



FORESITE
COMMERCIAL REAL ESTATE

Foresite Real Estate, Inc. | Consulting

SHOPPES AT SAN ANTONIO

2134 Confidential Avenue San Antonio, Texas

Consulting Report for Mr. Client





Shoppes at San Antonio

2134 Confidential Ave. San Antonio, TX

SQUARE FOOTAGE:	30,000 Rentable Square Feet
Acreage:	0.9449 Acres
YEAR BUILT:	1982
OCCUPANCY:	100% Occupied

DISCLAIMER

Foresite Real Estate, Inc. (Hereinafter referred to as Foresite) has been retained by _____ (hereinafter referred to as client) to provide consulting services. Foresite is not acting as a real estate agent or broker and is working only to assist the client in identifying various risks the property may be exposed to should the client proceed with purchasing the property.

This report contains numerous assumptions. Foresite uses market data and past experience to quantify these assumptions but these cannot guarantee the performance of the property nor identify all possible risk factors affecting an investment. No warranties are expressed or implied. Foresite makes all efforts to ensure the accuracy and completeness of this analysis, however, by contracting with Foresite the client agrees to hold Foresite harmless of any and all errors and or omissions. It is assumed that the client is a qualified investor receiving legal and accounting advice from licensed professionals. No information contained within shall be considered legal or financial advice.

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DEMOGRAPHIC ANALYSIS

DEMOGRAPHIC SUMMARY	1 Mile	3 Mile	5 Mile
Population Density	13,145	84,598	239,317
Average Household Income	\$90,648	\$103,471	\$86,631
Median Age	36.3	38.9	35.8
Per Capita Income	\$41,418	\$45,990	\$38,066

Current average household income is \$71,842 in the United States. The subject property enjoys higher than average income levels within the one, three, and 5 mile radius. The higher incomes of the surrounding residents should aid in preserving the value of the property and its rents for years to come.

The population in a one mile radius is projected to remain steady in the next five years as this submarket is already established and there is little no new home growth. 50.7% of the homes in the area are owner occupied compared to the national average of 56.4%. The higher percentage of renter occupied units is likely due in large part to the large number of apartment complexes located in the submarket.

The property is situated on Blanco Road with good access from the southbound lanes and average access from the northbound lanes. The property does not have typical retail visibility, access and signage for the tenants which can negatively impact occupancy and rents.

It is our opinion that the demographics surrounding the subject property are good and are projected to continue to remain steady. The property is well situated to provide office or retail space to a wide variety of tenants but the typical tenant line up will likely continue to be local tenants due to the age and style of the property.

Demographics provided by :



TENANT RENEWAL PROBABILITY

Foresite believes the rents at the property are slightly above market. This is most likely due to the fact that the tenant's have a very long rental history at the property with built in escalations. In spite of appearing to be 100% occupied, the neighboring property has quite a bit of shadow vacancy and is closer to 70% occupied with average rents of \$14.32 +NNN and some tenant's paying as low as \$8.00 psf + NNN. It is unlikely to assume that any of the existing tenants would go through the expense of a relocation for the lower rents due to their long history at the property, but it is a possibility. The neighboring center is advertising their vacant spaces at \$15 psf. It should also be noted that the neighboring property struggles with providing sufficient parking for its existing tenant base and will likely face challenges in leasing the vacancy and in maintaining it.

Assumptions regarding each tenant's renewal probability were made individually based on their current rental rate, line of business, and history at the property. Two separate assumptions were made for each tenant based on the described conditions in each scenario to better provide future ownership of the impacts of tenant renewals on cash flow. Each assumption is detailed in the financial portion of this analysis.

More than 70% of the center leases roll in the next two years. This may pose a challenge for many banks to get comfortable with. It also exposes the owner to risk in covering the costs of retenanting the spaces in such a short time period. It is strongly recommended that tenant interviews be performed to discuss each tenants' individual businesses to determine if any tenants are considering retirement, selling the business etc.

TIME TO MARKET VACANT SPACES

In each scenario when the assumption is made that a vacancy could occur, an estimate of the time the space will remain on the market is made. This time varies on the current layout and condition of the space, the size of the space, and asking rents. In each projection, a different set of assumptions were made for each tenant. These assumptions can be seen on the rent roll of each cash flow.

Many of the leases rollover in the next three years. This negatively impacts the time to market for the vacant spaces in the event multiple tenants opt not to renew during the same time period. This may require a new owner to reduce the asking rent in order to improve the occupancy during such a period or to cover operating expenses and negative cash flow for an extended period of time.

All assumptions were made without having had the opportunity to tour the interior of the spaces which would occur during a due diligence period.

ASSESSMENT OF OPERATING EXPENSES

Operating Expense	2014	PSF	2015 <i>(Estimated)</i>	PSF	2016 <i>(Budget)</i>	PSF	Notes
Utilities	\$14,990	\$1.08	\$16,000	\$1.15	\$17,000	\$1.22	
Property Taxes	\$26,813	\$1.93	\$32,202	\$2.32	\$58,704	\$4.22	(1)
Insurance	\$ 6,751	\$0.48	\$6,800	\$0.48	\$7,000	\$0.50	(2)
Professional Fees	\$2,035	\$0.14	\$0	\$0.00	\$0	\$0.00	(3)
Management Fees	\$3,000	\$0.21	\$9,815	\$0.70	\$11,750	\$0.85	(4)
Repairs and Maintenance	\$186	\$0.01	\$0	\$0.16	\$3,000	\$0.22	(5)
TOTAL	\$53,775	\$3.86	\$63,817	\$4.60	\$97,454	\$7.38	

Notes: (1) Used Actuals provided from BCAD.org

(2) Insurance is averaging \$.50 psf for shopping centers but could be reduced by an umbrella policy

(3) Professional Fees - Not typical, believed to have been partial management fees in 2014

(4) Management fees estimated by using lowest industry standard of 4% for this size property

(5) Repairs and Maintenance were lower than historical average

OPERATING EXPENSES | Observations and Forecasting Methods

Foresite received only one year of operating expenses from which to prepare this analysis. 2015 was estimated by using the total reimbursements from the marketing package and known variables, such as property taxes, that were available from other sources.

2016 was estimated by using the known property tax bill and using industry standards psf estimates to determine the remaining figures. Current NNN Rates in San Antonio range from \$5.00 to \$8.00 psf for similar sized centers.

OPERATING EXPENSES | Observations and Forecasting Methods Cont.

The majority of the NNN charges for this subject property are comprised of property taxes which, while high, are not at their highest possible rate. Moving forward we have estimated the property taxes to be assessed at the purchase price. While the buyer and the seller are under no obligation to disclose the purchase price, it is a matter of good practice to make the assumption that the county appraisal district can estimate the value based on the deed of trust which can be easily obtained.

It is noted that the utility bills are quite a bit higher than a typical shopping center and this is believed to be due to the fact that the dry cleaners is using a large amount of water. There was no noted irrigation systems and a typical shopping center of this size with no irrigation system would see water and sewer charges of less than \$150 a month. The dry cleaners lease should be reviewed to ensure they are paying all appropriate charges related to their occupancy.

Repairs and maintenance are much lower than industry averages and have been increased slightly in projections moving forward. Although the tenant's may be responsible for repairs and maintenance within their suites the outside remains the responsibility of the owner and there are several issues which must be addressed. Most of which is grounds maintenance which can be taken care of by a third party company routinely picking up trash. A few areas of wood rot were also noted on the rear of the building. The trees need regular trimming to prevent roof damage.

