CINERGY®

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John J. Finnigan, Jr.
Senior Counsel

RECEIVED

MAY 12 2005

PUBLIC SERVICE COMMISSION

VIA OVERNIGHT MAIL

May 11, 2005

Ms. Elizabeth O'Donnell
Executive Director,
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case No. 2005-00199

Dear Ms. O'Donnell:

Enclosed please find an original and 12 copies of The Union Light, Heat and Power Company's Application Relating to Sale of 7200 Industrial Road Construction/Maintenance Center Building. Please return the two extra copies to me file-stamped in the enclosed overnight mail envelope.

Should you have any questions, please contact me at (513) 287-3601. Thank you for your consideration.

Sincerely,

John Finnigan

John J. Finnigan, Jr.
Senior Counsel

JJF/sew

Enclosures

cc: Hon. Elizabeth E. Blackford

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 12 2005

PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT, HEAT AND POWER COMPANY RELATING TO SALE OF 7200 INDUSTRIAL ROAD CONSTRUCTION/MAINTENANCE CENTER BUILDING	))))))	CASE NO. 2005-00199

APPLICATION

Pursuant to KRS 278.218 and 807 KAR 5:001 Section 8, The Union Light, Heat and Power Company ("ULH&P") respectfully states as follows:

1. **Utility Status.** ULH&P is a corporation organized and existing under the laws of the Commonwealth of Kentucky. ULH&P's principal office and principal place of business is 1697 A Monmouth Street, Newport Shopping Center, Newport, Kentucky 41071, and its mailing address is P.O. Box 960, Cincinnati, Ohio 45201. Pursuant to 807 KAR 5:001 Section 8(3), a certified copy of ULH&P's articles of incorporation is on file with the Commission in Case No. 2005-00042, and is incorporated by reference. ULH&P purchases, sells, stores and transports natural gas in Boone, Campbell, Gallatin, Grant, Kenton and Pendleton Counties, Kentucky. ULH&P also purchases electricity, which it distributes and sells in Boone, Campbell, Grant, Kenton and Pendleton Counties, Kentucky. ULH&P is a "utility" as defined in KRS 278.010(3) and is subject to the Commission's jurisdiction pursuant to KRS 278.040.

2. **Sale of 7200 Industrial Road Building.** ULH&P desires to re-locate its current construction/maintenance center at 7200 Industrial Road in Florence, Kentucky to a new location at 1262 Cox Avenue in Erlanger, Kentucky. ULH&P intends to re-locate

because the Cox Avenue building is a more optimal site for a construction/maintenance center, as more fully explained below. Because one-half of the Industrial Road building is subject to a long-term lease to Cincinnati Bell Technology Solutions, Inc. ("Cincinnati Bell"), ULH&P would sell the Industrial Road building at net book value to Tri-State Improvement Company ("Tri-State"), which is a ULH&P affiliate in the business of holding and managing non-utility property. Tri-State would then sell the building to the general public. ULH&P commits that, if Tri-State sells the building for an amount greater than net book value, then ULH&P will credit customers with the sale proceeds in excess of then-current book value, proportionate to the amount of the building in ULH&P's base rates.

3. **Relief Requested.** In this proceeding, ULH&P seeks an order from the Commission that either: (a) Commission approval for ULH&P's sale of the Industrial Road building is not required under KRS 278.218 because the building is obsolete and would not longer be used for ULH&P's utility service; or (b) the Commission approves ULH&P's proposed sale of the Industrial Road building to Tri-State because the transaction is for a proper purpose and consistent with the public interest. Additionally, ULH&P requests Commission approval under KRS 278.2201 *et seq.* for ULH&P's sale of the building to Tri-State at net book value.[1]

4. **ULH&P's Current Construction/Maintenance Center at Industrial Road.**

(a.) ULH&P currently owns and operates a construction/maintenance center at Industrial Road in Florence, Kentucky. ULH&P purchased this building in 1994.

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1 ULH&P submits that its sale of the Industrial Road building to Tri-State complies with KRS 278.2201 *et seq.* because the sale price would take place at ULH&P's net book value, and if Tri-State's sale of the building results in a market value higher than ULH&P's book value (net of brokerage fees and taxes), ULH&P's customers would receive a proportionate credit of such excess amount.

ULH&P moved its construction/maintenance building to this location in 1994 because the Commonwealth of Kentucky acquired part of the land from ULH&P's previous construction/maintenance center as part of a road widening project, which rendered the previous building obsolete.

(b.) ULH&P purchased the building in 1994 for $2.5 million dollars. The building was previously used as a manufacturing plant, and ULH&P had to make improvements to convert the building to a construction/maintenance center, at a cost of $2,594,727. The improvements consisted primarily of building canopies outside the building to store ULH&P's construction/maintenance vehicles, and to convert approximately 10,000 square feet of the building from warehouse space to office space for ULH&P's construction and maintenance staff. The building is approximately 140,000 square feet. ULH&P uses approximately 71,000 square feet for its construction/maintenance center. ULH&P has 65 Electric Operations employees, 34 Gas Operations employees and 112 vehicles and trailers at this location. The space is also used to store construction equipment, tools, parts and supplies.

(c.) Cinergy Services, Inc. ("Cinergy Services"), ULH&P's affiliate, previously leased the unused one-half of the building from ULH&P, beginning in 1998. Cinergy Services used this space as a wholesale electricity trading center. Cinergy Services spent approximately $21 million in improvements to the building to equip it for a trading center. These expenditures increased the book value of the building, but were not added to ULH&P's rate base because the only portion of the building in base rates are the costs attributable to the portion of the construction/maintenance center used for Gas

Operations, which were incorporated in ULH&P's general gas rates in Case No. 2001-00092. Cinergy Services vacated the building in 2002.

(d.) ULH&P continued to use one-half of the building as a construction/maintenance center after Cinergy Services vacated the building; however, approximately one-half the building remained vacant until September 2004, when ULH&P leased the unused one-half (approximately 69,000 square feet) to Cincinnati Bell for use as a data processing center. The lease was for a term of 15 years and nine months, from December 1, 2004 through August 31, 2020. The lease granted Cincinnati Bell a right of first refusal, which permitted Cincinnati Bell to acquire the building if ULH&P decided to sell the building to a third party. The lease also granted Cincinnati Bell an option to purchase the building at the end of 15 years.

(e.) As of March 2005, the building's net book value is $16.1 million, of which $2.9 million is in ULH&P's base rates (representing the portion of the building used for the construction/maintenance center and allocated to Gas Operations) and $13.2 million is not in ULH&P's base rates (including the other half of the building formerly used for the trading center, and currently leased to Cincinnati Bell).

(f.) ULH&P retained Colliers Turley Martin Tucker ("Colliers"), a regional commercial real estate services firm, to render an opinion regarding the Industrial Road property. Colliers' opinion is at Attachment A. Colliers' opinion is that the Industrial Road property is worth $15 million to $15.5 million.

5. **<u>ULH&P's Planned New Construction/Maintenance Center at 1262 Cox Avenue</u>.**

(a.) During the past few years, ULH&P has explored relocating its construction/maintenance center due to traffic concerns at the present building. The present building has interstate access by the following routes: (1) north on Industrial Road, west on Rt. 42, to interchange with I-75/I-71 (approximately two miles and four traffic signals); or (2) east on Rt. 25 (Dixie Highway), north on Rt. 42, west on Turfway Road to interchange with I/75/I-71 (approximately four miles and five traffic signals). Industrial Road has become more congested during recent years due to greater commercial and industrial traffic from other businesses located on Industrial Road. Dixie Highway has become more congested due to growth of residential housing in this area. During peak traffic conditions, it takes approximately 25 minutes to travel from the building to the interstate via the north route and approximately 20 minutes via the south route. Additionally, the Commonwealth of Kentucky recently informed ULH&P of a road widening project to Industrial Road which will cause ULH&P to lose some of its land and could increase traffic.

