 9 Dec 2020	Year 10 Dec 2021
Tenant(s) Name	Affiliated Spartan Insurance		Planned Parenthood	Blockbuster Video CSL Plasma CSL Plasma	Liberty Tax Service	Blast Fitness				
Total Number of	1		1	3	1	1				
Total Square Feet	900		1,500	18,254	1,000	23,125				
Total Percentage	1.9%		3.2%	39.2%	2.2%	49.7%				
Cumulative	1.9%		5.2%	44.4%	46.5%	96.2%				



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.

TENANT & LEASE SUMMARY



Tenant Name:	Blast Fitness Corporation
Comments:	Purchased 39 Bally Locations in 2012
Lease	January 31, 2018
Guaranty	Corporate Guaranty
Gross Leasable	23,125
Pro Rata Share	50%
Headquartered:	Chicago, IL
No. of	Approximately 60 Locations
Web Site:	www.blastfitness.com

BOSTON, May 2, 2012 /PRNewswire-iReach/ -- Best-In-Class BLAST! Fitness welcomes 39 Bally Total Fitness clubs to the Health Club Revolution!

Blast Fitness completed the purchase of 39 Bally Total Fitness health clubs, in seven states. With the acquisition, BLAST Fitness becomes the fastest growing, independently owned, low-cost health club operator in the United States. With the welcoming of former Bally members from clubs in Fresno, California; Dallas, Houston and San Antonio, Texas; St. Louis, Missouri; Charlotte, North Carolina; Milwaukee, Wisconsin; Buffalo, New York; Rhode Island, Boston and Connecticut, on May 1st BLAST! Fitness provides over a quarter of a million members in 11 states the benefits from BLAST Fitness' low-cost, high-functionality health clubs.

BLAST! Fitness offers ten dollar a month memberships for members to achieve healthy lifestyles at an affordable low monthly rate. For those who wish to maximize their membership, BLAST! offers unlimited tanning, free Group X classes, spinning, private women's-only area, free Zumba, world-class personal training, babysitting and Bring-a-Friend for free! At BLAST! Fitness, the only membership commitment is our commitment to providing each member with the best health club value in their neighborhood.

LEASE SUMMARY

BASE RENT REMAINING

Lease Years	Annual Rent	Monthly Rent	Monthly Rent/SF
2/11 - 1/12	\$168,408.00	\$14,034	\$0.61
2/12 - 1/18	\$174,312.00	\$14,526	\$0.63

TENANT & LEASE SUMMARY

Real Estate Taxes Tenant shall pay landlord all taxes attributable to the premises. Said amount shall be included in the operating costs. The premises shall mean the building outlined on exhibit C of the lease.

Insurance Landlord shall maintain and pay for, fire and extended coverage insurance, insuring the shopping center, its tenants and users, including, without limitation, the premises, which insurance shall include all perils customarily encompassed within the meaning of that term in insurance policies sold in Texas. The initial fire and extended coverage insurance for the premises shall be for 100 percent of its replacement value of the premises, and shall provide for payment of losses on a "replacement cost" basis.

Landlord shall maintain liability insurance for the shopping center, including, without limitation, the common areas, the parking areas and the exterior of the premises, in such amounts and pursuant to such terms as are required of tenant.

Tenant is responsible for its proportionate share of all reasonable insurance premiums paid by landlord for insurance coverage, which shall be included as operating costs.

Tenant shall carry insurance with respect to the premises against fire, vandalism, malicious mischief and such other perils as are included in a standard extended coverage or "all risk" policy insuring 100 percent of the replacement value of tenant's improvements. If tenant fails to maintain such insurance landlord shall be entitled to purchase such insurance on behalf of tenant. Tenant agrees to reimburse landlord for 100 percent of such purchased insurance within 10 days of written notice to tenant.

Tenant shall insure itself and landlord as an additional insured, by maintaining at its expense, public liability and property damage insurance against claims for personal injury, death or property damage resulting from or in connection with tenant's use or occupancy of the premises, including the parking areas. Such insurance shall be subject to a deductible amount of \$250,000, and shall afford the following coverages in the following amounts: (a) Not less than \$1,000,000 for bodily injury or death to a single person; (b) Not less than \$1,000,000 for injury or death as a result of any once occurrence; (c) Not less than \$1,000,000 for damage to property of third parties as a result of any one occurrence during the term of the policy; (d) An umbrella policy of not less than \$1,000,000.

CAM Charges Landlord shall maintain all common areas of the shopping center. "Common Areas" shall mean all facilities in the shopping center which are for the general use, in common, of occupants of the shopping center, which facilities shall include, but are not limited to, the parking areas, exits, entrances, means of ingress and egress, driveways, turn-arounds, curb cuts, streets, sidewalks, walkways, service areas, roadway, loading docks, ramps and platforms, drainage and plumbing systems, canopies, utilities, ramps, landscaped areas and other similar facilities available for common use within the shopping center.