The expenses in these projections are based off our initial review of limited information provided by the seller. A more comprehensive budget can be prepared upon receiving additional information from the seller and a property inspection report during the due diligence period.



Trash and Graffiti at subject property



Likely wood rot needing attention

ASSESSMENT OF RENTAL INCOME

Tenant	Rentable Square Feet	Usable Square Feet	%	Move In Date	Expiration Date	Rent PSF	Monthly Base Rent
Rose Cleaners	2,147	2,147	15%	1993	9-30-19	\$19.18	\$3,433.00
State Farm Ins.	1,070	1,070	8%	1995	5-31-16	\$15.25	\$1,360.00
American Postal	1,210	1,210	9%	2000	5-31-20	\$18.00	\$1,814.00
Pastry Garden	1,325	1,325	10%	Unknown	3-31-18	\$16.20	\$1,789.00
Odyssey Health	8,200	8,200	59%	2005	9-20-18	\$16.00	\$3,150.00
	13,902	13,902				\$16.69	\$19,330.00

ASSESSMENT OF RENTAL INCOME | Observations and Forecasting Methods

Currently the subject property is 100% occupied with more than half of the center leased to Odyssey Health. The average asking rental rates in the sub market are \$16.44 + NNN.

More important than the asking rental rate in the sub market is the actual in place rents for the properties nearest the subject property. Churchill Place Shopping Center (neighboring center) which is currently 100% occupied is scheduled to have three vacancies before the end of the year putting it at 70% occupancy. C&L Firearms, Edible Arrangements, and Tutor Co. are all expected to leave. The owner is asking \$15 psf + NNN which is higher than the in place rents at the subject property. The in place rents average \$14.32 + NNN with some tenants paying as low as \$8.44 + NNN. There are also reports that El Mirasol is building their own building adjacent to their current location and will be vacating at some point in the future. This causes concern for the submarket occupancy and the ability to command higher rents.

It is important to note that the neighboring center's signage and visibility is better than the subject property, however, there is limited parking which is likely to make it challenging for the owner to attract and retain new tenants.

ASSESSMENT OF RENTAL INCOME | Observations and Forecasting Methods Continued.

The current tenants at the subject property have a long history of stable occupancy. Foresite did not receive an aged receivables or general ledger report therefore we are not able to comment on the stability and timing of the tenant's payments.

Regardless of the long standing history of the tenants it is important to note that lending institutions and appraisers will apply a vacancy factor of 5-20% on to existing rents due to the sub market vacancy. In all Foresite models we add a minimum of 5% for credit and collection loss and then the actual vacancy factor is calculated in the renewal assumptions of each individual tenant.

Rent Survey

		Occupancy	Size of Bldg.	Lease Type	Asking Rent
0	Subject Property	100%	13,902	NNN	\$16.69
1	Churchill Place Shopping Ctr.	70%	16,193	NNN	\$15.00
2	Cadillac Plaza	84%	37,276	NNN	\$16.00
3	16410 Blanco Road Building	73%	9,450	Mod. Gross	\$16.00
4	Mission Oaks Center	90%	33,000	NNN	\$16.20
5	Shops at Churchill Estates	95%	33,134	NNN	\$19.00

Average Asking Rents \$16.44 + NNN

In summary, it is our opinion that although the current rents are in line with the asking rates for the neighboring properties, they are over market compared to the in place rents. This could be an indication of an increase in market rents that the other owners are seeking to capitalize on., However, there were no recent leases at the advertised rates found during our initial search.

As a result of this discrepancy in asking vs. actual, Foresite has taken the approach of assuming only moderate rent growth over the course of ten years. In the second analysis we have assumed that the tenants renew or are replaced with new tenants at the advertised rate or lower depending on the size of the unit.

ASSESSMENT OF PROPOSED PURCHASE PRICE

San Antonio is a relatively small market for retail investment properties with owners holding properties longer than most markets. These leads to fewer transactions each year and a smaller number of comparable properties from which to determine market prices. As a result of this, we have included in our list of comparable properties, properties in other Texas markets with similar tenant line ups.

The following comparable properties have been provided as a courtesy from Chad Knibbe, CCIM at Marcus & Millichap and are highly confidential. Marcus & Millichap performs more investment sales between \$2,000,000 to \$5,000,000 than all other competitors combined.

It is the opinion of Foresite that at a purchase price of \$2,600,000 the property is within the range of similar properties. We estimate this to be between an 8 and 8.5% CAP rate depending on underwriting methods. The price per square foot of \$187 is also within normal market ranges based on comparable sales between 2014 through 2015 in Texas.



ASSESSMENT OF CAPITAL EXPENSES

With only an initial visit to the property the assumption is made that the roof, parking lot, and other major sources of capital expenses are in good condition.

It is recommended during the due diligence period to perform a property condition assessment, have a roof inspection done, and perform an inventory of the age and condition of each of the HVAC units. While the HVAC units are likely the responsibility of each tenant, tenants will likely request new or repaired units upon renewal or a new lease.

ITEMS NEEDED FOR DUE DILIGENCE PHASE

In order to provide a more accurate cash flow and budget operating expenses it is recommended the following items be obtained prior to purchasing the property:

- Copies of all lease Agreements
- Copies of all Addendums and Amendments
- Copies of all tenant correspondence
- Current survey (if acceptable to lender) New survey if not
- Property Condition Assessment Report
- Phase 2 Inspection (recommended due to the dry cleaners)
- Tenant Interviews
- Inspection of Interior spaces
- Tenant Estoppel Certificates
- 2015 Budget
- Operating Expenses 2011-2015
- Income Statement 2011-2015
- NNN Reconciliation Reports 2011-2015
- Aged Receivables Report YTD
- 2014 and 2015 YTD General Ledger
- HVAC Inspection and survey
- Past environmental reports
- List of capital improvements made in the past 5 years
- Warranties from vendors
- Service contracts to remain in place post closing
- Appraisal (Ordered by lender)
- Current as-built plans and floor plans
- Other items as may be requested by client's attorney, CPA, or Lender

TWO SCENARIOS: TEN YEAR CASH FLOW STATEMENTS

Scenario 1 | Overview

In this scenario it is assumed that no major industry or market changes occur and interest rates remain stable. Rent growth is consistent throughout the ten year period, and averages 2% each year. Approximately 90% of the tenants renew for at least three years. In this scenario tenants are given a tenant improvement allowance of \$5 psf which will allow for a space to be re carpeted and repainted or to replace an HVAC unit. New tenant leases are signed with \$10 psf tenant improvement allowances and remain vacant for 10 months.

Property taxes increase only in line with the new loan balance. The largest tenant renews their lease throughout the analysis period and credit and collection loss is only 3%.

Assumptions

- 2% rent growth annually
- Renewal rate near 90% with 10 months to lease vacant spaces
- Modest interest rate growth upon refinance 6%
- Vacancy Loss/ Collection Loss 3%
- Property Taxes calculated off new loan balance in 2016

Scenario 2 | Overview

In this scenario it is assumed that most other assumption in Scenario 1 remain the same but the healthcare tenant does not renew their lease requiring the new owner to experience negative cash flow while locating a new tenant and incur the leasing commission and tenant improvement costs.

Rent growth was reduced to 1.5% annually with fewer tenants renewing and require 12 months to obtain new tenants. Property taxes and operating expenses remain stable but the proportionate share due to the vacant spaces are covered by the owner.

