

CONFIDENTIAL INVESTMENT MEMORANDUM 92545



THE AT&T OFFICE BUILDING PORT HURON, MICHIGAN



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DATAVEST | SPERRY VAN NESS | SILVERI COMPANY

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Summary of Salient Facts on SVN Listing 80286

“Deal Cliff Notes”

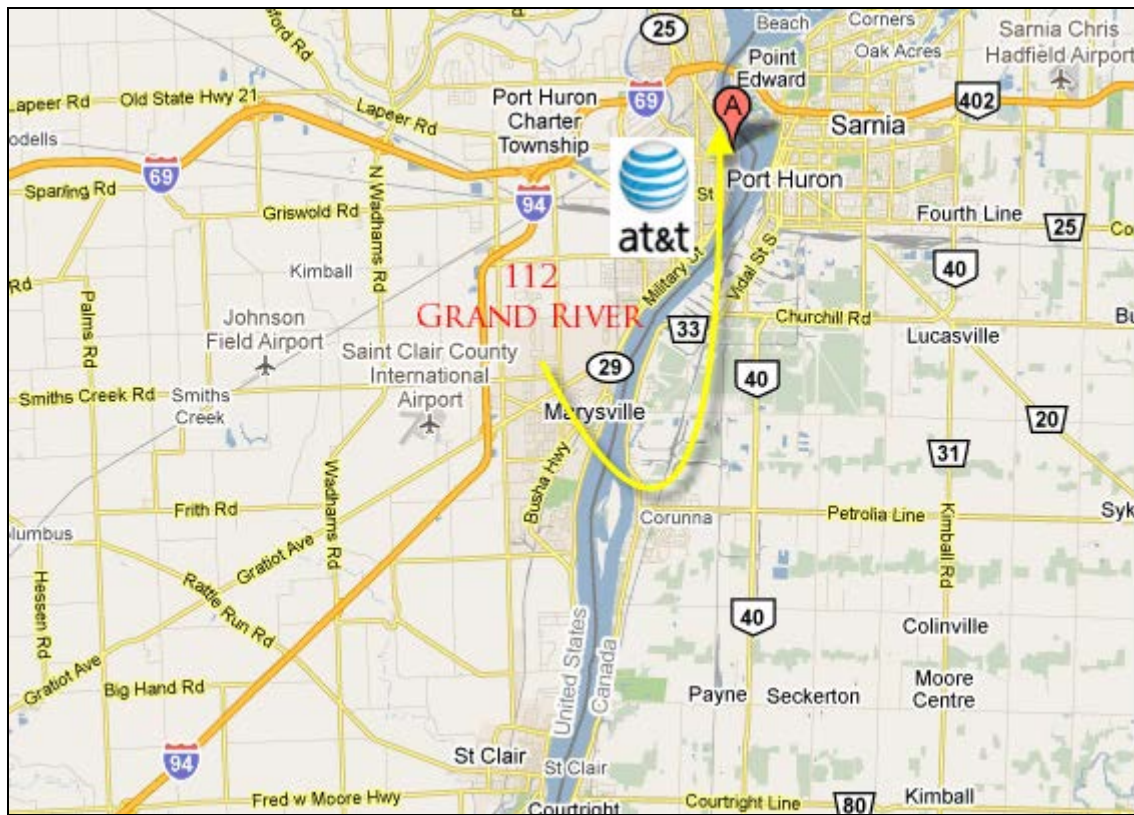
Property Address:	111 Grand Avenue Port Huron, Michigan 48060
Property Type:	Single Tenant Office
Lease Status:	100% Leased
Tenant:	 AT&T, Inc. [Lease Guaranty from AT&T, Inc. which has a Standard & Poor’s A- Rating]
Lease Basis:	NNN with Annual Rental Escalations [See Lease Abstract for details]
Financials:	AT&T, Inc. had gross sales of \$124,280,000,000 with an EBITA of \$18,238,000,000,000. Their dividend per share was \$1.69.
	See a five year Financial Statement Summary on Page 5 for further amplification of their financial information.
Year Built:	1959
Building Size:	42,840 Square Feet [Net Rentable Area]
Parking:	305 Spaces [7.1/1000]
Tax Parcel:	7406-687-0033-000
Land Area:	114,784 Square Feet [1.52 Acres]
Purchase Price:	\$5,385,000
Price Per S. F. :	\$125.70 Per Net Square Foot
Anticipated Debt:	\$3,586,000 [67%] 5.71% @ 18 Year Amortization [Loan Assumption]
Equity Required:	\$1,798,000 [33%] Anticipated
Cap Rate:	10.20%
Cash-On-Cash:	13.01%
Total Yield:	19.10% [Includes Amortization]



