



QUARTERLY MANAGEMENT REPORT

The Shoppes at San Antonio

9723 San Antonio Avenue | San Antonio, Texas 78209



This report is a preliminary overview of internal financial data and has not been reviewed or certified by a certified public accountant.

Data is subject to change and is for internal discussion purposes only for General and Limited Partners.

NOT FOR DISTRIBUTION

For the Period Ending June 30, 2016



- A. Property Overview
- B. Property Condition Report
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 - ii. Inspection Report
- C. Submarket Report
- D. Financial Report
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OCCUPANCY OVERVIEW

- Occupancy remains stable with no new vacancies or new tenants to report.
- Most tenants are current on the rent with the exception of Nutrition FX and Diversity Daycare. The church paid both June and July rent in July.
- The liquor store is the next tenant approaching renewal. No major TI dollars or significant leasing commissions are anticipated to be spent if the tenant is renewed.

OPERATIONS OVERVIEW

- New landscaping services are being arranged for the property
- The roof was inspected by our insurance adjuster and found to be in good condition in spite of the recent storms
- Our property manager has satisfied and addressed all concerns the insurance company has brought to our attention to minimize liability

UPCOMING EVENTS

- Should Nutrition FX and/or Diversity Daycare not remedy their financial standing with the landlord it is recommended that lockout procedures commence.
- The brokerage team is actively marketing the spaces in the event they become vacant.



SUMMARY

- The property has positive cashflow
- Tenants that are required to pay NNN are doing so. The current delinquencies are not impeding the property from meeting debt service
- Overall appearance of the property needs updating to improve rents. Property management is working with the new ownership in making arrangements for capital improvements
- One major plumbing repair occurred in July
- Capital improvements for the property are anticipated to occur later this year

PROPERTY INSPECTION FORM		
MONTHLY		Date: 06/30/2016
Property: VILLAGE OAKS		By: C. LANE
Structure (Building)	Description	Notes/Comments
General Exterior	Paint, Rust, Damage, Lighting (Fixtures), Sealant, Signage	FAIR CONDITION
Foundation	Stability, Cracks, Leaks, Deterioration	GOOD CONDITION
Concrete & Asphalt	Sidewalk, Walkways (Ramps, Railings, Striping), Fall Hazards	FAIR CONDITION, WALKWAYS REQUIRE ATTENTION IN NEAR FUTURE - SEVERAL CRACKS IN CONCRETE (COSMETIC)
Roof/Gutters/Downspouts	Roof Tiles, Vents, Louvers, Flashing - Leaks, Rust, Damage, Drainage	NO ISSUES
Site Exterior	Description	Notes/Comments
Parking Area	Pavement Condition, Signage, Speed Humps, Stops, Striping, Curbs, Spaces (compliance), Debris	RESURFACING/STRIPING RECOMMENDED WITHIN NEXT 12 MO
Lighting	Parking, Walkways, Signage, Canopy - Damage, Fixtures, Bulbs	LIGHTING IN GOOD CONDITION/WORKING ORDER
Grounds & Landscaping	Drainage, Irrigation, Debris, Weeds, Turf, Design, Ornamental Features, Trees and Shrubbery, Pests, Outside Spigots, Grading	DEBRIS, TRASH, WEEDS, TRIMMING, BEDS IN NEED OF ATTENTION. MOWING IS ADEQUATE. CONTRACTING NEW GROUNDS MAINTENANCE VENDOR BEGINNING JULY 15, 2016
Signage	Pylon, Monument, Tenant - Lighting/Damage/Accuracy	TENANT SIGNS IN GOOD CONDITION, PYLON MAINTENANCE REQUIRED (RUST REMOVAL, PAINTING, LIGHTING, SIGNAGE)
Fencing & Gates	Damage, Rust, Paint, Sealant, Hardware	N/A
Septic (if applicable)	Drain Field, Pump	UNDERGROUND LINE REPAIRED BY E.L. SMITH PLUMBING
Interior	Description	Notes/Comments
Occupied	Compliance	N/A
Vacant	Pests, Leaks, Damage, Electrical, HVAC	N/A
Unit	Additional Notes	Recommendations
REAR OF CENTER	RECURRING UNDERGROUND LEAK BY DUMPSTERS	COORDINATING WITH WASTE SERVICE TO RE-LOCATE CONTAINERS - LEAK IS CAUSED BY GARBAGE TRUCK TRAFFIC