Interest rates are projected slightly higher at 6.5%

Assumptions

- 1.5% rent growth annually
- Renewal rate near 80% with 8 months to lease vacant spaces
- Interest rate growth upon refinance 6.5%
- Vacancy Loss/ Collection Loss 5%
- Property Taxes calculated off new loan balance in 2016

These statements are not an attempt to provide any guarantee of any future returns or events. The purpose of these scenarios and subsequent financial statements are to assist ownership in identifying various potential events that result in negative or low cash flow periods. Many of the assumptions are used at the request of the client and are not a recommendation or prediction by Foresite.

OPERATING EXPENSES

Category	Inflation/Fee	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
RM Utilities	3.0%	\$ 14,990	\$ 16,000	\$ 17,000	\$ 17,510	\$ 18,035	\$ 18,576	\$ 19,134	\$ 19,708	\$ 20,299	\$ 20,908	\$ 21,535	\$ 22,181
RM Property Taxes	5.0%	\$ 26,813	\$ 32,202	\$ 38,704	\$ 45,991	\$ 54,541	\$ 64,268	\$ 75,181	\$ 87,290	\$ 100,605	\$ 115,135	\$ 131,891	\$ 150,886
RM Insurance	3.0%	\$ 6,751	\$ 6,800	\$ 7,000	\$ 7,210	\$ 7,426	\$ 7,649	\$ 7,879	\$ 8,115	\$ 8,358	\$ 8,609	\$ 8,867	\$ 9,133
RM Management Fee	4.0%	\$ 5,035	\$ 9,800	\$ 11,750	\$ 12,220	\$ 12,709	\$ 13,217	\$ 13,746	\$ 14,296	\$ 14,867	\$ 15,462	\$ 16,081	\$ 16,724
RM Repairs and Maintenance	5.0%	\$ 186	\$ -	\$ 3,000	\$ 3,150	\$ 3,308	\$ 3,473	\$ 3,647	\$ 3,829	\$ 4,020	\$ 4,221	\$ 4,432	\$ 4,654
RM													
Total		\$ 53,775	\$ 64,802	\$ 97,454	\$ 111,081	\$ 116,018	\$ 121,183	\$ 126,586	\$ 132,237	\$ 138,150	\$ 144,335	\$ 150,807	\$ 157,578
		\$ -	\$ 4.64	\$ 6.98	\$ 7.96	\$ 8.32	\$ 8.69	\$ 9.07	\$ 9.48	\$ 9.90	\$ 10.35	\$ 10.81	\$ 11.29
NNN Reimbursements													
RM Utilities	3.0%	\$ 14,990	\$ 16,000	\$ 17,000	\$ 17,510	\$ 18,035	\$ 18,576	\$ 19,134	\$ 19,708	\$ 20,299	\$ 20,908	\$ 21,535	\$ 22,181
RM Property Taxes	5.0%	\$ 26,813	\$ 32,202	\$ 38,704	\$ 45,991	\$ 54,541	\$ 64,268	\$ 75,181	\$ 87,290	\$ 100,605	\$ 115,135	\$ 131,891	\$ 150,886
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RM Management Fee	4.0%	\$ 5,035	\$ 9,800	\$ 11,750	\$ 12,220	\$ 12,709	\$ 13,217	\$ 13,746	\$ 14,296	\$ 14,867	\$ 15,462	\$ 16,081	\$ 16,724
RM Repairs and Maintenance	5.0%	\$ 186	\$ -	\$ 3,000	\$ 3,150	\$ 3,308	\$ 3,473	\$ 3,647	\$ 3,829	\$ 4,020	\$ 4,221	\$ 4,432	\$ 4,654
RM	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total NNN Charges		\$ 53,775	\$ 64,802	\$ 97,454	\$ 111,081	\$ 116,018	\$ 121,183	\$ 126,586	\$ 132,237	\$ 138,150	\$ 144,335	\$ 150,807	\$ 157,578
		\$ -	\$ 4.64	\$ 6.98	\$ 7.96	\$ 8.32	\$ 8.69	\$ 9.07	\$ 9.48	\$ 9.90	\$ 10.35	\$ 10.81	\$ 11.29

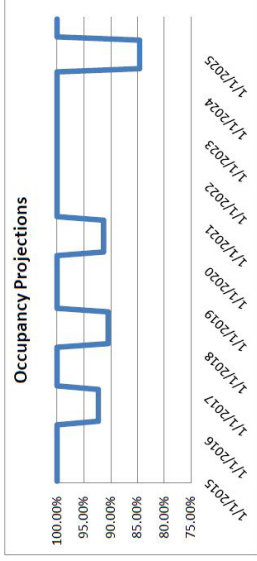
RENT ROLL

(Lease Options in Grey)
(Renewal Assumptions in orange)

New Tenant T.I. Allowance	\$ 10.00
New Tenant Commission	6%
Renewal T.I. Allowance	\$ 5.00
Renewal Commission	2%
Typical Months Vacant	10
Renewal Terms	60
Rent Growth Over Each Term	10.0%
New Lease Terms	60