Property Address:

112 Grand River Avenue, Port Huron Michigan 48060

Tax ID No. 74-06-687-0033-000



Legal Description:

Land in the City of Port Huron, St. Clair County, Michigan described as:

Lots 17, 19, 21, 23 East of Huron Street and Lots 21, 23, 25, 27 West of Merchant Street, Thorn Plat, according to the Plat thereof as recorded I Liber A of Plats, Page 1, St. Clair County register of Deeds Office, also the North 60 feet of vacated Sarnia Street between the West Line of Merchant Street and a line 15 feet West of East Line of Clairmont Street and the East 15 feet of vacated Clairmont Street between Grand River Avenue and Sarnia Street

Property Aerial Graphic



Income Analysis Review:

Income Statement Synoptic Overview	[2012 @100%]	Per NSF	[2013 @ 100%]
Rent on Leased Space	549,368	\$13.06	559,282
Rent on Vacant Space	0	\$0.00	0
Total Rental Income	549,368	\$13.06	559,282
Other Income [NNN Reimbursements]	55,381	\$1.32	56,600
Potential Gross Income	604,749	\$14.38	615,882
Vacancy Factor/Collection Loss	<u>0</u>	\$0.00	<u>0</u>
Effective Gross Income	604,749	\$14.38	615,882
Operational Expense [Ground Lease Parking Lot]	(20,450)	(\$0.49)	(20,910)
Operational Expense [General & Administrative]	0	\$0.00	0
Operational Expense [Marketing Advertising]	0	\$0.00	0
Operational Expense [Utilities]	0	\$0.00	0
Operational Expense [Management Fees]	(5,534)	(\$0.13)	(5,534)
Operational Expense [Insurance]	(12,270)	(\$0.29)	(12,270)
Operational Expense [Property Taxes]	(14,059)	(\$0.33)	(14,059)
Operational Expense [Non-Billback Expenses]	0	\$0.00	0
Operational Expense [Repair & Maintenance]	(3,068)	(\$0.07)	(3,068)
Sub-Total NNN Tenant Paid Expenditures	(55,381)	(\$1.30)	(55,841)
Sub-Total Other Non-Reimbursable Expenses	0	\$0.00	0
Total Operational Expense + Reserves	(55,381)	(\$1.30)	(55,841)
Net Operating Income <N.O.I.>	549,368	\$13.05	559,255
Less First Mortgage Debt Service	<u>(315,338)</u>	(\$7.36)	<u>(315,338)</u>
Net Cash Flow	234,030	\$5.69	243,917
First Year's Principal Reduction on Loan	<u>109,496</u>	\$2.72	<u>116,597</u>
Cash Flow Plus 1st Years Principal Reduction	343,526	\$8.42	360,514
NOI as a % of Acquisition Cost [Cap Rate]	10.20%	-	10.39%
Cash-On Cash Return	13.01%	-	13.56%
Additional Yield Return [Principal Reduction on First Lien]	<u>6.09%</u>	-	<u>6.48%</u>
Total Annual Return [Cash-on-Cash + Principal Reduction]	19.10%	-	20.04%
Project Internal Rate of Return <5 Yr. & 10 Yr.>	19.55%	-	17.91%

AT&T Balance Sheet Q-1 2011:

	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Period End Date	03/31/2011	12/31/2010	09/30/2010	06/30/2010	03/31/2010
Stmt Source	10-Q	10-K	10-Q	10-Q	10-Q
Stmt Source Date	05/06/2011	03/01/2011	11/05/2010	08/06/2010	05/06/2010
Stmt Update Type	Updated	Updated	Updated	Updated	Updated

Assets

▶ Cash and Short Term Investments	1,391.0	1,437.0	3,246.0	1,377.0	2,617.0
▶ Total Receivables, Net	13,246.0	13,610.0	13,606.0	13,780.0	14,167.0
Total Inventory	0.0	0.0	0.0	0.0	0.0
Prepaid Expenses	1,674.0	1,458.0	1,686.0	1,666.0	1,820.0
Other Current Assets, Total	3,426.0	3,446.0	3,439.0	4,569.0	3,758.0
Total Current Assets	19,737.0	19,951.0	21,977.0	21,392.0	22,362.0
Property/Plant/Equipment, Total - Net	103,369.0	103,196.0	101,475.0	100,302.0	99,360.0
Goodwill, Net	73,602.0	73,601.0	73,447.0	73,484.0	73,052.0
Intangibles, Net	59,973.0	60,520.0	61,007.0	61,543.0	61,332.0
Long Term Investments	4,845.0	4,515.0	4,544.0	4,346.0	3,278.0
Note Receivable - Long Term	0.0	0.0	0.0	0.0	0.0
Other Long Term Assets, Total	6,559.0	6,705.0	6,802.0	6,489.0	6,317.0
Other Assets, Total	0.0	0.0	0.0	0.0	0.0
Total Assets	268,085.0	268,488.0	269,252.0	267,556.0	265,701.0

Liabilities and Shareholders' Equity

Accounts Payable	0.0	0.0	0.0	0.0	0.0
Payable/Accrued	18,349.0	20,055.0	18,417.0	18,157.0	18,087.0
Accrued Expenses	0.0	0.0	0.0	0.0	0.0
Notes Payable/Short Term Debt	0.0	0.0	0.0	0.0	0.0
Current Port. of LT Debt/Capital Leases	6,902.0	7,196.0	6,426.0	9,721.0	9,437.0
Other Current Liabilities, Total	8,003.0	6,700.0	7,831.0	8,304.0	9,182.0
Total Current Liabilities	33,254.0	33,951.0	32,674.0	36,182.0	36,706.0
▶ Total Long Term Debt	58,126.0	58,971.0	62,540.0	60,277.0	60,024.0
Deferred Income Tax	23,149.0	22,070.0	20,651.0	25,615.0	25,520.0
Minority Interest	299.0	303.0	299.0	437.0	443.0
Other Liabilities, Total	40,713.0	41,546.0	40,094.0	41,999.0	40,985.0
Total Liabilities	155,541.0	156,841.0	156,258.0	164,510.0	163,678.0
Redeemable Preferred Stock	0.0	0.0	0.0	0.0	0.0
Preferred Stock - Non Redeemable, Net	0.0	0.0	0.0	0.0	0.0
Common Stock	6,495.0	6,495.0	6,495.0	6,495.0	6,495.0
Additional Paid-In Capital	91,636.0	91,731.0	91,748.0	91,628.0	91,557.0
Retained Earnings (Accumulated Deficit)	32,649.0	31,792.0	50,751.0	40,909.0	39,373.0
Treasury Stock - Common	-20,949.0	-21,083.0	-21,112.0	-21,134.0	-21,137.0
Other Equity, Total	2,713.0	2,712.0	-14,888.0	-14,852.0	-14,265.0
Total Equity	112,544.0	111,647.0	112,994.0	103,046.0	102,023.0
Total Liabilities & Shareholders' Equity	268,085.0	268,488.0	269,252.0	267,556.0	265,701.0
Total Common Shares Outstanding	5,918.27	5,911.09	5,909.86	5,909.05	5,909.0
Total Preferred Shares Outstanding	0.0	0.0	0.0	0.0	0.0