Tenant shall pay its proportionate share of all operating costs. "Tenants Proportionate Share" shall mean that fraction, the numerator of which shall be the number of square feet of floor area of the premises, and the denominator of which shall be the number of square feet of gross leasable area of the shopping center. (cont.)

TENANT & LEASE SUMMARY

CAM Charges (cont.)	<p>“Operating costs” shall include (a) without limitation, the costs of operating, repairing, lighting, cleaning, maintaining (including maintenance service agreements at market rates with independent third parties), painting, securing and managing the common areas, insuring the common areas against personal injury, property damage, fire, theft, flood or other casualty, and payment of general and special real estate taxes for the common areas; (b) wages, unemployment and social security taxes of landlord’s employees for those employees who work on or for the shopping center or on an allocated amount of wages, unemployment and social security taxes for employees who are not exclusively employed on or for the shopping center. There shall be excluded from “operating costs” (i) principal and interest payments on debt and depreciation of any assets, (ii) capital improvements, replacements and depreciation of assets, (iii) costs of alterations, maintenance and repairs to premises of other tenants, (iv) real estate brokerage and leasing commissions and expenses such as advertising, (v) repairs or other work occasioned by a casualty, (vi) legal expenses, (vii) maintenance reserves, (viii) any expense for which landlord has been reimbursed to the extent of such reimbursement, and (ix) franchise, income and other such taxes. All management fees and costs included in “operating costs” shall be at market rates and shall not exceed what said costs would be if charged by arm’s-length third party suppliers, servicers or contractors, but in no event may any management fee or third party management fee exceed five percent of total “operating costs,” exclusive of real property taxes, assessments and insurance.</p>
Percentage Rent	None
Utilities	Tenant shall pay all charges for gas, electric, water, sewer, telephone and other utility services used in or supplied to the premises.
Co-Tenancy	None
Maintenance and Repair	<p>Landlord shall maintain, pay for and make all repairs to the foundation and structural members of the premises, all common areas of the shopping center, including without limitation, the parking areas, and in particular, without limiting the generality of the foregoing, all in compliance with ADA.</p> <p>Tenant shall maintain, pay for and make all needed repairs to the premises, roof, exterior walls (other than the foundation and structural members of the premises), utilities, HVAC, electrical water and sewer at the premises.</p>
Assignment and Subletting	<p>Tenant may assign this lease or sublet the entire premises, without the consent of landlord, on the same terms and conditions contained herein, to any corporation, directly or indirectly controlled by tenant, its shareholders or any corporation which any of its shareholders, directly or indirectly control, to any affiliate corporation or to any entity which purchases substantially all of the assets of tenant, but no such assignment or sublease shall relieve tenant of any liability.</p> <p>If tenant wishes to assign or sublet the premises (to an outside entity), then tenant must obtain prior written consent of landlord, which consent shall not be unreasonably withheld or delayed.</p>

FINANCIAL OVERVIEW

Location

8725 Marbach Road

San Antonio, TX 78227

Year Built 1984

Price \$4,100,000

Down Payment 100% \$4,100,000

Gross Leasable Area (GLA) 46,554

Price/SF \$88.07

Cap Rate - Current 10.31%

Annualized Operating Data

Income	Current
Base Rent	
Occupied Space*	\$466,025
Vacant Space at Market Rents (1,775)	\$23,075
Gross Potential Rent	\$489,100
Expense Reimbursements	\$157,122
Gross Potential Income	\$646,222
Vacancy/Collection Allowance	4.7% / \$23,075
Effective Gross Income	\$623,147
Total Expenses	\$200,601
Net Operating Income	\$422,546
Total Return	10.31% / \$422,546

Expenses

Real Estate Taxes	\$98,682
Insurance	8,524
CAM	
Utilities	18,745
Repairs & Maintenance	34,174
Landscaping	13,052
Security Contract	4,456
Administrative	\$804
TOTAL CAM	\$71,231
Management Fee (% of EGI)	2.6% / \$16,164
General Administrative - Non-Reimbursable	\$6,000
TOTAL EXPENSES	\$200,601
EXPENSES/SF	\$4.31