LEASE TYPES	
1	NNN
2	Gross
3	NNN w/CAP
4	Base Year
5	Other

Start Date 1/1/2015



Suite	Tenant	Sq. Ft	Rate PSF	Lease Start	Lease End	Vacant (Mos)	Term (Mos)	T.I. PSF	Fee Type	Share %	2015 Total	2016 Total	2017 Total	2018 Total	2019 Total	2020 Total	2021 Total	2022 Total	2023 Total	2024 Total	2025 Total		
100	Rose Cleaners	2,147	\$ 19.18	1/1/1993	9/30/2019		60		2%	15.4%	\$ 49,455	\$ 51,151	\$ 56,176	\$ 58,273	\$ 44,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
100	Renewal	2,147	\$ 21.10	10/01/19	09/04/24		60		2%	15.4%	\$ -	\$ -	\$ -	\$ -	\$ 15,788	\$ 63,946	\$ 64,777	\$ 65,647	\$ 66,557	\$ 50,631	\$ -		
100	new	2,147	\$ 23.21	07/01/25	06/05/30	10	60	\$ -	6%	15.4%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,517	
100	Renewal	2,147	\$ 25.53	06/06/30	05/11/35		60	\$ -	2%	15.4%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100	new	2,147	\$ 28.08	03/06/36	02/08/41	10	60	\$ -	6%	15.4%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100	Renewal	2,147	\$ 30.89	02/09/41	01/14/46		60	\$ -	2%	15.4%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
106	Stete Farm Insurance	1,070	\$ 15.25	1/1/1995	5/31/2016		60	\$ -	0%	7.7%	\$ 20,442	\$ 8,870	\$ 19,067	\$ 26,468	\$ 26,847	\$ 27,243	\$ 27,657	\$ 27,023	\$ 7,023	\$ -	\$ -	\$ -	\$ -
106	new	1,070	\$ 16.78	03/27/17	03/01/22	10	60	\$ -	0%	7.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
106	Renewal	1,070	\$ 18.45	03/02/22	02/04/27		60	\$ -	0%	7.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
106	new	1,070	\$ 20.30	12/01/27	11/04/32	10	60	\$ -	0%	7.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
106	Renewal	1,070	\$ 22.33	11/05/32	10/10/37		60	\$ 5.00	2%	7.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
106	new	1,070	\$ 24.56	10/11/37	09/15/42		60	\$ 5.00	2%	7.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
108	American Postal	1,210	\$ 18.00	1/1/2000	5/30/2015		60	\$ -	2%	8.7%	\$ 11,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
108	Lease Option	1,210	\$ 18.58	05/31/15	05/30/17		12	\$ -		8.7%	\$ 15,835	\$ 28,102	\$ 12,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
108	Lease Option	1,210	\$ 19.10	05/31/17	05/30/20		3	\$ -		8.7%	\$ -	\$ -	\$ 18,412	\$ 32,745	\$ 33,173	\$ 14,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
108	new	1,210	\$ 21.01	03/26/21	02/28/26	10	60	\$ -	0%	8.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
108	Renewal	1,210	\$ 23.11	03/01/26	02/03/31		60	\$ 5.00	2%	8.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
108	new	1,210	\$ 25.42	02/04/31	01/09/36		60	\$ 5.00	2%	8.7%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110	Pastry Garden	1,325	\$ 16.20	1/1/2010	3/31/2017		60	\$ -	2%	9.5%	\$ 26,572	\$ 27,619	\$ 7,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110	Lease Option	1,325	\$ 16.80	04/03/17	03/31/18		12	\$ -		9.5%	\$ -	\$ -	\$ 23,636	\$ 8,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110	new	1,325	\$ 18.48	10/25/19	12/30/23	10	60	\$ 5.00	2%	9.5%	\$ -	\$ -	\$ -	\$ -	\$ 32,545	\$ 35,995	\$ 36,508	\$ 37,044	\$ 37,606	\$ -	\$ -	\$ -	
110	Renewal	1,325	\$ 20.33	12/31/23	12/04/28		60	\$ 5.00	2%	9.5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110	new	1,325	\$ 22.36	12/05/28	11/09/33		60	\$ 5.00	2%	9.5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110	Renewal	1,325	\$ 24.60	11/10/33	10/15/38		60	\$ 5.00	2%	9.5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	Odyssey Health	8,200	\$ 16.00	1/1/2005	9/20/2018		60	\$ -	2%	58.8%	\$ 162,805	\$ 169,286	\$ 188,477	\$ 147,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	new	8,200	\$ 17.60	09/21/18	09/16/19		12	\$ -		58.8%	\$ -	\$ -	\$ -	\$ 52,401	\$ 159,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	Renewal	8,200	\$ 19.36	09/17/19	08/21/24		60	\$ 5.00	2%	58.8%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	new	8,200	\$ 21.30	08/22/24	07/27/29		60	\$ 5.00	2%	58.8%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	Renewal	8,200	\$ 23.43	07/28/29	07/02/34		60	\$ 5.00	2%	58.8%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	new	8,200	\$ 25.77	07/03/34	06/07/39		60	\$ 5.00	2%	58.8%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL		13,952									\$ 286,126	\$ 285,028	\$ 326,337	\$ 325,454	\$ 368,743	\$ 371,167	\$ 389,392	\$ 405,490	\$ 411,851	\$ 408,900	\$ 410,845		
Average Annual Occupancy:											100.0%	94.9%	99.4%	92.1%	100.0%	92.8%	100.0%	100.0%	100.0%	100.0%	88.5%	100.0%	

PROFORMA SUMMARY

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross Income	\$ 286,126	\$ 285,028	\$ 326,337	\$ 325,454	\$ 368,743	\$ 371,167	\$ 389,392	\$ 405,490	\$ 411,851	\$ 408,900	\$ 449,481
Operating Expenses	\$ 64,802	\$ 97,454	\$ 111,081	\$ 116,018	\$ 121,183	\$ 126,586	\$ 132,237	\$ 138,150	\$ 144,335	\$ 150,807	\$ 150,807
Credit & Collection (3%)*	\$ 8,584	\$ 8,551	\$ 9,790	\$ 9,764	\$ 11,062	\$ 11,135	\$ 11,682	\$ 12,165	\$ 12,356	\$ 12,267	\$ 44,948
NOI	\$ 212,741	\$ 179,023	\$ 205,466	\$ 199,672	\$ 236,498	\$ 233,446	\$ 245,473	\$ 255,176	\$ 255,160	\$ 245,826	\$ 253,726
Interest Payments	\$ 82,339	\$ 79,506	\$ 76,545	\$ 73,452	\$ 70,219	\$ 93,625	\$ 91,080	\$ 88,382	\$ 85,522	\$ 82,491	\$ 79,277
Principal Paydown	\$ 62,957	\$ 65,790	\$ 68,751	\$ 71,844	\$ 75,077	\$ 42,419	\$ 44,964	\$ 47,662	\$ 50,522	\$ 53,553	\$ 56,766
Refinance Costs						\$ 15,604					
TI+ Leasing Commissions	\$ -	\$ -	\$ -	\$ -	\$ 20,108	\$ -	\$ -	\$ -	\$ 9,280	\$ 58,220	\$ 14,732
Capital Improvements	\$ 8,000	\$ -	\$ 8,000	\$ 8,000	\$ 8,000	\$ 46,000	\$ 46,000	\$ 8,000	\$ 8,000	\$ -	\$ -
Cash before tax	\$ 59,445	\$ 33,727	\$ 52,170	\$ 46,376	\$ 63,094	\$ 35,798	\$ 47,825	\$ 111,132	\$ 101,837	\$ 51,562	\$ 102,950
Total Return Excl. Tax	\$ 122,402	\$ 99,517	\$ 120,921	\$ 118,220	\$ 138,171	\$ 78,217	\$ 92,790	\$ 158,794	\$ 152,359	\$ 105,115	\$ 159,716

*Vacancy is taken into consideration in the time on market of new leases

FINANCING ASSUMPTIONS	
Start of Analysis	1/1/2015
Purchase Price	\$ 2,700,000
LTV	70%
Capital Expenses Year 1	\$ -
Down Payment	\$ 810,000
Year 1 Cash Required	\$ 810,000
Original Principal	\$ 1,890,000
Loan Ammortization (Years)	20
Annual Interest Rate	4.50%
Payments per Year	1
Payment (est. using 1pmt per yr)	\$145,296
DCR	1.46
Refinance Assumptions 2020	
Loan Balance Year 5	\$ 1,560,412
Refinance Costs (1%)	\$ 15,604
Loan Ammortization (Years)	20
Annual Interest Rate	6.0%
Payments Per Year	1
Payment (est. using 1pmt per yr)	\$136,044

PERFORMANCE RATIOS	
Cash on Cash Year 1 (2015)	7.3%
Average Cash on Cash (10Yr)	7.9%
Leveraged 5 Year IRR	13.4%
Leveraged 10 Yr IRR	12.6%

	5 Yr (2020)	10 Yr (2025)
Hold Period (Years)	8.5%	8.5%
CAP Rate	\$ 2,782,325	\$ 2,892,072
Value at end of Hold	\$ 1,560,412	\$ 1,374,845
Loan Balance at End of Hold	\$ 111,293	\$ 115,683
Costs of Sale (4%)	\$ 1,110,620	\$ 1,401,544
Sale Proceeds		