AT&T Income Statement Overview:

	2010	2009	2008	2007	2006
Period End Date	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Period Length	12 Months	12 Months	12 Months	12 Months	12 Months
Stmt Source	10-K	10-K	10-K	10-K	10-K
Stmt Source Date	03/01/2011	03/01/2011	03/01/2011	02/25/2009	02/25/2009
Stmt Update Type	Updated	Restated	Restated	Reclassified	Reclassified
Revenue	113,239.0	111,172.0	111,403.0	107,378.0	55,888.0
Other Revenue, Total	11,041.0	11,341.0	12,040.0	11,550.0	7,167.0
Total Revenue	124,280.0	122,513.0	123,443.0	118,928.0	63,055.0
Cost of Revenue, Total	52,263.0	50,571.0	56,688.0	46,705.0	28,854.0
Gross Profit	60,976.0	60,601.0	54,715.0	60,673.0	27,034.0
Selling/General/Administrative Expenses, Total	33,065.0	31,427.0	48,772.0	30,242.0	14,006.0
Research & Development	0.0	0.0	0.0	0.0	0.0
Depreciation/Amortization	19,379.0	19,515.0	19,673.0	21,577.0	9,907.0
Interest Expense (Income), Net Operating	0.0	0.0	0.0	0.0	0.0
Unusual Expense (Income)	0.0	0.0	0.0	0.0	0.0
Other Operating Expenses, Total	0.0	0.0	0.0	0.0	0.0
Operating Income	19,573.0	21,000.0	-1,690.0	20,404.0	10,288.0
Interest Income (Expense), Net Non-Operating	0.0	0.0	0.0	0.0	0.0
Gain (Loss) on Sale of Assets	0.0	0.0	0.0	148.0	0.0
Other, Net	897.0	152.0	-332.0	497.0	16.0
Income Before Tax	18,238.0	18,518.0	-4,572.0	18,204.0	10,881.0
Income Tax - Total	-1,162.0	6,091.0	-2,210.0	6,253.0	3,525.0
Income After Tax	19,400.0	12,427.0	-2,362.0	11,951.0	7,356.0
Minority Interest	-315.0	-309.0	-261.0	0.0	0.0
Equity In Affiliates	0.0	0.0	0.0	0.0	0.0
U.S. GAAP Adjustment	0.0	0.0	0.0	0.0	0.0
Net Income Before Extra. Items	19,085.0	12,118.0	-2,623.0	11,951.0	7,356.0
▶ Total Extraordinary Items	779.0	20.0	-2.0	0.0	0.0
Net Income	19,864.0	12,138.0	-2,625.0	11,951.0	7,356.0
▶ Total Adjustments to Net Income	0.0	0.0	0.0	0.0	0.0
Basic Weighted Average Shares	5,913.0	5,900.0	5,927.0	6,127.0	3,882.0
Basic EPS Excluding Extraordinary Items	3.23	2.05	-0.44	1.95	1.89
Basic EPS Including Extraordinary Items	3.36	2.06	-0.44	1.95	1.89
Diluted Weighted Average Shares	5,938.0	5,924.0	5,927.0	6,170.0	3,902.0
Diluted EPS Excluding Extraordinary Items	3.22	2.05	-0.44	1.94	1.89
Diluted EPS Including Extraordinary Items	3.35	2.05	-0.44	1.94	1.89
Dividends per Share - Common Stock Primary Issue	1.69	1.65	1.61	1.47	1.35
Gross Dividends - Common Stock	9,985.0	9,733.0	9,506.0	8,945.0	6,079.0
Interest Expense, Supplemental	2,994.0	3,368.0	3,369.0	3,507.0	1,843.0
Depreciation, Supplemental	16,402.0	15,849.0	15,191.0	15,625.0	8,874.0
Normalized EBITDA	39,979.0	41,034.0	17,983.0	41,981.0	20,195.0
Normalized EBIT	20,600.0	21,519.0	-1,690.0	20,404.0	10,288.0
Normalized Income Before Tax	19,265.0	19,037.0	-4,572.0	18,056.0	10,881.0
Normalized Income After Taxes	20,067.55	12,775.29	-2,362.0	11,853.84	7,356.0
Normalized Income Available to Common	19,752.55	12,466.29	-2,623.0	11,853.84	7,356.0
Basic Normalized EPS	3.34	2.11	-0.44	1.93	1.89
Diluted Normalized EPS	3.33	2.11	-0.44	1.92	1.89
Amortization of Intangibles	2,977.0	3,666.0	4,482.0	5,952.0	1,033.0