(b.) ULH&P explored several sites along I-275 as alternative locations for the construction/maintenance center. ULH&P located a suitable building at 1262 Cox Avenue in Erlanger. ULH&P signed a contract to purchase the building on April 29, 2005. The contract is contingent on ULH&P obtaining a favorable order from the Commission for the sale of the Industrial Road building. A copy of the contract is at Attachment B.

(c.) The Cox Avenue building is approximately 93,500 square feet. The building has previously been used as a manufacturing plant. ULH&P's purchase price for the building is $2.1 million. ULH&P estimates that it will incur approximately $2 million in costs to retrofit it for a construction/maintenance center. This would result in a net book value of the amount of the building in ULH&P's base rates of approximately $4.1

million. This exceeds the net book value of the amount of the Industrial Road building presently in ULH&P's base rates; however, the $2.9 million in ULH&P's base rates only represents the costs attributable to ULH&P's Gas Operations' use of the construction/maintenance center. The amount in ULH&P's base rates for the Industrial Road building would increase when the costs for ULH&P's Electric Operations' use of the building are added to ULH&P's base rates. Additionally, the Cox Avenue building would provide several benefits over the current building, as discussed below.

(d.) The Cox Avenue building would provide ULH&P better access to the interstate. The Cox Avenue building has interstate access by the following routes: (1) east on Cox Avenue, south on Turfway Road, east on Commonwealth Avenue to I-75/I-71 interchange (approximately one mile and two traffic signals); or (2) west on Cox Avenue, north on Janike Lane, north on Mineola Pike to I-275 (approximately one and a half miles and three traffic signals). During peak traffic conditions, it takes approximately five minutes to travel from the building to I-75/I-71 via the Turfway Road route and approximately eight minutes to I-275 via the Mineola Pike route. The Cox Avenue building is more centrally located to most of the customers in ULH&P's service territory than the present building, which should improve ULH&P's service response time. Additionally, the Cox Avenue building is operationally superior to the present building because the Cox Avenue building would be newer and would allow ULH&P to store its service vehicles inside, which would better preserve the vehicles and equipment, as compared to the storage under canopies at the present building. A map showing both the Industrial Road (Florence) building and the Cox Avenue (Erlanger) building is at Attachment C.

6. **<u>Cincinnati Bell's Planned Data Processing Center Expansion for Industrial Road</u>.**

If the Commission approves this transaction, Cincinnati Bell would ultimately use the remainder of the space at Industrial Road for an expansion of its data processing center. The expanded data center is expected to result in 40-50 additional jobs at this location. Most of these employees presumably would be computer technology professionals.

7. **<u>Applicability of KRS 278.218</u>.**

(a.) ULH&P submits that KRS 278.218 would not apply to the sale of the Industrial Road building because ULH&P would be selling the building to Tri-State due to obsolescence and the building will not be used to provide the same or similar service to ULH&P or its customers. ULH&P further submits that the building is obsolete as a construction/maintenance center for the reasons discussed above. Nevertheless, ULH&P recognizes that "obsolescence" is not defined under KRS 278.218, and that the building arguably could be viewed as not obsolete in the sense that ULH&P could possibly continue to operate its construction/maintenance center there for an extended period of time, even though it is not the optimal site.

(b.) Based on the foregoing, ULH&P requests that the Commission rule either: (a) that no Commission approval for ULH&P's sale of the Industrial Road building is required under KRS 278.218 because the building is obsolete and will not longer be used for ULH&P's utility service; or (b) that the Commission approves ULH&P's sale of the Industrial Road building because the transaction is for a proper purpose and consistent with the public interest.

(c.) ULH&P submits that the Industrial Road building is obsolete because: the Cox Avenue building is more centrally located to most customers in ULH&P's service territory; can be acquired and renovated at a reasonable cost as compared to the current net book value of the Industrial Road building; has better access to the interstate highways, which should allow ULH&P to respond to customer outages more quickly; would be a newer facility; and would allow ULH&P to store the service vehicles inside the building.

(d.) In the alternative, if the Commission finds that the Industrial Road building is not obsolete, ULH&P requests that the Commission approve ULH&P's sale of the building on the grounds that it is for a proper purpose and consistent with the public interest. ULH&P submits that the sale meets these criteria because: (i.) ULH&P would sell the building to Tri-State at net book value, and ULH&P commits that, if Tri-State sells the building for a higher price than ULH&P's sale to Tri-State, then ULH&P will credit customers with the sale proceeds in excess of then-current book value, proportionate to the amount of the building in ULH&P's base rates; (iv.) based on the foregoing, ULH&P's customers would not be harmed by the sale of the Industrial Road building; (v.) ULH&P's sale of the building would also allow Cincinnati Bell to expand its use of the building, which would produce the economic development benefits discussed above; and (vi.) ULH&P customers would benefit from Cincinnati Bell's expansion of the data processing center because this would result in greater electric load, which would allow ULH&P to spread its fixed costs over a greater usage which, all factors considered equally, ultimately would tend to keep rates lower. Additionally, ULH&P customers would benefit from the other economic development impacts of this transaction such as more job opportunities and greater tax revenues.

WHEREFORE, ULH&P respectfully prays that the Commission issue an order as requested herein. ULH&P also respectfully requests that the Commission issue its order within 30 days of the ULH&P's filing of this application, because ULH&P's contract to purchase the Cox Avenue property is contingent on Commission approval of the sale of the Industrial Road building, and ULH&P will not proceed with the significant architectural and engineering costs for the Cox Avenue building, pending the Commission's approval of ULH&P's sale of the Industrial Road building.

Respectfully submitted,

THE UNION LIGHT, HEAT AND POWER COMPANY

John J. Finnigan, Jr.

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Senior Counsel
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RECEIVED
MAY 12 2005
PUBLIC SERVICE
COMMISSION

May 6, 2005

Steve Ruehlman
Cinergy
Cinergy Building
4th & Main Street
Cincinnati, OH 45202

Steve,

We have reviewed the prospective cash flows for Cinergy's Florence property and evaluated them using Argus models to project a selling price and returns for a prospective investor. Attached are three files that summarize those analyses numerically. The following is a summary of what those models show.

The first model we ran was to forecast a current value range using a 9 cap for determining residual value at the end of the 10th year of ownership. Our logic was that with five years remaining and 10 years from now, cap rates could be higher than they are today. We then ran another model using the same cash flows but using an 8 cap on the residual which would raise the sale price at end of year 10. Both models were run using the same debt assumptions with a loan of 70% LTV at 5.75% with 30 year amortization. These models helped consider ranges of value for the property and what the associated returns would be at various values. This analysis led to a projected value in the $14 million range.

After evaluating those models we ran a third model and projected a value of $14.5 million with an 8 cap on Year 11 NOI (to determine the residual value at the end of a 10 year hold). The $14.5 million value equates to a price per square foot of about $103/sf and a 7.6% cap on FY 2007 NOI. At that value an investor would realize an unleveraged IRR of 8.37% and a leveraged IRR of 12.81%. Given what we know today about the market, we feel that there are investors out there who would be at least that aggressive. We also feel that it is entirely possible that there are investors out there who would be even more aggressive in their valuation if given the opportunity to buy the offering. The only way to determine how aggressive they would be is to take the property to the market. The biggest questions are how they would underwrite the tenant's credit, the building, the market and how they would underwrite the residual value.

Finally, we did not include the additional land in this analysis. Without knowing the exact piece that you could make available, it is difficult for us to determine specific market value. However, it is not unreasonable to assume that land in this industrial park could sell for $100,000 per acre which would increase our valuation by $1,000,000.

Given a sale is what Cinergy would like to pursue, we would advise that the property be packaged, taken to market without an asking price and let us drive the value to its highest point via competition. We recently represented Duke with a similar requirement. We surpassed their expectations by a fair amount with both the number of offers (32) and the value (went over $41 million when they thought high $30's was the top).

Let me know if there are any questions or more analysis is needed.