PROFORMA SUMMARY

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gross Income	\$ 286,126	\$ 285,028	\$ 326,337	\$ 325,454	\$ 368,743	\$ 371,167	\$ 389,392	\$ 405,490	\$ 411,851	\$ 408,900	\$ 449,481
Operating Expenses	\$ 64,802	\$ 97,454	\$ 111,081	\$ 116,018	\$ 121,183	\$ 126,586	\$ 132,237	\$ 138,150	\$ 144,335	\$ 150,807	\$ 150,807
Credit & Collection (3%)*	\$ 8,584	\$ 8,551	\$ 9,790	\$ 9,764	\$ 11,062	\$ 11,135	\$ 11,682	\$ 12,165	\$ 12,356	\$ 12,267	\$ 44,948
NOI	\$ 212,741	\$ 179,023	\$ 205,466	\$ 199,672	\$ 236,498	\$ 233,446	\$ 245,473	\$ 255,176	\$ 255,160	\$ 245,826	\$ 253,726
Interest Payments	\$ 82,339	\$ 79,506	\$ 76,545	\$ 73,452	\$ 70,219	\$ 93,625	\$ 91,080	\$ 88,382	\$ 85,522	\$ 82,491	\$ 79,277
Principal Paydown	\$ 62,957	\$ 65,790	\$ 68,751	\$ 71,844	\$ 75,077	\$ 42,419	\$ 44,964	\$ 47,662	\$ 50,522	\$ 53,553	\$ 56,766
Refinance Costs					\$ 15,604						
TI+ Leasing Commissions	\$ -	\$ -	\$ -	\$ -	\$ 20,108	\$ -	\$ -	\$ -	\$ 9,280	\$ 58,220	\$ 14,732
Capital Improvements	\$ 8,000	\$ -	\$ 8,000	\$ 8,000	\$ 8,000	\$ 46,000	\$ 46,000	\$ 8,000	\$ 8,000	\$ -	\$ -
Cash before tax	\$ 59,445	\$ 33,727	\$ 52,170	\$ 46,376	\$ 63,094	\$ 35,798	\$ 47,825	\$ 111,132	\$ 101,837	\$ 51,562	\$ 102,950
Total Return Excl. Tax	\$ 122,402	\$ 99,517	\$ 120,921	\$ 118,220	\$ 138,171	\$ 78,217	\$ 92,790	\$ 158,794	\$ 152,359	\$ 105,115	\$ 159,716

*Vacancy is taken into consideration in the time on market of new leases

FINANCING ASSUMPTIONS	
Start of Analysis	1/1/2015
Purchase Price	\$ 2,700,000
LTV	70%
Capital Expenses Year 1	\$ -
Down Payment	\$ 810,000
Year 1 Cash Required	\$ 810,000
Original Principal	\$ 1,890,000
Loan Ammortization (Years)	20
Annual Interest Rate	4.50%
Payments per Year	1
Payment (est. using 1pmt per yr)	\$145,296
DCR	1.46
Refinance Assumptions 2020	
Loan Balance Year 5	\$ 1,560,412
Refinance Costs (1%)	\$ 15,604
Loan Ammortization (Years)	20
Annual Interest Rate	6.0%
Payments Per Year	1
Payment (est. using 1pmt per yr)	\$136,044

PERFORMANCE RATIOS	
Cash on Cash Year 1 (2015)	7.3%
Average Cash on Cash (10yr)	7.9%
Leveraged 5 Year IRR	13.4%
Leveraged 10 Yr IRR	12.6%

	5 Yr (2020)	10 Yr (2025)
Hold Period (Years)	8.5%	8.5%
CAP Rate	\$ 2,782,325	\$ 2,892,072
Value at end of Hold	\$ 1,560,412	\$ 1,374,845
Loan Balance at End of Hold	\$ 111,293	\$ 115,683
Costs of Sale (4%)	\$ 1,110,620	\$ 1,401,544
Sale Proceeds		

LEASE ABSTRACT FORM
FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons
24-Apr-15

Tenant	Motor Sports Classics DFW
Suite	#134
Square Ft	3200
Lease Start	12/1/2013
Lease End	1/31/2021
Notification period for exercising Option	At least 30 days prior to expiration of the original term, and for Option 2, at least 180 days prior to the expiration of the then existing term. Tenant is granted the option to extend the term of this lease for <u>1</u> consecutive extended term of <u>5</u> years. Rent shall not be more than 10% greater than the previous year's rent.
Renewal Options	
Cancellation Options	None
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	No Cap
Due date for Rental Payment	On or before the 1st day of each calendar month during the Lease term.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$5,600.00
Pre-Paid Rent amount	\$10,500.00
Current Rate PSF	\$13.00/PSF + NNN
Base Rent per year	\$41,600.00
Mo. Rent + NNN	\$4,666.67
Yr. Rent + NNN	\$56,000.00
Rental Increases	\$1.00/mo PSF + NNN for Months 29-40; \$1.50/mo PSF + NNN for Months 41-63; and \$1.00/mo PSF + NNN for Months 64-86.
Co-Tenancy Clause	Tenant's primary use is the ratalil sale of Motorcycle accessories. Landlord agrees not to lease space in the shopping center to a business with a similar use.
CAM Charges	A minimum of \$4.50 PSF, payable in advance.
Caps on CAM increases?	Increase capped at 5% annually.
CAM reimbursements	Repair and Replacement of roof included.
NNN Details	Includes Management fee, LL overhead, Amoritize Capital Improvements.
NNN Comments	
Other Provisions	
NOTES:	Tenant must report sales monthly on the 10th of the month. Tenant must report CPA certified sales report before the 60th day following the end of the calendar year. Tenant must hire an inspector to inspect and service the HVAC and kitchen equipumnt once per year. Tenant must have the Restaurant Exhaust System inspected and serviced quarterly and must provide Landlord with RES Report quarterly. Tenant cannot be a nuisance to other Tenants. (odor, sounds, etc.) Landlord may relocate Tenant within the Center without Tenant consent. If Tenant rejects new space, the Landlord can terminate the Lease. Tenant has right to monument sign at Landlord's expense.
Name of Signor and guarantor	
TAX ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, Addressed to

LEASE ABSTRACT FORM

FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons

24-Apr-15

Tenant	Renegade Classics DFW
Suite	Johnny's Grill
Square Ft	#100
Lease Start	4585
Lease End	2/1/2010
Notification period for exercising Option	4/30/2016
Renewal Options	180 days prior to expiration of original or then existing term. Tenant is granted the option to extend the term of this lease for <u>2</u> consecutive extended terms of <u>5</u> years. *All restaurant equipment becomes property of Tenant upon exercise of 1st renewal option.
Cancellation Options	None
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	NO CAP
Due Date for Rental Payment	On or before the 7th day of each calendar month.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$5,540.21
Pre-Paid Rent Amount	\$4,011.88
Current Rate PSF	\$11.50/PSF + NNN
Base Rent per year	\$52,727.50 + NNN
Mo. Rent + NNN	\$6,113.24
Yr. Rent + NNN	\$73,358.82
Rental Increases	\$4680.52 + NNN on 5/1/15
Co-Tenancy Clause	Landlord shall not lease space in Shopping Center to another Tenant who has over 25% of gross revenue from sales of Mediterranean and/or Iranian food.
CAM Charges	
Caps on CAM increases?	
CAM reimbursements?	Repair & Replacement of roof included.
NNN Details	A minimum of \$4.50 PSF per year, payable monthly, in advance.
NNN Comments	Includes Management fee, LL overhead, Amortize Capital Improvements.
Other Provisions	
Notes:	Landlord can require Tenant to be member of and pay dues towards a Merchant's Association made up of the Tenants in the center for the purposes of promoting the center or advertising the businesses there. Tenant must hire and inspector to inspect and service the HVAC and kitchen equipment once per year. Tenant must have the Restaurant Exhaust System inspected and serviced quarterly and must provide Landlord with RES report quarterly. Tenant cannot be a nuisance to other Tenants (odor, sounds, etc) Landlord may relocate Tenant within the center without Tenant consent. If Tenant rejects new space, the Landlord can terminate the Lease. Tenant agrees to pay \$100 to purchase alcohol in lease space, leftover from prior tenant. \$100 to be paid after Rent commencement per lease. Tenant Agrees to pay Landlord \$2000.00 on June 1, 2011 to compensate for the shift in Lease commencement date.
Addendum 1	
Addendum 2	
Name of Signor and guarantor	
TAX ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, addressed to ;