Financial data in U.S. Dollars
Values in Millions (Except for per share items)

Property Description: The subject property consists of an attractive two-story single-tenant office facility. The property has a brick exterior and glass exteriors. The property has a poured concrete foundation and a membrane roof. The parking lot is constructed of asphalt. The property is situated on 1.52 acres.

Zoning: CBD [Commercial Business District]

Additional Parking: Owner leases additional parking facilities from the City of Port Huron for \$20,000 per annum. This ground lease is conterminous with the lease and extensions of the AT&T Lease.

[Please see the Ground Lease Abstract for additional details]

Tenant Stability: The property has an existing lease on the property with AT&T through April 30, 2015. Thereafter tenant has four 7 year renewal options.

[Please see the lease abstracts for annual escalation bump details]

The original lease had a termination provision in the lease but this was not exercised. The tenant has expended over \$1,000,000 of capital improvements into the facility since occupying the premises.

Tenant and its predecessor corporate identities (formerly SBC Michigan) has occupied the building since 1955. The company employs approximately 350 local citizens the majority of which are union affiliated with local ties to the city of Port Huron. It is believed that this strong local affiliation with the community coupled with four seven-year renewal options could provide economic stability to this investment opportunity.

NNN: The property is leased on a NNN basis and this should provide the owner with minimal managerial responsibilities associated with the investment.



Views of the AT&T Office Facility at 112 Grand River Avenue.





Views looking onto the Entrance of the AT&T Port Huron Facility.



Locational Data: The AT&T building is located in the community of Port Huron, Michigan. Port Huron links the United States with Canada and the Blue Water Bridge is the second busiest crossing into Canada with 14,000 passengers per day.