SUMMARY OF REPAIRS AND IMPROVEMENTS



Broken Water Line

A water line running underground in the rear of the property broke and was repaired by EL Smith Plumbing in July.



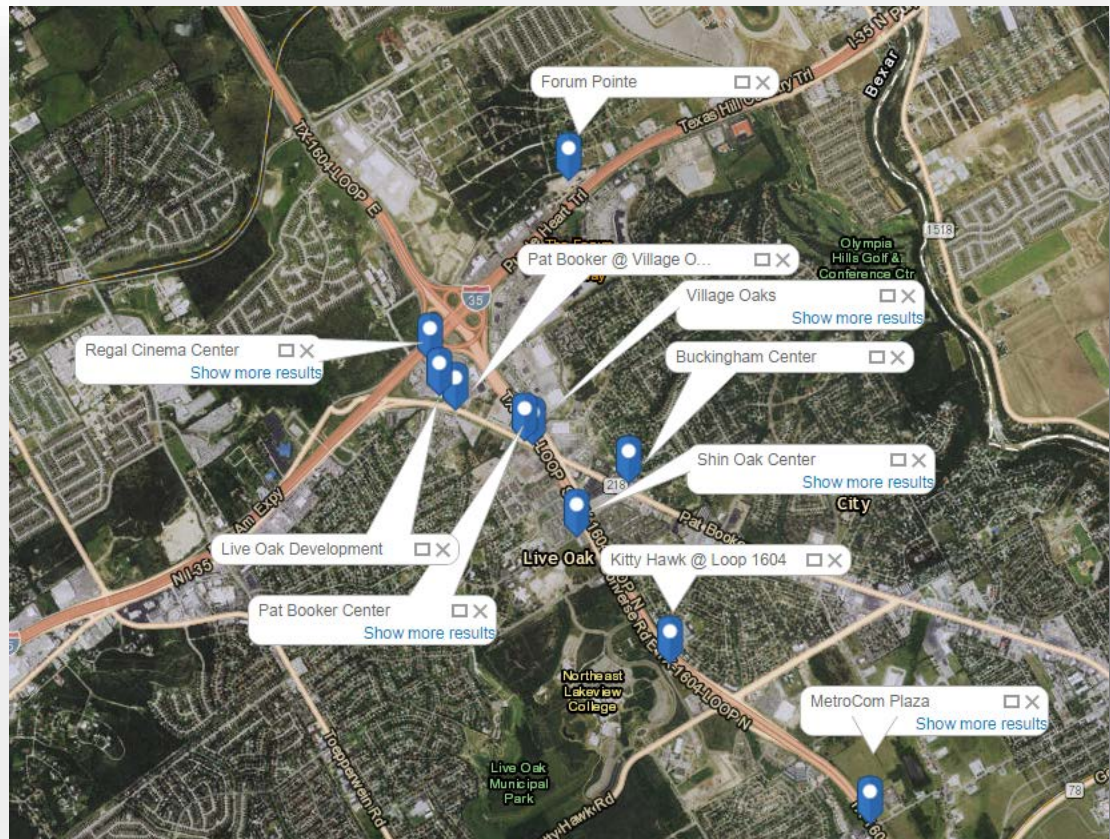
Trash Removal

Tenants had been storing trash and empty boxes in the front of their stores. The property manager has successfully resolved those concerns with the tenants.