LEASE ABSTRACT FORM
FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons
24-Apr-15

Tenant	Sarah's Smoke Shoppe
Suite	#106
Square Ft	1766
Lease Start	7/1/2015
Lease End	6/30/2019
Notification period for exercising Option	180 days prior to expiration of original or then existing term. Tenant is granted the option to extend the term of this lease for <u>1</u> consecutive extended term of <u>5</u> years at <u>market</u> .
Renewal Options	None
Cancellation Options	None
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	Yes - No Cap
Due date for Rental Payment	On or before the 1st day of each calendar month during the Lease term.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$2,685.80
Pre-Paid Rent amount	\$2,244.30
Current Rate PSF	\$10.00/PSF + NNN
Base Rent per year	\$17,600.00 + NNN
Mo. Rent + NNN	\$2,244.30
Yr. Rent + NNN	\$26,931.54
Rental Increases	\$1.00/yr PSF + NNN for each year of lease
Co-Tenancy Clause	None
CAM Charges	A minimum of \$5.25 PSF, payable in advance.
Caps on CAM increases?	
NNN Details	Includes Management fee, LL overhead, Amortize Capital Improvements.
NNN Comments	
Other Provisions	
NOTES:	Landlord can require Tenant to be member of and pay dues towards a Merchant's Association made up of the Tenants in the center for the purposes of promoting the center or advertising the businesses there. Tenant must hire and inspector to inspect and service the HVAC and kitchen equipment once per year. Tenant must have the Restaurant Exhaust System inspected and serviced quarterly and must provide Landlord with RES report quarterly. Tenant cannot be a nuisance to other Tenants (odor, sounds, etc) Landlord may relocate Tenant within the center without Tenant consent. If Tenant rejects new space, the Landlord can terminate the Lease. No Smoking allowed on sidewalk in front of store.
Name of Signor and guarantor	
TAX ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, addressed to ;

LEASE ABSTRACT FORM

FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons

24-Apr-15

Tenant	Physical Therapy Solutions
Suite	#108
Square Ft	2000
Lease Start	6/15/2013
Lease End	10/31/2018
Notification period for exercising Option	180 days prior to expiration of original or then existing term. Tenant is granted the option to extend the term of this lease for <u>1</u> consecutive extended term of <u>5</u> years at <u>market</u> .
Renewal Options	
Cancellation Options	None
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	Yes
Due date for Rental Payment	On or before the 1st day of each calendar month during the Lease term.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$2,722.58
Pre-Paid Rent amount	\$2,281.08
Current Rate PSF	\$11.00/PSF + NNN
Base Rent per year	\$22,000.00 + NNN
Mo. Rent + NNN	\$2,583.33
Yr. Rent + NNN	\$30,999.96
Rental Increases	\$1.00/mo PSF+ NNN for each year of lease
Co-Tenancy Clause	None
CAM Charges	A minimum of \$4.50 PSF, payable in advance.
Caps on CAM increases?	None
NNN Details	Includes Management fee, LL overhead, Amortize Capital Improvements.
NNN Comments	
Other Provisions	
NOTES:	Landlord can require Tenant to be member of and pay dues towards a Merchant's Association made up of the Tenants in the center for the purposes of promoting the center or advertising the businesses there. Tenant must hire and inspector to inspect and service the HVAC and kitchen equipment once per year. Tenant must have the Restaurant Exhaust System inspected and serviced quarterly and must provide Landlord with RES report quarterly. Tenant cannot be a nuisance to other Tenants (odor, sounds, etc) Landlord may relocate Tenant within the center without Tenant consent. If Tenant rejects new space, the Landlord can terminate the Lease. Tenant MUST report sales monthly on the 10th of the month Tenant MUST report CPA certified sales report before the 60th day following the end of the calendar year.
Amendment 1	Minimum guaranteed rental was amended.
Amendment 2	Effective 6/1/2014 Tenant shall vacate Suite #106 and relocate to Suite #108.
Name of Signor and guarantor	
TAX ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, addressed to

LEASE ABSTRACT FORM
FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons
24-Apr-15

Tenant	Catering Solutions
Suite	#110
Square Ft	2000
Lease Start	9/1/2012
Lease End	Aug-17
Notification period for exercising Option	180 days prior to expiration of original or then existing term. Tenant is granted the option to extend the term of this lease for <u>1</u> consecutive extended term of <u>5</u> years at <u>market</u> .
Renewal Options	
Cancellation Options	None
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	
Due date for Rental Payment	On or before the 1st day of each calendar month during the Lease term.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$3,250.00
Pre-Paid Rent amount	\$2,750.00
Current Rate PSF	\$13.50/PSF + NNN
Base Rent per year	\$27,000.00 + NNN
Mo. Rent + NNN	\$3,000.00
Yr. Rent + NNN	\$36,000
Rental Increases	\$.75/mo PSF+ NNN for each year of the lease
Co-Tenancy Clause	
CAM Charges	A minimum of \$4.50 PSF, payable in advance.
Caps on CAM increases?	
NNN Details	Includes Management fee, LL overhead, Amortize Capital Improvements.
NNN Comments	
Other Provisions	
NOTES:	<p>Landlord can require Tenant to be member of and pay dues towards a Merchant's Association made up of the Tenants in the center for the purposes of promoting the center or advertising the businesses there.</p> <p>Tenant must report sales monthly or must pay an additional \$200 a month.</p> <p>Tenant must hire and inspector to inspect and service the HVAC and kitchen equipment once per year.</p> <p>Tenant must have the Restaurant Exhaust System inspected and serviced quarterly and must provide Landlord with RES report quarterly.</p> <p>Tenant cannot be a nuisance to other Tenants (odor, sounds, etc)</p> <p>Landlord may relocate Tenant within the center without Tenant consent. If Tenant rejects new space, the Landlord can terminate the Lease.</p> <p>Tenant MUST report sales monthly on the 10th of the month</p> <p>Tenant MUST report CPA certified sales report before the 60th day following the end of the calendar year.</p>
Name of Signor and guarantor	
TAX ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, addressed to