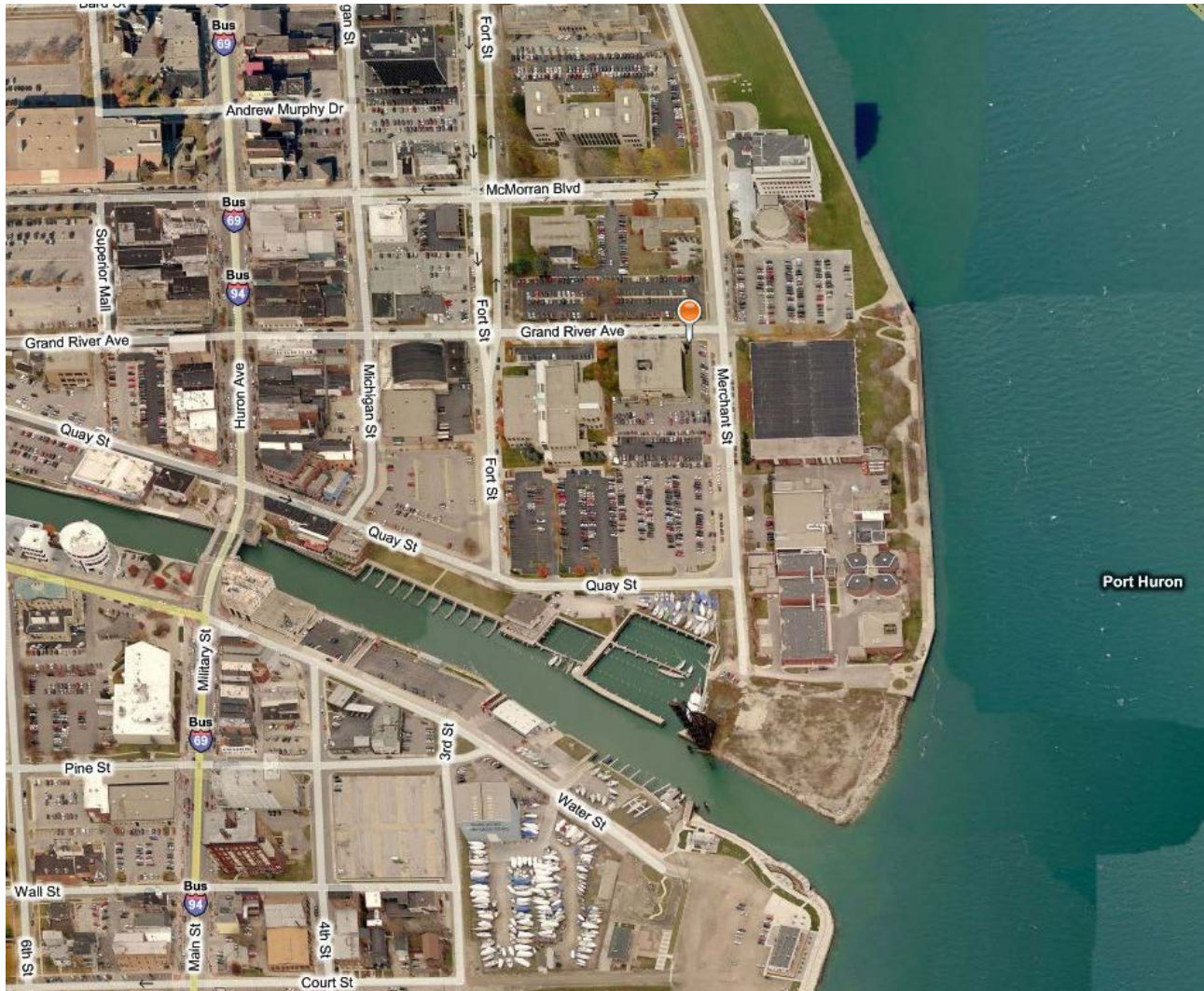


The Blue Water Bridge links Port Huron with Canada.

Port Huron is the county Seat of St. Clair County. The city contains 12.2 square miles and is part of the Flint/Tri-Cities Region. The city contains 32,338 people about 87% of which is white with 7.7% African American.

Vehicular Access: The subject property is located at 112 Grand River Avenue. Major Vehicular Arteries providing access to the community include I-69 which enters from the West coming from Lansing and Flint and terminating at the approach of the Blue River Bridge in Port Huron. I-94 enters from the southwest and provides access into Detroit.

Vehicular Access Aerial to the Property Site



Terms of Sale: \$5,385,000 (All Cash to the Seller). This property should be treated as free and clear. Anticipated financing on the project contemplates a First Mortgage Loan representing 50% of the purchase price could be arranged by the purchaser as there is no underlying financing on the subject property which is assumable.

Anticipated First Lien Loan Terms:	Assumed Principal Loan Amount	\$3,586,412
	Interest Rate	5.71%
	Loan Inception Date:	Jan 1, 2012
	Loan Expiration Date:	Oct 14, 2014
	Amortization	18 Years
	Constant:	8.784691
	Monthly Principal & Interest	\$26,278.14 per month
	Annual Principal & Interest	\$315,338 per year

**Sale on “Where
Is As Is Basis”
Only:**

Sellers are selling the subject property on a “*where is as-is*” condition basis only. Projections and Income Estimates are to be fully researched by potential purchasers during the due diligence period. Estimates of Income Projections or Expenses may or may not be obtained and the burden of such achievement shall be the full responsibility of Purchaser and not subject to any representations express or implied by Seller or Seller’s agent Sperry Van Ness.

Ownership:

The Bernard and Thea Monderer 1992 Revocable Living Trust
c/o DataVest | Sperry Van Ness | Silveri Company

**For Further
Information
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