President's Square

SAN ANTONIO, TX

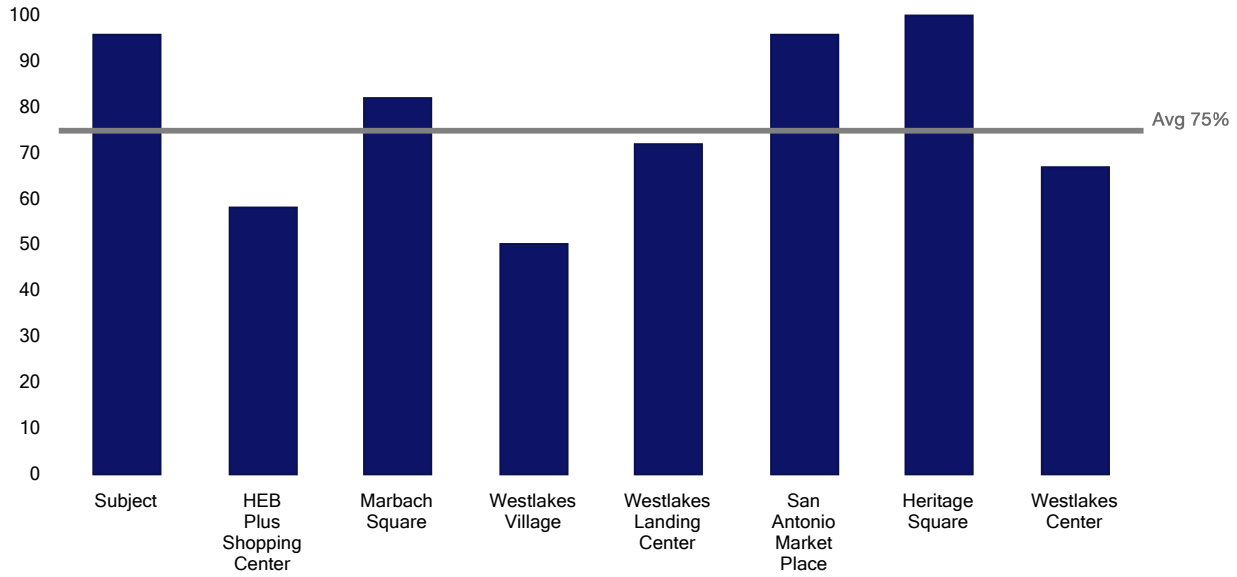
RENT COMPARABLES MAP



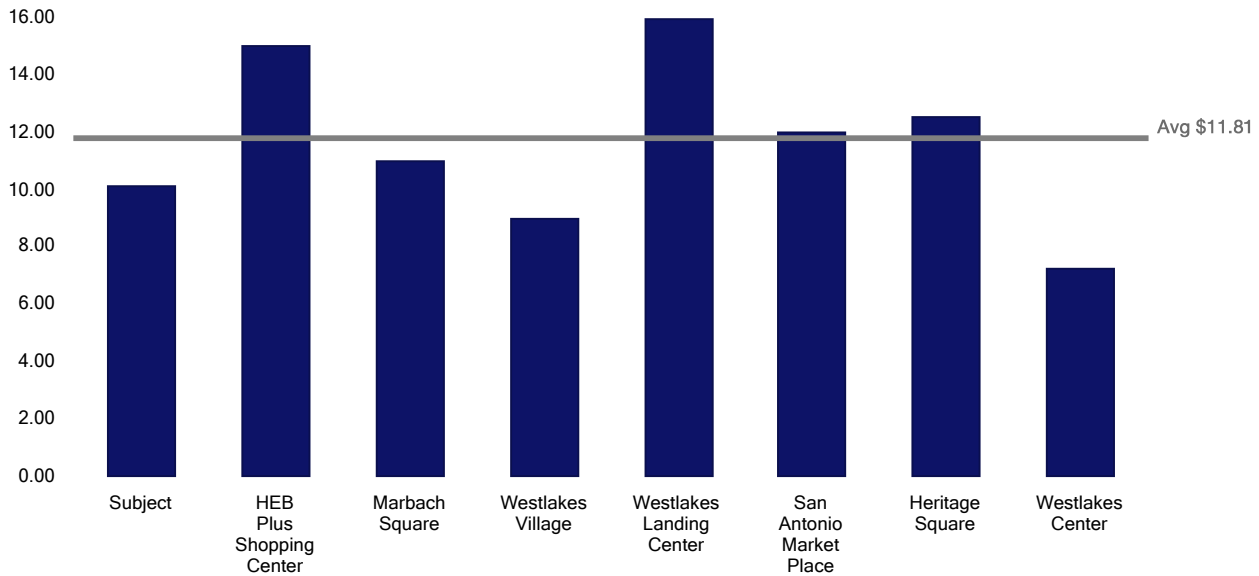
- ★ President's Square
- 1) HEB Plus Shopping Center
- 2) Marbach Square
- 3) Westlakes Village
- 4) Westlakes Landing Center
- 5) San Antonio Market Place
- 6) Heritage Square
- 7) Westlakes Center