LEASE ABSTRACT FORM

FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons

24-Apr-15

Tenant	Geico Insurance
Suite	#112
Square Ft	1000
Lease Start	11/15/2011
Lease End	1/14/2017
Notification period for exercising Option	180 days prior to expiration of original or then existing term. Tenant is granted the option to extend the term of this lease for <u>1</u> consecutive extended term of <u>5</u> years at <u>market</u> .
Renewal Options	
Cancellation Options	None
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	Yes
Due date for Rental Payment	On or before the 1st day of each calendar month during the Lease term.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$1,375.00
Pre-Paid Rent amount	\$875.00
Current Rate PSF	\$13.50/PSF + NNN
Base Rent per year	\$13,500.00 + NNN
Mo. Rent + NNN	\$1,500.00
Yr. Rent + NNN	\$18,000.00
Rental Increases	\$.50/mo PSF+ NNN for months 51-62
Co-Tenancy Clause	Landlord agrees that, during the original term of this Lease, and any renewals by Tenant, Landlord will not execute any other Lease or operating agreement within the building with a new tenant or occupant whose primary use within its leased space in the building offers financial services.
CAM Charges	A minimum of \$4.50 PSF, payable in advance.
Caps on CAM increases?	None
NNN Details	Includes Management fee, LL overhead, Amortize Capital Improvements.
NNN Comments	
Other Provisions	
NOTES:	Landlord can require Tenant to be member of and pay dues towards a Merchant's Association made up of the Tenants in the center for the purposes of promoting the center or advertising the businesses there. Tenant must hire and inspector to inspect and service the HVAC and kitchen equipment once per year. Tenant must have the Restaurant Exhaust System inspected and serviced quarterly and must provide Landlord with RES report quarterly. Tenant cannot be a nuisance to other Tenants (odor, sounds, etc) Landlord may relocate Tenant within the center without Tenant consent. If Tenant rejects new space, the Landlord can terminate the Lease. Tenant MUST report sales monthly on the 10th of the month Tenant MUST report CPA certified sales report before the 60th day following the end of the calendar year.
Name of Signor and guarantor	
TAX ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, addressed to

LEASE ABSTRACT FORM
FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons
24-Apr-15

Tenant Suite	Musical Tutoring #111
Square Ft	2480
Lease Start	2/1/2014
Lease End	5/31/2019
Notification period for exercising Option	At least 90 days prior to the expiration of the original term or the expiration of the then existing term.
Renewal Options	Tenant is granted the option to extend the term of this lease for <u>1</u> consecutive extended term of <u>5</u> years. Rent to increase \$.50/mo PSF each year for years 6-10.
Cancellation Options	None
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	Yes
Due date for Rental Payment	On or before the 1st day of each calendar month during the Lease term.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$4,030.00
Pre-Paid Rent amount	\$2,196.67
Current Rate PSF	\$13.00/PSF + NNN
Base Rent per year	\$28,000.00
Mo. Rent + NNN	\$2,916.67
Yr. Rent + NNN	\$35,000
Rental Increases	Starting 6/1/16 rent will be based off of 2480sqft (currently based off of 2000 sqft) and will increase \$1.00/mo PSF+ NNN on 6/1/15 - 5/31/19
Co-Tenancy Clause	None
CAM Charges	A minimum of \$4.50 PSF, payable in advance.
Caps on CAM increases?	None
NNN Details	Includes Management fee, LL overhead, Amortize Capital Improvements.
NNN Comments	
Other Provisions	Rent based on 2000 sqft months 1-28, will increase to be based on 2480 sqft months 29-64
NOTES:	<p>Landlord can require Tenant to be member of and pay dues towards a Merchant's Association made up of the Tenants in the center for the purposes of promoting the center or advertising the businesses there.</p> <p>Tenant must hire and inspector to inspect and service the HVAC and kitchen equipment once per year.</p> <p>Tenant must have the Restaurant Exhaust System inspected and serviced quarterly and must provide Landlord with RES report quarterly.</p> <p>Tenant cannot be a nuisance to other Tenants (odor, sounds, etc)</p> <p>Landlord may relocate Tenant within the center without Tenant consent. If Tenant rejects new space, the Landlord can terminate the Lease.</p> <p>Tenant MUST report sales monthly on the 10th of the month</p> <p>Tenant MUST report CPA certified sales report before the 60th day following the end of the calendar year.</p>
Name of Signor and guarantor	
Tax ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, addressed to

LEASE ABSTRACT FORM
FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons
24-Apr-15

Tenant	Emergency Clinics of South Texas
Suite	#114
Square Ft	6000
Lease Start	4/1/2007
Lease End	3/31/2017
Notification period for exercising Option	180 days prior to expiration of original or then existing term. Tenant is granted the option to extend the term of this lease for <u>2</u> consecutive extended terms of <u>5</u> years at <u>market</u> .
Renewal Options	
Cancellation Options	None
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	CAM includes management fee capped at 5%.
Due date for Rental Payment	On or before the 1st day of each calendar month during the Lease term.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$0.00
Pre-Paid Rent amount	\$11,125.00
Current Rate PSF	\$17.00/PSF
Base Rent per year	\$102,000.00
Mo. Rent + NNN	\$9,575.00
Yr. Rent + NNN	\$114,900.00
Rental Increases	\$.50/mo PSF 4/1/16-3/31/17
Co-Tenancy Clause	None
CAM Charges	\$1,075.00/mo, subject to adjustment as set forth in the lease.
Caps on CAM increases?	3% Cap on charges from prior year
CAM reimbursements?	Repair and Replacement of roof included
NNN Details	Includes Management fee, LL overhead, Amortize Capital Improvements.
NNN Comments	
Other Provisions	
NOTES:	<p>Tenant has right to use top portion of monument sign at Landlord's expense. FFE is property of Tenant (Landlord cannot attach lien to it like the other leases in the center). Tenant is able to encumber the FFE without Landlord consent. HIPAA prevents Landlord access to certain areas of Suite except in emergencies (unlike other leases in Center).</p> <p>Tenant will provide financial statement upon Landlord request once per year. Landlord can require Tenant to be a member of and pay dues towards a Merchant's Association made up of the Tenants in the Center for the purposes of promoting the Center or advertising the businesses there.</p> <p>Tenant and Landlord share cost to replace HVAC (over \$2,000) based on 120 month depreciation schedule vs. months remaining on Lease.</p> <p>Tenant must hire an HVAC service company to service HVAC quarterly.</p> <p>Tenant cannot be a nuisance to other Tenants (odor, sounds, etc.)</p> <p>A disagreement had arisen between the Tenant and the Landlord, regarding the amount of Tenant construction reimbursement to be paid by Landlord. Landlord is to pay \$175,750.00 to Tenant as the agreed amount of construction expense to which Tenant is entitled to, plus other misc. fees listed in 1st Ammdement.</p> <p>The lease term was extended on 4/1/12 - 3/31/17.</p>
Amendment 1	
Amendment 2	
Name of Signor and guarantor	
Tax ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, addressed to

LEASE ABSTRACT FORM
FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons
24-Apr-15

Tenant Suite	Sports and Wings #120-122
Square Ft	4300
Lease Start	6/15/2014
Lease End	9/30/2019
Notification period for exercising Option	At least 120 days before the expiration of the original term. Tenant is granted the option to extend the term of this lease for <u>1</u> consecutive extended term of <u>5</u> years at <u>market</u> .
Renewal Options	
Cancellation Options	
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	
Due date for Rental Payment	On or before the 1st day of each calendar month during the Lease term.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$7,345.83
Pre-Paid Rent amount	\$5,912.50
Current Rate PSF	\$12.00/PSF + NNN
Base Rent per year	\$51,600.00
Mo. Rent + NNN	\$6,772.50
Yr. Rent + NNN	\$81,270
Rental Increases	\$1.00/mo PSF + NNN to increase during the months 16-27, 28-39, 40-51, and 52-63.
Co-Tenancy Clause	Tenant's primary marketing identity is the sale of specialty daiquiri drinks and Cajun type food. Landlord agrees not to lease space in the shopping center to a business with a similar focus.
CAM Charges	A minimum of \$4.50 PSF, payable in advance.
Caps on CAM increases?	Increase capped at 5% annually.
CAM Reimbursements	Repair and Replacement of roof included.
NNN Details	Includes Management fee, LL overhead, Amortize Capital Improvements.
NOTES:	Tenant must hire an inspector to inspect and service the HVAC and kitchen equipment once per year. Tenant must have the Restaurant Exhaust system inspected and serviced quarterly and must provide Landlord with RES report quarterly. Tenant cannot be a nuisance to other Tenants (odor, sounds, etc.) Landlord may relocate Tenant within the Center without Tenant consent. If Tenant rejects new space, the Landlord can terminate the lease. Tenant has right to monument sign at Landlord's expense.
Name of Signor and guarantor	
Tax ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, addressed to