Sincerely,

Michael A. Hartmann, SIOR, CCIM
Principal/Executive Vice President

James P. O'Connell, CCIM
Principal/Senior Vice President

Attachments

Cinergy Florence Industrial-8% Residual

SCHEDULE OF PROSPECTIVE CASH FLOW
In Inflated Dollars for the Fiscal Year Beginning 7/1/2005

For the Years Ending	Year 1 Jun-2006	Year 2 Jun-2007	Year 3 Jun-2008	Year 4 Jun-2009	Year 5 Jun-2010	Year 6 Jun-2011	Year 7 Jun-2012	Year 8 Jun-2013	Year 9 Jun-2014	Year 10 Jun-2015	Year 11 Jun-2016
POTENTIAL GROSS REVENUE											
Base Rental Revenue	$600,403	$1,099,454	$1,140,057	$1,156,316	$1,172,718	$1,189,270	$1,205,971	$1,226,326	$1,246,840	$1,271,015	$1,295,357
Scheduled Base Rental Revenue	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
TOTAL POTENTIAL GROSS REVENUE	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
EFFECTIVE GROSS REVENUE	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
NET OPERATING INCOME	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
DEBT SERVICE											
Interest Payments	501,091	494,433	487,383	479,916	472,008	463,633	454,764	445,371	435,424	424,889	-
Principal Payments	112,765	119,423	126,474	133,941	141,848	150,223	159,092	168,485	178,432	188,967	-
TOTAL DEBT SERVICE	613,856	613,856	613,857	613,857	613,856	613,856	613,856	613,856	613,856	613,856	-
CASH FLOW AFTER DEBT SERVICE BUT BEFORE TAXES	($13,453)	$485,598	$526,200	$542,459	$558,862	$575,414	$592,115	$612,470	$632,984	$657,159	$1,295,357

Cinergy Florence Industrial-8% Residual

PROSPECTIVE PRESENT VALUE
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 5.50%	P.V. of Cash Flow @ 6.00%	P.V. of Cash Flow @ 6.50%	P.V. of Cash Flow @ 7.00%	P.V. of Cash Flow @ 7.50%	P.V. of Cash Flow @ 8.00%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 9.00%	P.V. of Cash Flow @ 9.50%	P.V. of Cash Flow @ 10.00%	P.V. of Cash Flow @ 10.50%
Year 1	Jun-2006	$600,403	$569,102	$566,418	$563,759	$561,124	$558,514	$555,929	$553,367	$550,828	$548,313	$545,821	$543,351
Year 2	Jun-2007	1,099,454	987,807	978,510	969,344	960,306	951,394	942,604	933,937	925,389	916,957	908,640	900,435
Year 3	Jun-2008	1,140,057	970,889	957,214	943,795	930,626	917,701	905,014	892,560	880,333	868,329	856,541	844,967
Year 4	Jun-2009	1,156,316	933,397	915,910	898,831	882,148	865,850	849,927	834,368	819,163	804,303	789,780	775,582
Year 5	Jun-2010	1,172,718	897,287	876,324	855,944	836,132	816,867	798,132	779,910	762,187	744,943	728,165	711,840
Year 6	Jun-2011	1,189,270	862,513	838,388	815,047	792,461	770,601	749,442	728,958	709,123	689,916	671,312	653,291
Year 7	Jun-2012	1,205,971	829,029	802,040	776,050	751,018	726,905	703,673	681,284	659,707	638,907	618,854	599,516
Year 8	Jun-2013	1,226,326	799,073	769,412	740,985	713,733	687,603	662,545	638,511	615,452	593,326	572,090	551,706
Year 9	Jun-2014	1,246,840	770,085	738,002	707,398	678,198	650,332	623,731	598,333	574,079	550,913	528,782	507,633
Year 10	Jun-2015	1,271,015	744,091	709,729	677,103	646,120	616,688	588,726	562,151	536,891	512,873	490,031	468,304
Total Cash Flow		11,308,370	8,363,273	8,151,947	7,948,256	7,751,866	7,562,455	7,379,723	7,203,379	7,033,152	6,868,780	6,710,016	6,556,625
Property Resale @ 8% Cap Rate		16,191,963	9,479,270	9,041,508	8,625,880	8,231,173	7,856,242	7,500,012	7,161,469	6,839,660	6,533,687	6,242,703	5,965,910
Total Property Present Value			$17,842,543	$17,193,455	$16,574,136	$15,983,039	$15,418,697	$14,879,735	$14,364,848	$13,872,812	$13,402,467	$12,952,719	$12,522,535
Rounded to Thousands			$17,843,000	$17,193,000	$16,574,000	$15,983,000	$15,419,000	$14,880,000	$14,365,000	$13,873,000	$13,402,000	$12,953,000	$12,523,000
Per SqFt			127.45	122.81	118.39	114.16	110.13	106.28	102.61	99.09	95.73	92.52	89.45

PERCENTAGE VALUE DISTRIBUTION

Assured Income	38.67%	39.13%	39.59%	40.06%	40.52%	40.99%	41.46%	41.93%	42.40%	42.87%	43.34%
Prospective Income	8.20%	8.28%	8.37%	8.44%	8.53%	8.61%	8.69%	8.77%	8.85%	8.93%	9.02%
Prospective Property Resale	53.13%	52.59%	52.04%	51.50%	50.95%	50.40%	49.85%	49.30%	48.75%	48.20%	47.64%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Cinergy Florence Industrial-8% Residual

PROSPECTIVE PRESENT VALUE
Cash Flow After Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 9.00%	P.V. of Cash Flow @ 9.50%	P.V. of Cash Flow @ 10.00%	P.V. of Cash Flow @ 10.50%	P.V. of Cash Flow @ 11.00%	P.V. of Cash Flow @ 11.50%	P.V. of Cash Flow @ 12.00%	P.V. of Cash Flow @ 12.50%	P.V. of Cash Flow @ 13.00%	P.V. of Cash Flow @ 13.50%
Year 1	Jun-2006	($13,453)	($12,399)	($12,342)	($12,286)	($12,230)	($12,175)	($12,120)	($12,065)	($12,012)	($11,958)	($11,905)	($11,853)
Year 2	Jun-2007	485,598	412,494	408,718	404,994	401,321	397,697	394,122	390,595	387,116	383,682	380,294	376,951
Year 3	Jun-2008	526,200	411,966	406,323	400,782	395,342	390,000	384,753	379,600	374,539	369,567	364,683	359,885
Year 4	Jun-2009	542,459	391,424	384,291	377,321	370,506	363,846	357,335	350,968	344,742	338,655	332,700	326,876
Year 5	Jun-2010	558,862	371,669	363,222	355,005	347,010	339,229	331,657	324,287	317,114	310,128	303,328	296,706
Year 6	Jun-2011	575,414	352,697	343,101	333,807	324,806	316,087	307,640	299,455	291,522	283,835	276,382	269,156
Year 7	Jun-2012	592,115	334,502	323,907	313,695	303,848	294,354	285,197	276,365	267,843	259,620	251,685	244,026
Year 8	Jun-2013	612,470	318,894	307,378	296,327	285,722	275,542	265,767	256,381	247,366	238,707	230,387	222,391
Year 9	Jun-2014	632,984	303,756	291,444	279,683	268,447	257,710	247,449	237,639	228,261	219,290	210,711	202,502
Year 10	Jun-2015	657,159	290,652	277,591	265,173	253,363	242,130	231,442	221,270	211,587	202,370	193,591	185,231
Total Cash Flow		5,169,808	3,175,655	3,093,633	3,014,501	2,938,135	2,864,420	2,793,242	2,724,495	2,658,078	2,593,896	2,531,856	2,471,871
Property Resale @ 8% Cap Rate		8,905,838	3,938,922	3,761,922	3,593,632	3,433,586	3,281,346	3,136,498	2,998,652	2,867,441	2,742,519	2,623,556	2,510,245
Value of Equity Interest			$7,114,577	$6,855,555	$6,608,133	$6,371,721	$6,145,766	$5,929,740	$5,723,147	$5,525,519	$5,336,415	$5,155,412	$4,982,116
Rounded to Thousands			$7,115,000	$6,856,000	$6,608,000	$6,372,000	$6,146,000	$5,930,000	$5,723,000	$5,526,000	$5,336,000	$5,155,000	$4,982,000
Per SqFt			50.82	48.97	47.20	45.51	43.90	42.36	40.88	39.47	38.12	36.82	35.59
Value of Equity Interest			$7,114,577	$6,855,555	$6,608,133	$6,371,721	$6,145,766	$5,929,740	$5,723,147	$5,525,519	$5,336,415	$5,155,412	$4,982,116
Debt Balance as of Jul-2005		8,765,774	8,765,774	8,765,774	8,765,774	8,765,774	8,765,774	8,765,774	8,765,774	8,765,774	8,765,774	8,765,774	8,765,774
Total Leveraged Present Value			15,880,351	15,621,329	15,373,907	15,137,495	14,911,540	14,695,514	14,488,921	14,291,293	14,102,189	13,921,186	13,747,890
Rounded to Thousands			$15,880,000	$15,621,000	$15,374,000	$15,137,000	$14,912,000	$14,696,000	$14,489,000	$14,291,000	$14,102,000	$13,921,000	$13,748,000
Per SqFt			113.43	111.58	109.81	108.12	106.51	104.97	103.49	102.08	100.73	99.44	98.20