OCCUPANCY AND AVERAGE RENT PER SF

Average Occupancy



Average Rent per Square Foot



RENT COMPARABLES



Subject Property

President's Square

8725 Marbach Road
San Antonio, TX 78227

Date Surveyed: May 2012
Occupancy: 96%
Year Built: 1984
Gross Leasable Area (GLA): 46,554 SF
Rent/SF (GLA): \$10.12
Available SF: 1,775
Lot Size: 4.58 Acres
Lease Type: NNN

Major Tenants
Blast Fitness
CSL Plasma
Blockbuster Video
Spartan Insurance
Planned Parenthood



HEB Plus Shopping Center

8231 Marbach Road
San Antonio, TX 78227

Date Surveyed: 4/2012
Occupancy: 58%
Year Built: 2010
Gross Leasable Area (GLA): 250,000 SF
Rent/SF (GLA): \$15.00-\$24.00
Available SF: 104,000
Lot Size: 54.4 Acres
Lease Type: NNN

Major Tenants
HEB Grocery Company
Twin Liquors
Bealls
VIP Nail and Spa
Subway
Great Clips
Payless Shoe Source



Marbach Square

8300-8400 Marbach Road
San Antonio, TX 78227

Date Surveyed: 4/2012
Occupancy: 82%
Year Built: 1982
Gross Leasable Area (GLA): 50,150 SF
Rent/SF (GLA): \$11.00
Available SF: 9,000
Lot Size: 4.72 Acres
Lease Type: NNN

Major Tenants
Pancho's Restaurant
Party, Gifts and Dollar

RENT COMPARABLES

3



Westlakes Village

1305 Southwest Loop 410
San Antonio, TX 78227

Date Surveyed: 4/2012
Occupancy: 50%
Year Built/Renovated: 1985/2007
Gross Leasable Area (GLA): 86,990 SF
Rent/SF (GLA): \$9.00
Available SF: 12,756
Lot Size: 24.84 Acres
Lease Type: NNN

Major Tenants
SAS Shoes
Legends Sports Bar
Karate Studio
Radiance Academy
Daycare
Curves for Women

4



Westlakes Landing Center

1255 Southwest Loop 410
San Antonio, TX 78227

Date Surveyed: 4/2012
Occupancy: 72%
Year Built: 1984
Gross Leasable Area (GLA): 74,542 SF
Rent/SF (GLA): \$15.96
Available SF: 20,950
Lot Size: 28.80 Acres
Lease Type: NNN

Major Tenants
Alamo Draft House
Sherwin Williams
Custom Ink Tattoos
The Raven Hookah
Butler Realty

5



San Antonio Market Place

1739 Southwest Loop 410
San Antonio, TX 78227

Date Surveyed: 4/2012
Occupancy: 96%
Year Built/Renovated: 1983/1999
Gross Leasable Area (GLA): 115,493 SF
Rent/SF (GLA): \$12.00
Available SF: 2,100
Lot Size: 7.35 Acres
Lease Type: NNN

Major Tenants
Big Lots
Sally Beauty Supply
GameStop
Asian Kitchen
Aaron's Rents
DD's Discounts

RENT COMPARABLES

6



Heritage Square

8222 Marbach Road
San Antonio, TX 78227

Date Surveyed: April 2012
Occupancy: 100%
Gross Leasable Area (GLA): 78,245 SF
Rent/SF (GLA): \$12.50
Available SF: 12,130
Lease Type: NNN

Major Tenants
Dollar Tree
Fashion Max

7



Westlakes Center

9107 Marbach Road
San Antonio, TX 78245

Date Surveyed: April 2012
Occupancy: 67%
Year Built: 1985
Gross Leasable Area (GLA): 76,507 SF
Rent/SF (GLA): \$7.20
Available SF: 25,224
Lot Size: 6.54 Acres
Lease Type: NNN-2,82

Major Tenants
Culebra Meat Market
China Garden
Farmer's Insurance
Just Cupcakes
Domino's Pizza

President's Square

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.