LEASE ABSTRACT FORM

FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons

24-Apr-15

Tenant Suite	Poker Shots #130
Square Ft	3222
Lease Start	12/1/2013
Lease End	11/30/2018
Notification period for exercising Option	At least 20 days prior to expiration of the original term, and for Option 2, at least 180 days prior to the expiration of the then existing term. Tenant is granted the option to extend the term of this lease for <u>1</u> consecutive extended term of <u>5</u> years. Rent shall not be more than 10% greater than the previous year's rent.
Renewal Options	
Cancellation Options	None
Assignment Clause	Not without consent
Management Fee charged to Tenant? (Caps?)	No Cap
Due date for Rental Payment	On or before the 1st day of each calendar month during the Lease term.
Delinquency Date	10 days after it's due date
Percentage Rent	None
Deposit Amount	\$2,416.67
Pre-Paid Rent amount	\$0.00
Current Rate PSF	\$9.00/PSF + NNN
Base Rent per year	\$28,998.00
Mo. Rent + NNN	\$3,624.75
Yr. rent + NNN	\$43,497
Rental Increases	\$1.00/mo PSF+ NNN for each year of the lease
Co-Tenancy Clause/ Exclusive	Landlord cannot lease to anything else "Poker" related
CAM Charges	A minimum of \$4.50 PSF, payable in advance.
Caps on CAM increases?	Increase capped at 5% annually.
Cam reimbursements	Repair and Replacement of roof included.
NNN Details	Includes Management fee, LL overhead, Amortize Capital Improvements.
NNN Comments	
Other Provisions	
NOTES:	Tenant must report sales monthly on the 10th of the month. Tenant must report CPA certified sales report before the 60th day following the end of the calendar year. Tenant must hire an inspector to inspect and service the HVAC and kitchen equipment once per year. Tenant must report sales monthly or pay \$200 extra a month. Tenant must have the Restaurant Exhaust System inspected and serviced quarterly and must provide Landlord with RES report quarterly. Tenant cannot be a nuisance to other Tenants (odor, sounds, etc.) Landlord may relocate Tenant within the Center without Tenant consent. If Tenant rejects new space, the Landlord can terminate the Lease. Tenant has right to monument sign at Landlord's expense.
Amendment 1	All references in the lease to the Demised Premises are hereby mended to reflect Suite 130, not Suite 128 as stated in the original lease
Name of Signor and guarantor	
Tax ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, Addressed to

LEASE ABSTRACT FORM
FORESITE REAL ESTATE INC

Prepared by: Stacey Lyons

24-Apr-15

Tenant	Bikes International
Suite	#132
Square Ft	1133
Lease Start	10/1/2014
Lease End	9/30/2017
Notification period for exercising Option	
Renewal Options	none
Cancellation Options	3 Years at market rate
Assignment Clause	none
Management Fee charged to Tenant? (Caps?)	None
Due date for Rental Payment	First of Month
Delinquency Date	Not Specified
Percentage Rent	None
Deposit Amount	\$1,038.58
Pre-Paid Rent amount	\$512.29
Current Rate PSF	\$5.50
Base Rent per year	519.29
Mo. Rent + NNN	\$519.29
Yr. rent + NNN	\$6,231.48
Rental Increases	\$802.54/mo during 10/1/15-9/30/16; and \$1038.58/mo during 10/1/16-9/30/17
Co-Tenancy Clause	None
CAM Charges	None
Caps on CAM increases?	NA
NNN Details	Includes Management fee, LL overhead, Amortize Capital Improvements.
Name of Signor and guarantor	
TAX ID	
Notification process	Wherever any notice is required or permitted hereunder, such notice shall be in writing, Addressed to
QUESTIONS:	Rent Roll has listed as Ste 132, but says "Unfinished portion of Ste 130" in lease agreement. listed as Tenant for Ste 130.

SUMMARY OF FINDINGS

Foresite finds that the property is well located and well suited to meet the demands of its existing and future office, medical and retail tenants. The demographics surrounding the property will likely aid in maintaining the value and appeal of the property.

Competing properties are quoting lower rates and feature higher vacancy but this is due in part to the lack of parking available at those properties.

Currently, more than half of the center is occupied by one tenant with only three years left on the lease. It is recommended that during the due diligence period the owner or owner's representative conduct thorough tenant interviews to determine any information that may aid in determining whether or not the tenants plan to remain at the center.

Should the medical tenant not renew their lease the owner is exposed to a great deal of risk in negative cash flow during the vacancy period. This lease renewal comes due very close to when the property will likely need to be refinanced and thus extra caution should be exercised. It is recommended the buyer discuss this with the bank to time the refinance appropriately.

Operating expenses are within market but did not include any costs for maintaining the property. A small budget was included for this purpose. Capital expenditures could not be accurately estimated without a complete property condition assessment but approximately \$4,000 annually was allocated to these anticipated costs.

While the tenants are reported to be on NNN leases it is important to note that the age and condition of the HVAC units. It is likely the tenants may seek partial participation from the owner in updating these units over the years.

The dry cleaners are reported to be a plant. For that reason, Foresite strongly recommends ordering a Phase 2 environmental report. A clean phase 2 was located for 2003 but due to the ongoing operations, a new one should be ordered.

If the property is purchased at the contracted price of \$2,600,000 and the tenants remain stable and in place as they have historically it is possible for the property owner to be provided a return of around 8 to 9% annually (Cash on cash). Should the scenario 2 assumptions play out the owner will possibly experience years of negative cash flow and other years providing average returns between 4 - 7.5% (cash on cash).

FORESITE REAL ESTATE, INC.

150 N. Loop 1604 E. Ste. 202
San Antonio, Texas 78232
(210) 816-2734
www.foresitecre.com

ABOUT FORESITE

Our History.

Foresite Commercial Real Estate was founded in 2014 in response to a need for an innovative approach to leasing, management and consulting services in South Texas. In an industry plagued by unwritten industry standards that rarely benefit the client, Foresite aims to approach the business with an emphasis on maximizing value, not fees.

The Principal.

Bethany Babcock, MBA

Bethany has held a variety of positions from leasing and management to investment sales while working in the commercial real estate industry over the past ten years.

In 2013, Bethany was named a CoStar Power Broker and one of the top 10 investment sales brokers in San Antonio while working at Marcus & Millichap. Prior to her work at Marcus & Millichap, Bethany was a property manager and assisted in the management of a large privately held portfolio of office and retail properties. Under her care, the properties achieved their highest levels of occupancy and profitability in the history of the company.

Bethany graduated with honors from the University of Texas at San Antonio with a Bachelors of Business Administration, double majoring in International Business and Finance. She went on to earn her MBA with a concentration in Finance from Texas A&M University - San Antonio. She is a member of the International Council of Shopping Centers and is a board member for Teen Challenge of Texas. Bethany guest lectures for the Real Estate Finance Department at the University of Texas - San Antonio and speaks fluent Spanish.



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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 license 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 question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12108, Austin, Texas 78711-2108, 512-938-3000 (<http://www.trec.texas.gov>)