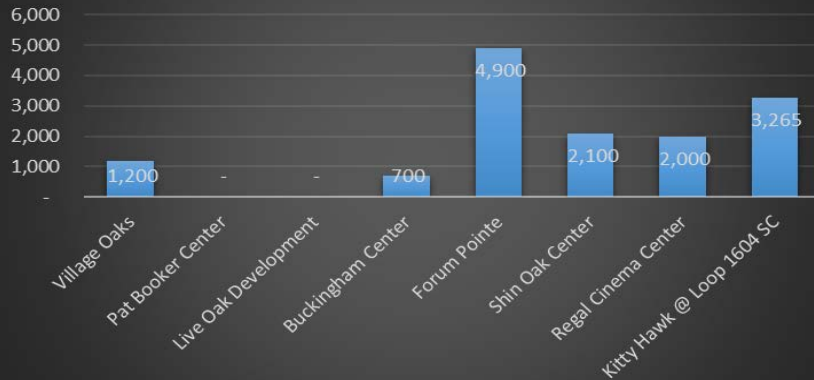
No other major issues to report during the period.

OVERVIEW

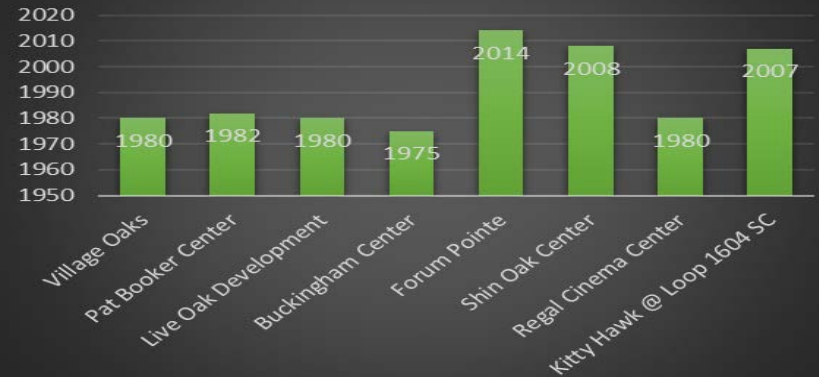
- The submarket absorbed significant square footage this past year and added tenants such as Once Upon A Child, Mega Furniture, 54th Street Grill, Starbucks and others.
- The submarket has also added and continues to add more retail square footage in the immediate area. Newer projects are planned near the new Walmart located near Kitty Hawk and Loop 1604
- Properties located in the northern portion of the metro are capturing significant interest as developers and retailers follow the path of residential growth, and cap rates for shopping centers in this portion of the metro are in the low-7 percent area.
- Walmart, the world's largest retailer will spend nearly \$13.5 million on a new store and gas station at 510 Kitty Hawk to be completed late 2016.