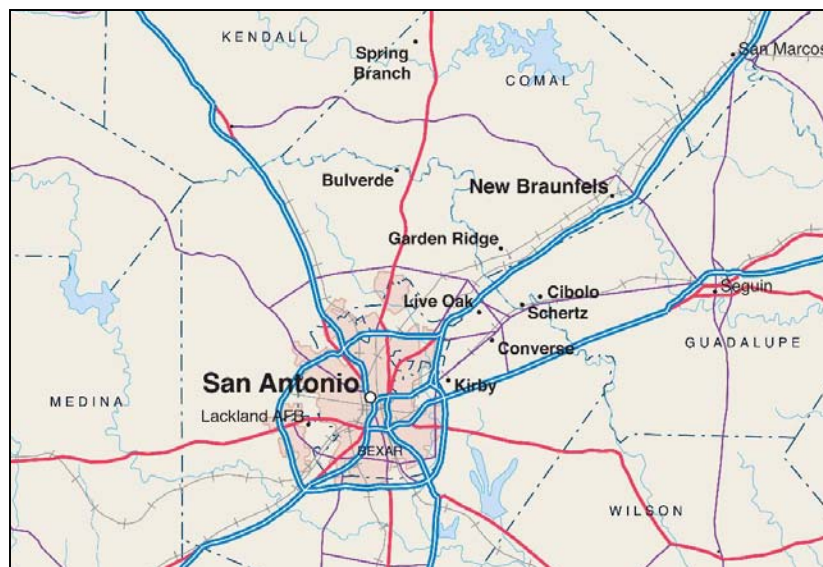
Low cost of living

- 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

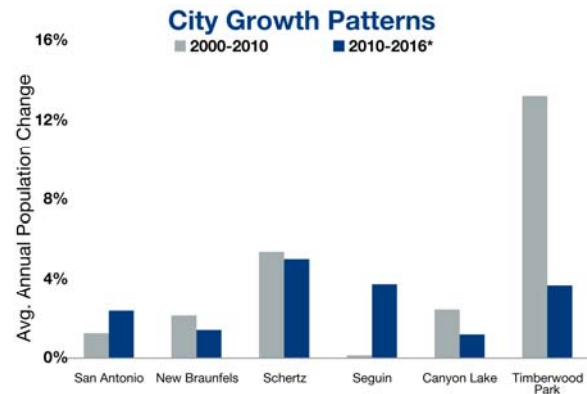
The San Antonio MSA covers eight counties—Bandera, Atascosa, Kendall, Comal, Bexar, Guadalupe, Medina and Wilson—and contains more than 2.2 million inhabitants. Six incorporated cities and towns have populations greater than 20,000. San Antonio is the largest, with nearly 1.3 million residents.

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.



* Forecast
Sources: Marcus & Millichap Research Services, AGS

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

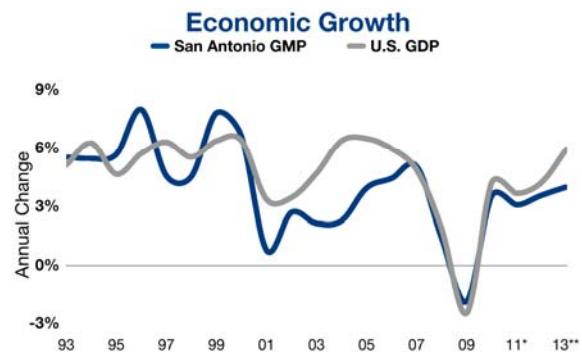
ECONOMY

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.

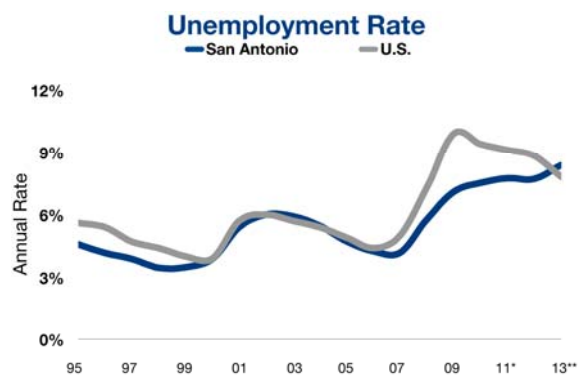
As the most-visited city in Texas, San Antonio's travel and tourism industry remains a key economic utility. Destinations such as the Alamo and River Walk make the city highly identifiable and popular. The leisure and hospitality segment will be one of the top



* 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

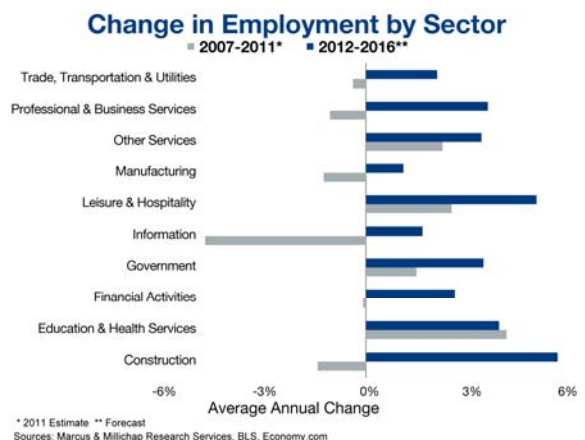
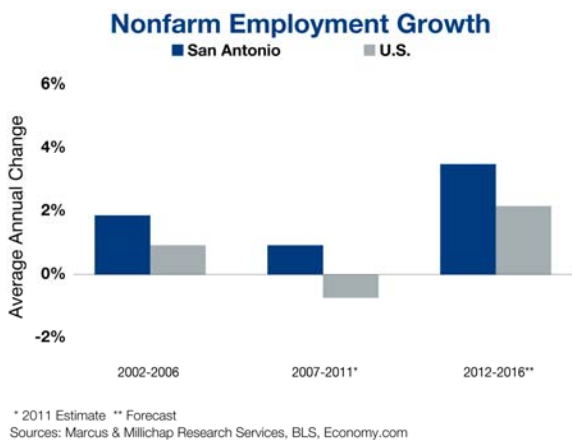
LABOR