Cinergy Florence Industrial-9% Residual

SCHEDULE OF PROSPECTIVE CASH FLOW
In Inflated Dollars for the Fiscal Year Beginning 7/1/2005

For the Years Ending	Year 1 Jun-2006	Year 2 Jun-2007	Year 3 Jun-2008	Year 4 Jun-2009	Year 5 Jun-2010	Year 6 Jun-2011	Year 7 Jun-2012	Year 8 Jun-2013	Year 9 Jun-2014	Year 10 Jun-2015	Year 11 Jun-2016
POTENTIAL GROSS REVENUE											
Base Rental Revenue	$600,403	$1,099,454	$1,140,057	$1,156,316	$1,172,718	$1,189,270	$1,205,971	$1,226,326	$1,246,840	$1,271,015	$1,295,357
Scheduled Base Rental Revenue	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
TOTAL POTENTIAL GROSS REVENUE	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
EFFECTIVE GROSS REVENUE	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
NET OPERATING INCOME	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
DEBT SERVICE											
Interest Payments	474,566	468,261	461,583	454,511	447,022	439,091	430,691	421,796	412,375	402,398	-
Principal Payments	106,796	113,101	119,779	126,850	134,340	142,271	150,671	159,566	168,987	178,964	-
TOTAL DEBT SERVICE	581,362	581,362	581,362	581,361	581,362	581,362	581,362	581,362	581,362	581,362	-
CASH FLOW AFTER DEBT SERVICE BUT BEFORE TAXES	$19,041	$518,092	$558,695	$574,955	$591,356	$607,908	$624,609	$644,964	$665,478	$689,653	$1,295,357

Cinergy Florence Industrial-9% Residual

PROSPECTIVE PRESENT VALUE
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 5.50%	P.V. of Cash Flow @ 6.00%	P.V. of Cash Flow @ 6.50%	P.V. of Cash Flow @ 7.00%	P.V. of Cash Flow @ 7.50%	P.V. of Cash Flow @ 8.00%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 9.00%	P.V. of Cash Flow @ 9.50%	P.V. of Cash Flow @ 10.00%	P.V. of Cash Flow @ 10.50%
Year 1	Jun-2006	$600,403	$569,102	$566,418	$563,759	$561,124	$558,514	$555,929	$553,367	$550,828	$548,313	$545,821	$543,351
Year 2	Jun-2007	1,099,454	987,807	978,510	969,344	960,306	951,394	942,604	933,937	925,389	916,957	908,640	900,435
Year 3	Jun-2008	1,140,057	970,889	957,214	943,795	930,626	917,701	905,014	892,560	880,333	868,329	856,541	844,967
Year 4	Jun-2009	1,156,316	933,397	915,910	898,831	882,148	865,850	849,927	834,368	819,163	804,303	789,780	775,582
Year 5	Jun-2010	1,172,718	897,287	876,324	855,944	836,132	816,867	798,132	779,910	762,187	744,943	728,165	711,840
Year 6	Jun-2011	1,189,270	862,513	838,388	815,047	792,461	770,601	749,442	728,958	709,123	689,916	671,312	653,291
Year 7	Jun-2012	1,205,971	829,029	802,040	776,050	751,018	726,905	703,673	681,284	659,707	638,907	618,854	599,516
Year 8	Jun-2013	1,226,326	799,073	769,412	740,985	713,733	687,603	662,545	638,511	615,452	593,326	572,090	551,706
Year 9	Jun-2014	1,246,840	770,085	738,002	707,398	678,198	650,332	623,731	598,333	574,079	550,913	528,782	507,633
Year 10	Jun-2015	1,271,015	744,091	709,729	677,103	646,120	616,688	588,726	562,151	536,891	512,873	490,031	468,304
Total Cash Flow		11,308,370	8,363,273	8,151,947	7,948,256	7,751,866	7,562,455	7,379,723	7,203,379	7,033,152	6,868,780	6,710,016	6,556,625
Property Resale @ 9% Cap Rate		14,392,856	8,426,018	8,036,896	7,667,449	7,316,598	6,983,326	6,666,677	6,365,750	6,079,698	5,807,722	5,549,069	5,303,031
Total Property Present Value			$16,789,291	$16,188,843	$15,615,705	$15,068,464	$14,545,781	$14,046,400	$13,569,129	$13,112,850	$12,676,502	$12,259,085	$11,859,656
Rounded to Thousands			$16,789,000	$16,189,000	$15,616,000	$15,068,000	$14,546,000	$14,046,000	$13,569,000	$13,113,000	$12,677,000	$12,259,000	$11,860,000
Per SqFt			119.92	115.63	111.54	107.63	103.90	100.33	96.92	93.66	90.55	87.56	84.71

PERCENTAGE VALUE DISTRIBUTION

Assured Income	41.10%	41.56%	42.02%	42.49%	42.95%	43.42%	43.89%	44.36%	44.83%	45.30%	45.77%
Prospective Income	8.71%	8.80%	8.88%	8.95%	9.04%	9.12%	9.20%	9.28%	9.36%	9.44%	9.52%
Prospective Property Resale	50.19%	49.64%	49.10%	48.56%	48.01%	47.46%	46.91%	46.36%	45.81%	45.26%	44.71%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Cinergy Florence Industrial-9% Residual