SF Vacant



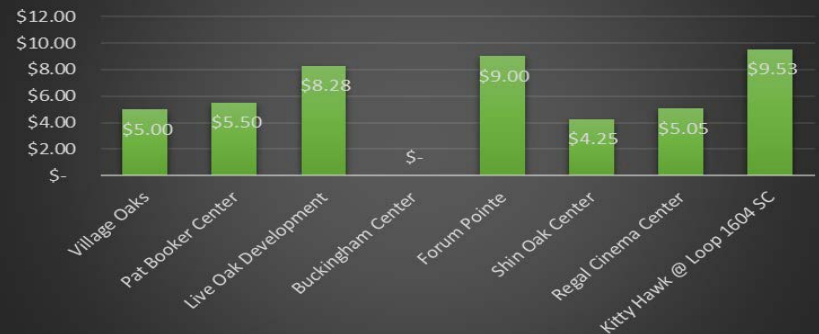
Year Built



Rent/PSF






NNN's PSF



SURROUNDING PROPERTIES

1		<u>Pat Booker @ Village Oaks</u> Average Rent: \$20.00/SF NNN: \$5.50/SF Available Space: 945 SF Gross Leasable Area (GLA): 9,959 SF Year Built: 1982	<u>Current Tenants</u> · Bangkok Cuisine · Liberty Income Tax · Check N Go Cash Advance · Metro PCS · Gold Silver Buyer
2		<u>Live Oak Development</u> Average Rent: \$28.00 SF NNN: \$8.28/SF Available Space: 0 SF Gross Leasable Area (GLA): 12,830 SF Year Built: 1980	<u>Current Tenants</u> · Cold Stone Creamery · Jimmy Johns · Army · Slim 4 Life
3		<u>Buckingham Center</u> Asking Rent: \$15.42/SF NNN: Gross Available Space: 700 SF Gross Leasable Area (GLA): 12,784 SF Year Built: 1975	<u>Current Tenants</u> · Money Mart Pawn · Super K · Security Finance · U-Haul · Vacuum Repair · Boost Mobile
4		<u>Village Oaks</u> Asking Rent: \$19.00/SF NNN: \$4.00/SF Available Space: 1,500 SF Gross Leasable Area (GLA): 23,713 SF Year Built: 1980	<u>Current Tenants</u> Diversity Early Learning Academy Alamo BBQ Allstate Insurance Bourbon King Liquor Nutrition FX

SURROUNDING PROPERTIES CONTINUED

5		<p><u>Forum Pointe</u></p> <p>Asking Rent: \$27.00/SF</p> <p>NNN: \$9.00/SF</p> <p>Available Space: 4,900 SF</p> <p>Gross Leasable Area (GLA): 37,804 SF</p> <p>Year Built: 2014</p>	<p><u>Current Tenants</u></p> <ul style="list-style-type: none"> · Pasha · Sleep Number · Thanks for Vaping · Clothes Mentor
6		<p><u>Shin Oaks Center</u></p> <p>Average Rent: \$18.00/SF</p> <p>NNN: \$4.25/SF</p> <p>Available Space: 2,100 SF</p> <p>Gross Leasable Area (GLA): 9,600 SF</p> <p>Year Built: 2008</p>	<p><u>Current Tenants</u></p> <ul style="list-style-type: none"> · Springs Food Market · Claudia Salon and Spa · The Weave and Brow Bar Plus Salon
7		<p><u>Kitty Hawk @ 1604 Shopping Center</u></p> <p>Asking Rent: \$21.00 SF</p> <p>NNN: \$9.53 SF</p> <p>Available Space: 3,625 SF</p> <p>Gross Leasable Area (GLA): 13,804SF</p> <p>Year Built: 2007</p>	<p><u>Current Tenants</u></p> <ul style="list-style-type: none"> · Cash Store · Ray's Pizzeria · Edward Jones · Kitty Nails · The Dog Washer · Lee's Kitchen
8		<p><u>I-35 & Loop 1604 Retail Space</u></p> <p>Asking Rent: \$18.00 SF</p> <p>NNN: \$5.05/SF</p> <p>Available Space: 2,000 SF</p> <p>Gross Leasable Area (GLA): 23,713 SF</p> <p>Year Built: 1980</p>	<p><u>Current Tenants</u></p> <ul style="list-style-type: none"> · Sweetwater Hot Tubz · Four Season Sun Rooms

EXECUTIVE SUMMARY

The property has positive cash flow and is operating with below market operating expenses and rents.

No major concerns regarding the property's ability to meet debt or operating expenses need to be addressed at this time. However, should the ownership opt to proceed with lockout proceedings for the daycare or the nutrition store this may change. The income from these two tenants is sporadic but they do still provide occasional payments.

Operating expenses may increase slightly as we identify higher quality vendors to improve the property conditions in order to attract higher quality tenants.