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

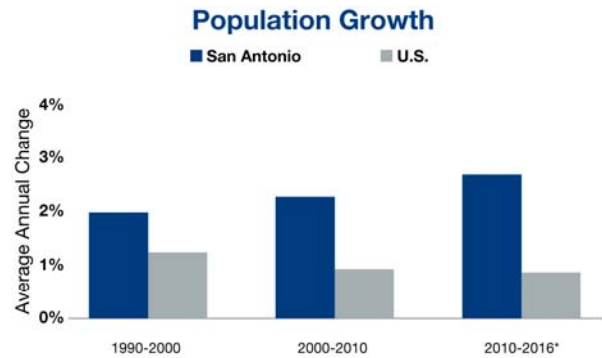
DEMOGRAPHICS

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.

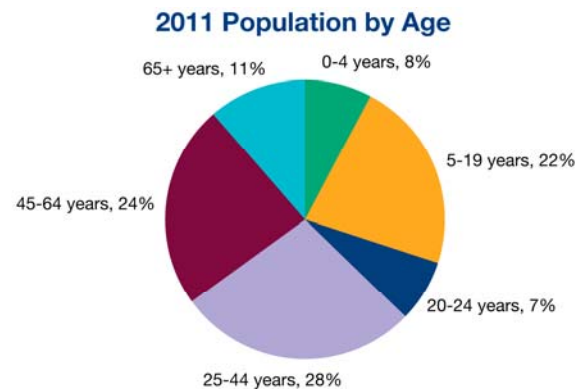
Area residents are relatively young, with 31 percent under the age of 20, compared with just 27 percent for the nation. In addition, 11 percent of the population are in their retirement years, ages 65 and older, as opposed to 13 percent for the U.S. The low median age of 34 years is also due in large 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.

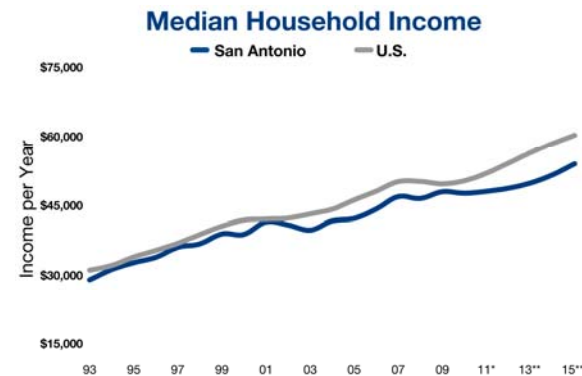
The median home price of \$150,600, which is well below the national median of \$163,700, has afforded nearly 60 percent of households to own their homes.



* Forecast
Sources: Marcus & Millichap Research Services, AGS



Sources: Marcus & Millichap Research Services, AGS



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

SAN ANTONIO

EMPLOYERS

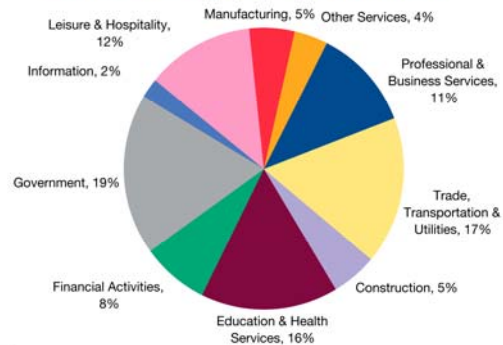
A strong, diverse private sector fosters the San Antonio economy. Major corporate headquarters in San Antonio include five Fortune 500 companies. The largest of these, the United Service Automobile Association, or USAA, leads the financial services segment that also includes Wells Fargo and JPMorgan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

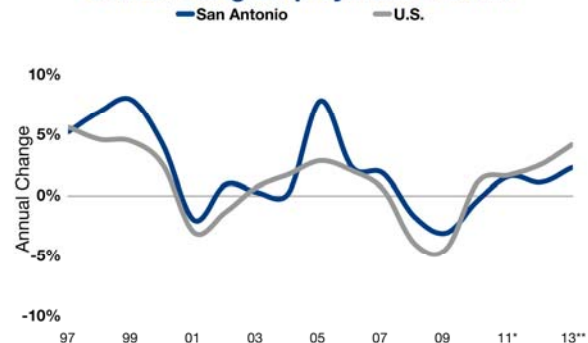


* Estimate
Sources: Marcus & Millichap Research Services, BLS, Economy.com

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

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.