PROSPECTIVE PRESENT VALUE
Cash Flow After Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 9.00%	P.V. of Cash Flow @ 9.50%	P.V. of Cash Flow @ 10.00%	P.V. of Cash Flow @ 10.50%	P.V. of Cash Flow @ 11.00%	P.V. of Cash Flow @ 11.50%	P.V. of Cash Flow @ 12.00%	P.V. of Cash Flow @ 12.50%	P.V. of Cash Flow @ 13.00%	P.V. of Cash Flow @ 13.50%
Year 1	Jun-2006	$19,041	$17,549	$17,469	$17,389	$17,310	$17,232	$17,154	$17,077	$17,001	$16,925	$16,850	$16,776
Year 2	Jun-2007	518,092	440,096	436,067	432,094	428,175	424,309	420,495	416,732	413,020	409,357	405,742	402,175
Year 3	Jun-2008	558,695	437,407	431,416	425,533	419,756	414,083	408,513	403,042	397,668	392,389	387,204	382,109
Year 4	Jun-2009	574,955	414,873	407,312	399,924	392,702	385,643	378,741	371,993	365,394	358,942	352,631	346,458
Year 5	Jun-2010	591,356	393,278	384,341	375,645	367,186	358,953	350,941	343,143	335,551	328,160	320,964	313,957
Year 6	Jun-2011	607,908	372,615	362,476	352,658	343,148	333,936	325,012	316,365	307,985	299,863	291,990	284,356
Year 7	Jun-2012	624,609	352,858	341,682	330,909	320,523	310,508	300,848	291,530	282,542	273,868	265,496	257,417
Year 8	Jun-2013	644,964	335,813	323,686	312,049	300,880	290,160	279,867	269,983	260,490	251,371	242,610	234,190
Year 9	Jun-2014	665,478	319,349	306,404	294,040	282,228	270,940	260,152	249,839	239,978	230,548	221,527	212,898
Year 10	Jun-2015	689,653	305,024	291,317	278,285	265,891	254,102	242,885	232,211	222,050	212,376	203,164	194,389
Total Cash Flow		5,494,751	3,388,862	3,302,170	3,218,526	3,137,799	3,059,866	2,984,608	2,911,915	2,841,679	2,773,799	2,708,178	2,644,725
Property Resale @ 9% Cap Rate		7,492,421	3,313,789	3,164,880	3,023,298	2,888,653	2,760,574	2,638,714	2,522,746	2,412,359	2,307,262	2,207,180	2,111,852
Value of Equity Interest			$6,702,651	$6,467,050	$6,241,824	$6,026,452	$5,820,440	$5,623,322	$5,434,661	$5,254,038	$5,081,061	$4,915,358	$4,756,577
Rounded to Thousands			$6,703,000	$6,467,000	$6,242,000	$6,026,000	$5,820,000	$5,623,000	$5,435,000	$5,254,000	$5,081,000	$4,915,000	$4,757,000
Per SqFt			47.88	46.19	44.58	43.05	41.57	40.17	38.82	37.53	36.29	35.11	33.98
Value of Equity Interest			$6,702,651	$6,467,050	$6,241,824	$6,026,452	$5,820,440	$5,623,322	$5,434,661	$5,254,038	$5,081,061	$4,915,358	$4,756,577
Debt Balance as of Jul-2005		8,301,760	8,301,760	8,301,760	8,301,760	8,301,760	8,301,760	8,301,760	8,301,760	8,301,760	8,301,760	8,301,760	8,301,760
Total Leveraged Present Value			15,004,411	14,768,810	14,543,584	14,328,212	14,122,200	13,925,082	13,736,421	13,555,798	13,382,821	13,217,118	13,058,337
Rounded to Thousands			$15,004,000	$14,769,000	$14,544,000	$14,328,000	$14,122,000	$13,925,000	$13,736,000	$13,556,000	$13,383,000	$13,217,000	$13,058,000
Per SqFt			107.17	105.49	103.88	102.34	100.87	99.46	98.12	96.83	95.59	94.41	93.27

Cinergy Florence Industrial-8% Residual-$14.5 MM Sales Price

SCHEDULE OF PROSPECTIVE CASH FLOW
In Inflated Dollars for the Fiscal Year Beginning 7/1/2005

For the Years Ending	Year 1 Jun-2006	Year 2 Jun-2007	Year 3 Jun-2008	Year 4 Jun-2009	Year 5 Jun-2010	Year 6 Jun-2011	Year 7 Jun-2012	Year 8 Jun-2013	Year 9 Jun-2014	Year 10 Jun-2015	Year 11 Jun-2016
POTENTIAL GROSS REVENUE											
Base Rental Revenue	$600,403	$1,099,454	$1,140,057	$1,156,316	$1,172,718	$1,189,270	$1,205,971	$1,226,326	$1,246,840	$1,271,015	$1,295,357
Scheduled Base Rental Revenue	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
TOTAL POTENTIAL GROSS REVENUE	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
EFFECTIVE GROSS REVENUE	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
NET OPERATING INCOME	600,403	1,099,454	1,140,057	1,156,316	1,172,718	1,189,270	1,205,971	1,226,326	1,246,840	1,271,015	1,295,357
DEBT SERVICE											
Interest Payments	580,220	572,511	564,346	555,700	546,544	536,847	526,577	515,701	504,183	491,985	-
Principal Payments	130,572	138,281	146,445	155,091	164,248	173,945	184,215	195,091	206,609	218,807	-
TOTAL DEBT SERVICE	710,792	710,792	710,791	710,791	710,792	710,792	710,792	710,792	710,792	710,792	-
CASH FLOW AFTER DEBT SERVICE BUT BEFORE TAXES	($110,389)	$388,662	$429,266	$445,525	$461,926	$478,478	$495,179	$515,534	$536,048	$560,223	$1,295,357

Cinergy Florence Industrial-8% Residual-$14.5 MM Sales Price

PROSPECTIVE PRESENT VALUE
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 5.50%	P.V. of Cash Flow @ 6.00%	P.V. of Cash Flow @ 6.50%	P.V. of Cash Flow @ 7.00%	P.V. of Cash Flow @ 7.50%	P.V. of Cash Flow @ 8.00%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 9.00%	P.V. of Cash Flow @ 9.50%	P.V. of Cash Flow @ 10.00%	P.V. of Cash Flow @ 10.50%
Year 1	Jun-2006	$600,403	$569,102	$566,418	$563,759	$561,124	$558,514	$555,929	$553,367	$550,828	$548,313	$545,821	$543,351
Year 2	Jun-2007	1,099,454	987,807	978,510	969,344	960,306	951,394	942,604	933,937	925,389	916,957	908,640	900,435
Year 3	Jun-2008	1,140,057	970,889	957,214	943,795	930,626	917,701	905,014	892,560	880,333	868,329	856,541	844,967
Year 4	Jun-2009	1,156,316	933,397	915,910	898,831	882,148	865,850	849,927	834,368	819,163	804,303	789,780	775,582
Year 5	Jun-2010	1,172,718	897,287	876,324	855,944	836,132	816,867	798,132	779,910	762,187	744,943	728,165	711,840
Year 6	Jun-2011	1,189,270	862,513	838,388	815,047	792,461	770,601	749,442	728,958	709,123	689,916	671,312	653,291
Year 7	Jun-2012	1,205,971	829,029	802,040	776,050	751,018	726,905	703,673	681,284	659,707	638,907	618,854	599,516
Year 8	Jun-2013	1,226,326	799,073	769,412	740,985	713,733	687,603	662,545	638,511	615,452	593,326	572,090	551,706
Year 9	Jun-2014	1,246,840	770,085	738,002	707,398	678,198	650,332	623,731	598,333	574,079	550,913	528,782	507,633
Year 10	Jun-2015	1,271,015	744,091	709,729	677,103	646,120	616,688	588,726	562,151	536,891	512,873	490,031	468,304
Total Cash Flow		11,308,370	8,363,273	8,151,947	7,948,256	7,751,866	7,562,455	7,379,723	7,203,379	7,033,152	6,868,780	6,710,016	6,556,625
Property Resale @ 8% Cap Rate		16,191,963	9,479,270	9,041,508	8,625,880	8,231,173	7,856,242	7,500,012	7,161,469	6,839,660	6,533,687	6,242,703	5,965,910
Total Property Present Value			$17,842,543	$17,193,455	$16,574,136	$15,983,039	$15,418,697	$14,879,735	$14,364,848	$13,872,812	$13,402,467	$12,952,719	$12,522,535
Rounded to Thousands			$17,843,000	$17,193,000	$16,574,000	$15,983,000	$15,419,000	$14,880,000	$14,365,000	$13,873,000	$13,402,000	$12,953,000	$12,523,000
Per SqFt			127.45	122.81	118.39	114.16	110.13	106.28	102.61	99.09	95.73	92.52	89.45

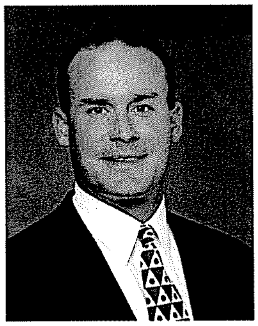
PERCENTAGE VALUE DISTRIBUTION

Assured Income	38.67%	39.13%	39.59%	40.06%	40.52%	40.99%	41.46%	41.93%	42.40%	42.87%	43.34%
Prospective Income	8.20%	8.28%	8.37%	8.44%	8.53%	8.61%	8.69%	8.77%	8.85%	8.93%	9.02%
Prospective Property Resale	53.13%	52.59%	52.04%	51.50%	50.95%	50.40%	49.85%	49.30%	48.75%	48.20%	47.64%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Cinergy Florence Industrial-8% Residual-$14.5 MM Sales Price