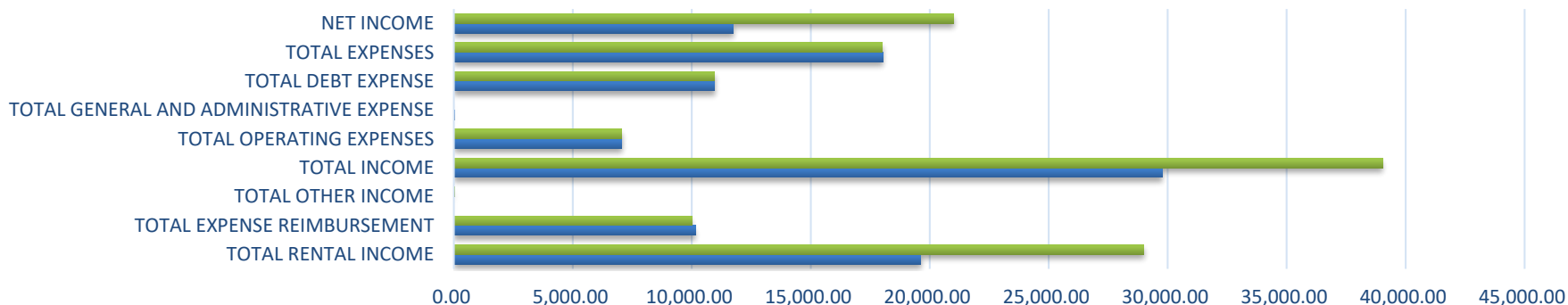
12 MONTH INCOME OVER EXPENSE



BUDGETED VS. ACTUAL

Variance in the year to date income is due primarily to the past due balances owed by Diversity Daycare and Nutrition FX. The leasing team is working to replace these two tenants.

Operating Expenses are slightly higher due to unanticipated water line break in the rear of the property.

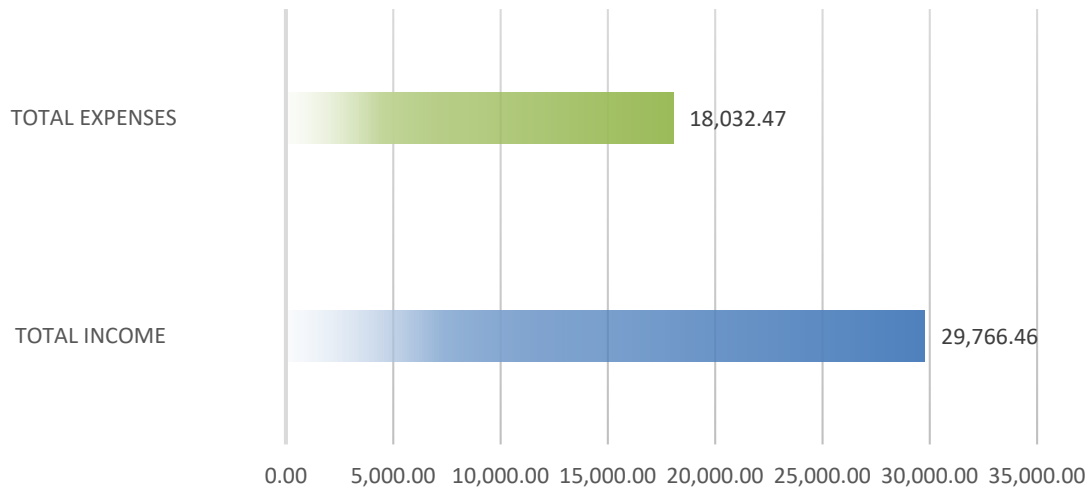
AUGUST 2016 BUDGET TO ACTUAL


	TOTAL RENTAL INCOME	TOTAL EXPENSE REIMBURSEMENT	TOTAL OTHER INCOME	TOTAL INCOME	TOTAL OPERATING EXPENSES	TOTAL GENERAL AND ADMINISTRATIVE EXPENSE	TOTAL DEBT EXPENSE	TOTAL EXPENSES	NET INCOME
■ PTD Budget	29,000.00	10,000.00	25.00	\$39,025.00	7,050.00	0.00	10,965.00	18,015.00	21,010.00
■ PTD Actual	19,609.01	10,157.45	0.00	\$29,766.46	7,050.40	18.30	10,963.77	18,032.47	11,733.99