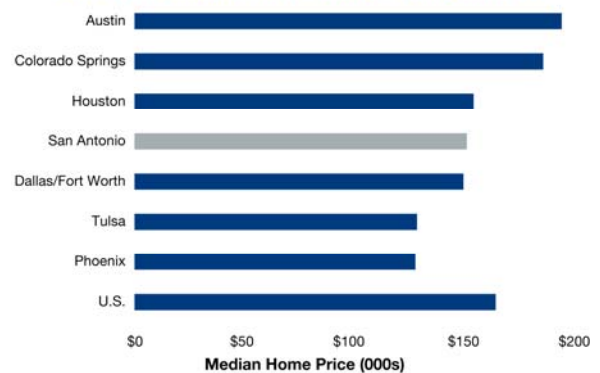
Locals and tourists can enjoy theme parks such as SeaWorld San Antonio, the world's largest marine life park, and Six Flags Fiesta Texas. In addition, the city is home to numerous sporting events and teams, including the NBA's San Antonio Spurs, the WNBA's San Antonio Silver Stars, the AHL's Rampage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

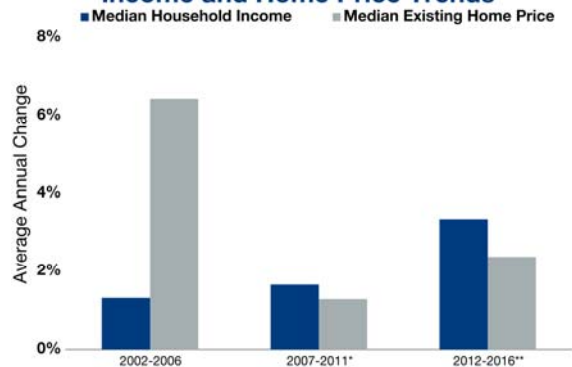


2011 Median Home Price Comparison



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

Income and Home Price Trends

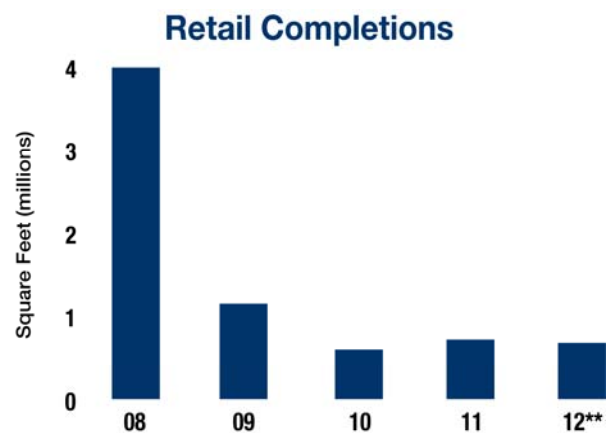
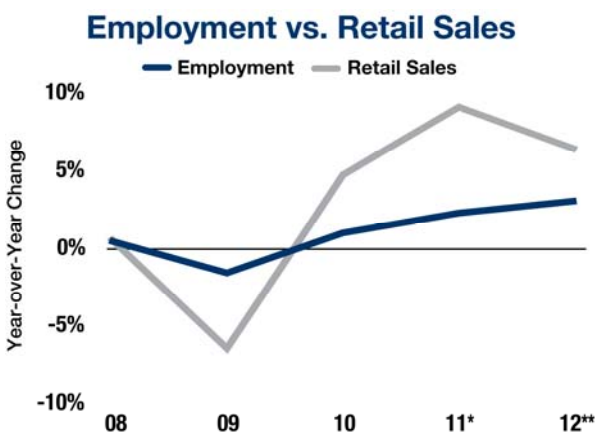


* 2011 Estimate ** Forecast
Sources: Marcus & Millichap Research Services, Economy.com, National Association of Realtors®, U.S. Census Bureau