PROSPECTIVE PRESENT VALUE
Cash Flow After Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 9.00%	P.V. of Cash Flow @ 9.50%	P.V. of Cash Flow @ 10.00%	P.V. of Cash Flow @ 10.50%	P.V. of Cash Flow @ 11.00%	P.V. of Cash Flow @ 11.50%	P.V. of Cash Flow @ 12.00%	P.V. of Cash Flow @ 12.50%	P.V. of Cash Flow @ 13.00%	P.V. of Cash Flow @ 13.50%
Year 1	Jun-2006	($110,389)	($101,741)	($101,274)	($100,812)	($100,354)	($99,900)	($99,450)	($99,004)	($98,562)	($98,124)	($97,689)	($97,259)
Year 2	Jun-2007	388,662	330,151	327,129	324,148	321,209	318,308	315,447	312,624	309,839	307,091	304,379	301,703
Year 3	Jun-2008	429,266	336,076	331,472	326,953	322,514	318,156	313,876	309,672	305,543	301,488	297,503	293,589
Year 4	Jun-2009	445,525	321,479	315,621	309,895	304,299	298,829	293,481	288,253	283,140	278,139	273,249	268,465
Year 5	Jun-2010	461,926	307,202	300,220	293,429	286,820	280,389	274,131	268,039	262,109	256,336	250,715	245,241
Year 6	Jun-2011	478,478	293,281	285,301	277,573	270,088	262,838	255,813	249,007	242,412	236,019	229,821	223,814
Year 7	Jun-2012	495,179	279,739	270,880	262,339	254,105	246,165	238,508	231,121	223,994	217,117	210,482	204,076
Year 8	Jun-2013	515,534	268,423	258,729	249,427	240,501	231,932	223,703	215,803	208,215	200,927	193,923	187,193
Year 9	Jun-2014	536,048	257,239	246,811	236,852	227,336	218,244	209,555	201,247	193,304	185,708	178,442	171,491
Year 10	Jun-2015	560,223	247,778	236,645	226,058	215,991	206,413	197,302	188,631	180,377	172,518	165,035	157,907
Total Cash Flow		4,200,452	2,539,627	2,471,534	2,405,862	2,342,509	2,281,374	2,222,366	2,165,393	2,110,371	2,057,219	2,005,860	1,956,220
Property Resale @ 8% Cap Rate		7,755,268	3,430,042	3,275,909	3,129,361	2,989,992	2,857,420	2,731,285	2,611,248	2,496,989	2,388,205	2,284,612	2,185,940
Value of Equity Interest			$5,969,669	$5,747,443	$5,535,223	$5,332,501	$5,138,794	$4,953,651	$4,776,641	$4,607,360	$4,445,424	$4,290,472	$4,142,160
Rounded to Thousands			$5,970,000	$5,747,000	$5,535,000	$5,333,000	$5,139,000	$4,954,000	$4,777,000	$4,607,000	$4,445,000	$4,290,000	$4,142,000
Per SqFt			42.64	41.05	39.54	38.09	36.71	35.38	34.12	32.91	31.75	30.65	29.59
Value of Equity Interest			$5,969,669	$5,747,443	$5,535,223	$5,332,501	$5,138,794	$4,953,651	$4,776,641	$4,607,360	$4,445,424	$4,290,472	$4,142,160
Debt Balance as of Jul-2005		10,150,000	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000	10,150,000
Total Leveraged Present Value			16,119,669	15,897,443	15,685,223	15,482,501	15,288,794	15,103,651	14,926,641	14,757,360	14,595,424	14,440,472	14,292,160
Rounded to Thousands			$16,120,000	$15,897,000	$15,685,000	$15,483,000	$15,289,000	$15,104,000	$14,927,000	$14,757,000	$14,595,000	$14,440,000	$14,292,000
Per SqFt			115.14	113.55	112.04	110.59	109.21	107.88	106.62	105.41	104.25	103.15	102.09



Michael A. Hartmann, CCIM, SIOR
Principal/Executive Vice President
Office Sales and Leasing
513.763.3010

Real Estate Specialty

Specialist in the sales and leasing of office properties in the Greater Cincinnati Office Market.

Major Transactions

Mike completed over $150 million of office transactions in The Cincinnati Office Market in the last three years. Most recently he completed the sale of the Atrium I Building after successfully representing Convergys in their search for a new corporate headquarters. He also completed the 268,000 square foot Provident Bank and the 210,000 square foot AT&T leases which were the largest lease transactions in Downtown Cincinnati in over 17 years. His clients include a variety of major national and local companies such as Procter & Gamble, G.E. Aircraft Engines, Children's Hospital, Merrill Lynch, Convergys, Cincinnati Bell, Cinergy, The Greater Cincinnati Chamber of Commerce and The Kroger Company. His consistent production over the past 17 years has enabled Mike to be recognized as one of the leading office brokers in Cincinnati. Mike is a principal and serves on the Board of Colliers Turley Martin Tucker.

Career History

Prior to joining Colliers, Mike was a Senior Associate with Everest Commercial Real Estate Services where he was responsible for sales, leasing and consultation for office properties focusing mainly on the CBD. Mike's additional real estate experience includes two years with Vollmer Realty concentrating on office properties in the Cincinnati CBD. His beginning in sales dates back to employment at Procter & Gamble. As a sales executive in the Food Service & Lodging Products Division, Mike was responsible for developing 50 of the largest food services accounts in the Ohio/Indiana region. In this capacity, Mike was awarded the Outstanding Distributor Development Award in 1986.

Community Leadership

Mike has served on the Board of Catholic Social Services, and is a member of the Finance Committee of St. Pius X Parish. Mike is actively involved as a mentor at St. Francis Seraph in Over-the-Rhine, as well as, the lives of his three children. Among his professional accomplishments, Mike is a member of SIOR and CCIM. After graduating from Moeller High School in 1981, Mike attended Cornell University, where he earned a Bachelor of Science degree in Industrial and Labor Relations.

Education

Cornell University, B.S. 1985

Clients Served

The Kroger Company, Convergys, Cinergy, Merrill Lynch, Children's Hospital, Provident Bank, Jacor Communications, Cincinnati Bell, Procter & Gamble, G.E. Aircraft Engines, Pomeroy Computer Resources, Ohio State Teachers Retirement Systems, and KeyBank Corp.

Industry Achievements

Certified Commercial Investment Member (CCIM), Society of Industrial and Office REALTORS® (SIOR), Ohio Real Estate Salesperson License, Kentucky Real Estate Salesperson License

PROFILE
COMMERCIAL REAL ESTATE SERVICES

COLLIERS INTERNATIONAL TURLEY MARTIN TUCKER

Commercial Real Estate Services

James P. O'Connell, CCIM
Principal, Senior Vice President
Investment Sales
513.763.3042

Real Estate Specialty

Specializes in major investment transactions of office, retail and industrial properties. Mr. O'Connell is a partner with Tom Powers, an investment and industrial specialist, and Jeff Bender, an industrial specialist; their Cincinnati-based team, which includes six other professionals, specializes in capital placements throughout the U.S., focusing in the Midwest.

Major Transactions

Over the past five years, Jim and his team have averaged $595 million and 14,100,000 square feet per year in transactions in retail, industrial, office and investment sales, and industrial leasing. Since 1991, Jim's career transactions have totaled $3.9 billion and 100 million square feet, and have included major property sales such as:

- RREEF's purchase of Cabot Industrial Trust (41 million SF, $2.1 billion),
- Prudential Multi-Market Industrial Portfolio (5,231,105 SF) National,
- Kodak Elmgrove Campus (5.0 M SF) in Rochester, New York
- Forest Fair Mall (1.35 M SF),
- Hemmer Industrial Portfolio (833,321 SF),
- Blue Ash Distribution Center (770,705 SF),
- Nine West Distribution (713,530 SF),
- National City Center (649,619 SF) in Indianapolis, Indiana,
- Beechmont Mall (595,476 SF),
- Chiquita Center (535,000 SF),
- 580 Building (516,622 SF),
- Park 50 TechneCenter (501,093 SF),
- 150 West Jefferson (494,463 SF) in Detroit, Michigan.