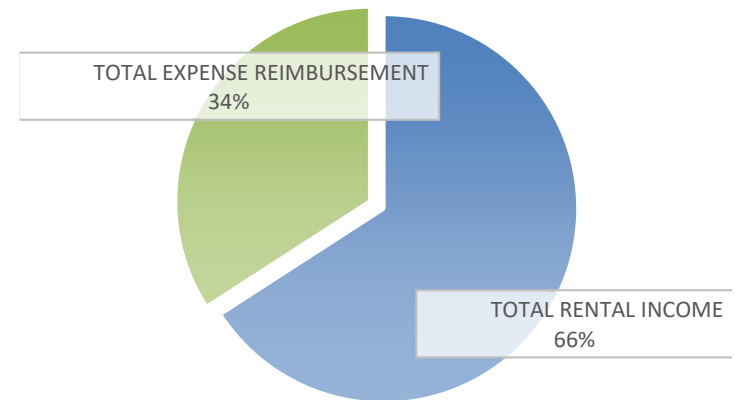
■ PTD Budget ■ PTD Actual

INCOME AND EXPENSE BREAKDOWN

CURRENT MONTH NET INCOME



CURRENT MONTH INCOME BREAKOUT

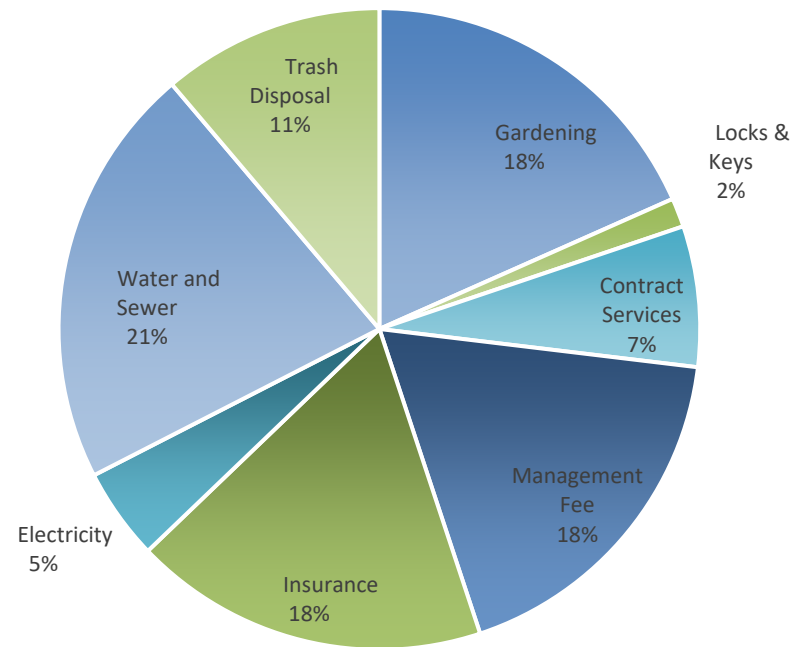


INCOME AND EXPENSE BREAKDOWN

2016 EXPENSE BREAKDOWN



CURRENT MONTH OPERATING EXPENSE BREAKOUT





FORESITE
COMMERCIAL REAL ESTATE

QUARTERLY MANAGEMENT REPORT

The Shoppes at San Antonio

9723 San Antonio Avenue | San Antonio, Texas

Foresite Commercial Real Estate
1370 Pantheon Way Ste. 190
San Antonio, Texas 78232

(210) 816-2734
www.foresitecre.com

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