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

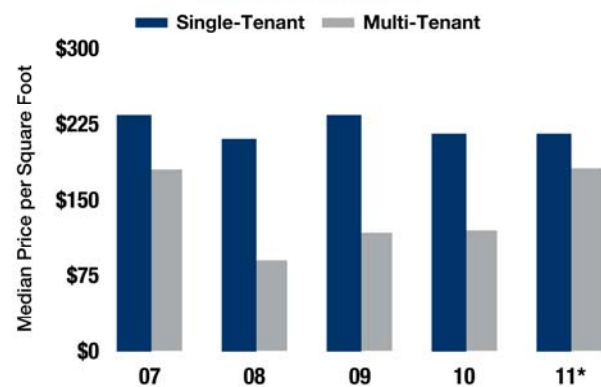
2012 Market Outlook

- 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

President's Square

SAN ANTONIO, TX

DEMOGRAPHIC REPORT

	1 Mile	3 Miles	5 Miles
1990 Population	6,647	28,913	59,070
2000 Population	6,557	30,801	64,523
2010 Population	17,266	108,028	227,743
2011 Population	15,635	105,436	238,717
2016 Population	17,292	119,702	277,285
1990 Households	2,170	9,656	19,148
2000 Households	2,215	10,757	21,862
2010 Households	6,106	33,533	70,508
2011 Households	5,472	33,003	75,133
2016 Households	6,236	38,771	90,211
2011 Average Household Size	2.86	3.05	3.02
2011 Daytime Population	1,790	21,089	64,480
1990 Median Housing Value	\$47,302	\$45,142	\$49,726
2000 Median Housing Value	\$55,048	\$52,716	\$61,362
2000 Owner Occupied Housing Units	57.74%	47.04%	52.81%
2000 Renter Occupied Housing Units	38.00%	47.20%	42.13%
2000 Vacant	4.26%	5.76%	5.06%
2011 Owner Occupied Housing Units	43.52%	58.19%	59.77%
2011 Renter Occupied Housing Units	48.86%	35.01%	33.76%
2011 Vacant	7.62%	6.81%	6.48%
2016 Owner Occupied Housing Units	42.01%	57.36%	59.43%
2016 Renter Occupied Housing Units	50.05%	35.64%	33.91%
2016 Vacant	7.96%	6.99%	6.66%
\$ 0 - \$14,999	10.9%	11.3%	12.7%
\$ 15,000 - \$24,999	17.7%	12.3%	11.6%
\$ 25,000 - \$34,999	12.8%	11.5%	11.2%
\$ 35,000 - \$49,999	20.5%	19.0%	16.9%
\$ 50,000 - \$74,999	23.3%	25.4%	23.0%
\$ 75,000 - \$99,999	9.7%	11.9%	13.4%
\$100,000 - \$124,999	2.7%	4.6%	5.9%
\$125,000 - \$149,999	1.6%	2.2%	2.7%
\$150,000 - \$199,999	0.5%	1.4%	1.9%
\$200,000 - \$249,999	0.0%	0.1%	0.3%
\$250,000 +	0.3%	0.3%	0.4%
2011 Median Household Income	\$39,372	\$45,738	\$47,207
2011 Per Capita Income	\$15,749	\$18,637	\$19,496
2011 Average Household Income	\$44,729	\$50,174	\$52,839

Demographic data © 2010 by Experian/Applied Geographic Solutions.

SUMMARY REPORT

Geography: 5 Miles

Population

In 2011, the population in your selected geography was 238,717 . The population has changed by 269.97% since 2000. It is estimated that the population in your area will be 277,285 five years from now, which represents a change of 16.16% from the current year. The current population is 49.6% male and 50.4% female. The median age of the population in your area is 33.3 , compare this to the U.S. average which is 36.9. The population density in your area is 3,041.93 people per square mile.

Households

There are currently 75,133 households in your selected geography. The number of households has changed by 243.67% since 2000. It is estimated that the number of households in your area will be 90,211 five years from now, which represents a change of 20.07% from the current year. The average household size in your area is 3.02 persons.

Income

In 2011, the median household income for your selected geography is \$47,207 , compare this to the U.S. average which is currently \$53,620. The median household income for your area has changed by 43.07% since 2000. It is estimated that the median household income in your area will be \$51,610 five years from now, which represents a change of 9.33% from the current year.

The current year per capita income in your area is \$19,496 , compare this to the U.S. average, which is \$28,713. The current year average household income in your area is \$52,839 , 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: 69.92% White, 8.23% African American, 0.88% Native American and 1.49% 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 67.70% 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 \$61,362 in 2000, compare this to the U.S. average of \$110,796 for the same year. In 2000, there were 12,160 owner occupied housing units in your area and there were 9,702 renter occupied housing units in your area. The median rent at the time was \$460 .

Employment

In 2011, there are 64,480 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 56.2% of employees are employed in white-collar occupations in this geography, and 43.8% are employed in blue-collar occupations. In 2011, unemployment in this area is 5.72% . In 2000, the median time traveled to work was 23.0 minutes.

Demographic data © 2010 by Experian/Applied Geographic Solutions.

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.

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.

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.

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.

- (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.

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.

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.



President's Square

SAN ANTONIO, TX

OFFERING MEMORANDUM

Marcus & Millichap
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