Career History

Jim joined Colliers Turley Martin Tucker in 2002 as a principal after nineteen years with CB Richard Ellis and their Institutional Investment Properties Group.

Education

University of Cincinnati, Bachelor of Arts in Business Administration, majoring in Management

Clients Served

Cabot Industrial Trust, Prudential, Heitman Advisors, LaSalle Advisors, ERE Yarmouth, Duke-Weeks, Archon Group, Clarion, STRS of Ohio, MetLife, UBS, TIAA and RREEF

Industry Achievements

CCIM Designation (Certified Commercial Investment Member); CCIM Instructor; Ohio Real Estate Salesperson and Broker License; Kentucky Real Estate License.

PROFILE
COMMERCIAL REAL ESTATE SERVICES

RECEIVED
MAY 1 2 2005
PUBLIC SERVICE
COMMISSION

OFFER TO PURCHASE

This **OFFER TO PURCHASE** (hereinafter "Agreement") is made by and between the undersigned, THE UNION LIGHT, HEAT & POWER COMPANY, a Kentucky corporation (hereinafter "ULH&P" or "Purchaser"), whose address is ULH&P, c/o Stephen Ruehlman P. O. Box 139 Rm. 1270 M Cincinnati, Ohio 45201, Brinkman Jaymont Associates, LLP, an Ohio Limited Liability Partnership (hereinafter "Seller"), c/o Tom Brinkman, Sr., whose address is 1598 Bloomingdale Avenue, Cincinnati, Ohio 45230, whereby Purchaser offers to buy from Seller, upon the terms hereinafter set forth in this Agreement, the real and personal property described as constituting the lands and improvements owned by Seller in fee, as shown on the drawing attached as Exhibit "A" and incorporated herein and located at 1262 Cox Avenue, Erlanger, Kentucky 41018, with a legal description attached hereto as Exhibit "B" and incorporated herein (hereinafter "Real Property").

Included within the description of Real Property are the buildings, structures, landscaping, and all other improvements on the land, as well as all heating, ventilating and air conditioning equipment and systems, plumbing and electrical equipment and systems, alarm systems, sprinkler systems and all other property, attached to, appurtenant to, or located on and used in connection with the operation, management or maintenance of the Real Property, together with all right, title and interest of Seller in and to easements and other appurtenances and privileges relating thereunto, on the terms and conditions set forth herein. Except for as otherwise expressly set forth herein, the Property is sold in "as-is, where-is condition."

1. SALE PRICE AND EARNEST MONEY. Purchaser agrees to pay Seller the sum of Two Million One Hundred Thousand Dollars and 00/100 cents ($2,100,000.00), which is the total purchase price for the Real Property (hereinafter "Purchase Price"), subject to such prorations as hereinafter set forth.

a. Additionally, Purchaser shall pay to Seller upon the execution of this Agreement, earnest money in the amount of Fifty Thousand Dollars ($50,000.00)(hereinafter "Earnest Money"), which shall be applied towards the Purchase Price and retained by the Seller upon acceptance of this Agreement pending Closing (as defined herein below). In the event that the Closing does not transpire in accordance with the terms and condition for Purchaser's termination of this Agreement or should the parties mutually agree not to Close the purchase and sale of the Real Property, then Seller shall return the Earnest Money to Purchaser, which shall not accrue any interest on behalf of Purchaser; otherwise, Seller shall be entitled to the Earnest Money.

2. CONTINGENCIES. The Purchaser's obligations are expressly contingent, for the benefit of Purchaser, upon the following:

a. Purchaser shall be satisfied with the results of any inspections of the Real Property made by or on the behalf of Purchaser. Purchaser shall have ninety (90) days from the Effective Date (defined herein below) of this Agreement to conduct such studies, inspections, and assessments as Purchaser deems necessary or appropriate (hereinafter the "Inspection Period"). If, on or prior to the expiration of the Inspection Period, Purchaser notifies Seller in writing that Purchaser is not satisfied with the results of such studies, inspections, and assessments, Purchaser may declare this

Agreement null and void and of no further force or effect, in which event each party will be released from any and all liability to the other. Purchaser shall be entitled to the Earnest Money, and Seller shall immediately (no later than five [5] business days) remit said Earnest Money to Purchaser without any obligation of Purchaser to send notice to Seller or request the Earnest Money.

b. Purchaser intends to determine that its intended use for the Real Property is feasible, approved by the Kentucky Public Service Commission, and will be successfully implemented. Purchaser shall have ninety (90) days from the Effective Date of this Agreement to determine that its intended use for the Real Property is feasible and approved, (hereinafter the "Evaluation Period"). If on or prior to the expiration of the Evaluation Period Purchaser notifies Seller in writing that Purchaser has determined that its intended use for the Real Property is not feasible or will not be successfully implemented, Purchaser may declare this Agreement null and void and of no further force or effect, in which event both parties will be released from any and all liability under this Agreement, and Purchaser shall be entitled to the Earnest Money, and Seller shall immediately (no later than five [5] business days) remit the Earnest Money to Purchaser without any obligation of Purchaser to send notice or request such Earnest Money. The Inspection Period and Evaluation Period shall run concurrently, whereby both shall commence upon the Effective Date of this Agreement and end ninety (90) calendar days from the Effective Date (collectively, the Inspection Period and the Evaluation Period may be referred to herein as the "Inspection and Evaluation Period," as applicable).

c. In the event that any cloud or defect in the title to the Real Property is disclosed during any title examination that Purchaser elects to perform, Seller shall have the right, but not the obligation, to cure such defect. Seller shall notify Purchaser of its election whether or not to cure such defect within seven (7) days of receiving notice of the defect. In the event Seller elects not to cure, Purchaser may (i) elect to accept the Real Property subject to any such defect and deduct any all cost and/or expense, direct and indirect, for the cure of such defect from the Purchase Price; or (ii) terminate this Agreement, with Earnest Money returned Purchaser (interest is not applicable). Purchaser shall provide Seller written notice, within seven (7) days of Seller's notice of election not to cure, of Purchaser's election of (i) or (ii) above.

3. CLOSING. The closing of the sale of the Real Property shall occur within thirty (30) days after Purchaser notifies Seller of Purchaser's acceptance of the Real Property, but in no event later than August 31, 2005 (hereinafter "Closing" or "Closing Date"). The Closing shall be held at the offices of ULH&P 139 East 4th St. Cincinnati, Ohio 45202. Purchaser shall be given exclusive possession of the Real Property at Closing. At the Closing, Seller, at Seller's expense, shall make, execute and deliver to Purchaser a good and sufficient General Warranty Deed conveying to the Purchaser good and marketable title to the Real Property in form and substance acceptable to the Boone County Auditor and Recorder for purposes of transfer and recording. Title to the Real Property shall be free, clear and unencumbered at the time of Closing, with the exception of any easements and similar encumbrances of record. Seller shall also execute and/or deliver, as appropriate, any other documents reasonably requested by Purchaser's title insurance company, including, but not limited to, an Affidavit of Title, a Non-Foreign Affidavit, Certificates of Good Standing, documentation of authority showing due authorization of the parties to execute the instruments of sale and conveyance, and any and all other similar documents reasonably requested by Purchaser, its counsel, or the title insurance company. Further, at Closing Purchaser shall execute the Note and any other Instrument as set forth herein or to effect the parties' intentions as set forth herein.

4. PRORATION. Prior to the Closing Date, Seller shall pay all real estate taxes and installments of assessments (whether general or special) on the Real Property that are due or become due prior to the date of Closing. Taxes and assessments which are a lien against the Real Property as of the date of Closing, but which are not yet due and payable as of the Closing Date, shall be prorated as of the Closing Date to the extent possible; however, if there are any taxes due and owing by the Seller for the time of Seller's ownership of the Real Property, such shall be the Seller's responsibility even after Closing. The Purchaser shall notify Seller of such amount and the Seller shall immediately remit to Purchaser for payment. Seller shall be responsible for any and all costs, direct and indirect, in the enforcement of this provision, including attorneys' fees. This provision shall survive the termination of this Agreement, and not merge into the General Warranty Deed for the conveyance of the Real Property from the Seller to the Purchaser.

5. CASUALTY OR CONDEMNATION. In the event of substantial loss or damage to the Real Property prior to the Closing by fire, condemnation, or other casualty (not resulting from negligence of Purchaser), Purchaser may, at any time after receipt of notice or knowledge of that event, cancel this Agreement, in which event this

Agreement shall terminate and neither party shall have any further rights or obligations under this Agreement, and Seller shall immediately reimburse Purchaser the Earnest Money paid hereunder. In the event that Purchaser shall not elect to terminate, first, and Seller subsequently elects also not to terminate this Agreement, or if the loss or damage is not "substantial," then this Agreement shall remain in full force and effect, and Purchaser shall proceed to Closing and take the Real Property as damaged, in which event Purchaser shall be entitled to receive the insurance proceeds or condemnation award plus the amount of any deductible, co-insurance, or self-insurance carried by Seller, so that Purchaser shall receive, in effect, the full replacement cost of the loss or damage, as the cost is determined in the settlement with the insurer or the condemning authority. As used herein, a "substantial" loss or damage means any loss or damage to the Real Property resulting in the cost of repair exceeding $100,000.00.

6. <u>BROKER</u>. Purchaser represents and warrants to Seller that neither it nor its officers or agents nor anyone acting on its behalf has dealt with any real estate broker other than **West Shell Grubb & Ellis ("Purchaser's Broker") and Colliers International ("CTMT")("Seller's Broker**) in the negotiations or making of this Agreement, and Seller agrees to indemnify and hold harmless Purchaser from the claim or claims of any other broker or brokers claiming to have an interest in the Purchase. Seller represents and warrants to Purchaser that neither it nor its officers or agents nor anyone acting on its behalf has dealt with any real estate broker other than **West Shell Grubb & Ellis ("Purchaser's Broker") and Colliers International ("CTMT")** ("Seller's Broker) in the negotiations or making of this Agreement.

7. **SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.** Seller represents, warrants, and covenants to Purchaser as to the following matters, and shall be deemed to remake all of the following representations, warranties and covenants as of and up to the date of Closing and that the same shall survive the Closing.

a. To Seller's actual knowledge, the Real Property is in compliance with all applicable federal, state and local statutes, laws, ordinances, orders, requirements, rules and regulations, including, but not limited to, building, zoning, and environmental laws.

b. To Seller's actual knowledge, all required building permits, occupancy permits or other required approvals or consents of governmental authorities or public or private utilities having jurisdiction have been obtained with respect to the Real Property.

c. Seller has received no notice of violation of any applicable federal, state, or local statute, law, ordinance, order, requirement, rule or regulation, or of any covenant, condition, restriction or easement affecting the Real Property.

d. To Seller's actual knowledge, there are no, nor has Seller ever caused or permitted any third party to cause toxic, hazardous, explosive or otherwise dangerous materials, substances, pollutants or wastes as those terms are used and defined in federal, state and local law that have been or are stored, treated, disposed of, managed, generated, manufactured, produced, released, emitted or discharged on, in or under the Real Property except for materials used in the previous printing operations such as inks, solvents and varnish, which were stored for a reasonable period of time, and Seller is in compliance with all state, federal and local environmental laws and regulations applicable to the Real Property and no governmental or private action, suit or proceeding to enforce or impose liability under any of such laws, rules or regulations has been instigated or threatened against Seller. There is a closed underground storage tank (hereinafter "UST") on the Real Property. Purchaser shall be satisfied as to the status of this UST during its due diligence, and Seller shall provide any and all environmental reports and any other documents or information in Seller's possession related to the UST upon Seller's execution of this Agreement without further request of Purchaser.

e. To Seller's actual knowledge, there are no encroachments onto the Real Property of any improvement on any adjoining property and there are no encroachments onto any adjoining property of any improvements on the Real Property.

f. To Seller's actual knowledge, there is no pending or threatened litigation, arbitration, administrative action or examination, claim or demand whatsoever relating to the Real Property, and Seller is not currently contemplating the institution of insolvency proceedings.

g. Seller has no knowledge of any pending or contemplated eminent domain, condemnation, or other governmental or quasi-governmental taking of any part or all of the Real Property, and there are no improvements that have been ordered to be made and/or have not been previously assessed and there are no special, general or other assessments pending, threatened against or affecting the Real Property.

h. There are no management contracts, service contracts, leases or other agreements, either oral or written, pertaining to the Real Property that will survive the Closing or to which Purchaser or the Real Property will be bound.

i. Seller has paid or will pay in full all bills and invoices for labor and material of any kind arising from the ownership, operation, management, repair, maintenance or leasing of the Real Property prior to Closing, and there are no actual or potential claims for mechanic's liens, brokerage commissions or other claims outstanding or available to any party in connection with the ownership, operation, management, repair, maintenance or leasing of the real property except as fully described in this Agreement.

j. To Seller's actual knowledge, the Real Property is properly zoned for the purposes for which it is currently utilized.

k. To Seller's actual knowledge, the continued compliance with all legal requirements relating to the Real Property is not dependent upon facilities located on any other property.

l. To Seller's actual knowledge, the Real Property is serviced by supplies of public utilities, including, but not limited to, water, sanitary sewer, gas, electricity, telephone, storm sewer and drainage facilities and other utilities required by law and/or by the normal use and operation of the Real Property.

m. Seller has not received and has no actual knowledge of any notice or request, formal or informal, from any insurance company or Board of Fire Underwriters identifying any defects in the Real Property that would adversely affect the insurability of the Real Property or requesting the performance of any work or alteration with respect to the Real Property.

n. The execution and delivery of this Agreement by Seller, the execution and delivery of every other document and instrument delivered pursuant to this Agreement by or on behalf of Seller, and the consummation of the transactions contemplated by this Agreement have been duly authorized and validly executed and delivered by Seller.

o. No fact or condition exists that would result in the termination or impairment of access to the Real Property from adjoining public or private streets or ways or that could result in discontinuation of necessary sewer, water, electric, gas, telephone or other utilities or services.

p. For purposes of this Agreement, "to Seller's actual knowledge" shall mean information that is actually known or was and/or is now in the possession of Seller's officers and employees.

q. To Seller's actual knowledge, there are no issues or matters that could be potentially claimed by any third party with respect to the Real Property for adverse possession, prescriptive easement, quiet title, easements or licenses not of record,

8. NOTICES. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered in person, or mailed by certified or registered mail, postage prepaid as follows:

If to Purchaser:

The Union Light Heat & Power Company
139 E. Fourth Street Rm.1212M

Cincinnati, Ohio 45202
Attn: Steve Ruehlman, Manager of Real Estate Services

If to Seller:

Brinkman Jaymont Associates, LLP
1598 Bloomingdale Avenue
Cincinnati, Ohio 45230
Attn: Tom Brinkman, Sr.

or to such other address as any party may designate for itself or himself by notice to the other parties given in accordance with the provisions hereof.

9. **ENTIRE AGREEMENT.** This Agreement (including the documents attached hereto and incorporated herein and also referred to herein) constitutes the entire agreement between the parties hereto related to the subject matter hereof and supersedes any prior or contemporaneous understandings, statements, agreements, or representations by or between the parties, written or oral, that may have related in any way to the subject matter hereof. Each party acknowledges and agrees that no employee, officer, agent or representative of the other party has the authority to make any representations, statements or promises in addition to or in any way different than those contained in this Agreement, and that it is not entering into this Agreement or transaction in reliance upon any representation, statements, agreement, or promise of the other party except as expressly stated in this Agreement.

10. **PROVISION OF CERTAIN DOCUMENTS.** Seller shall deliver to Purchaser, within five (5) days of the execution hereof, the following documents that are in Seller's possession, or the possession of agents, attorneys, or contractors of Seller or which are otherwise available to Seller:

a. All environmental assessments and reports relating to the Real Property that are in Seller's possession;

b. All surveys of the Real Property, if any, that are in Seller's possession;

c. All title insurance policies, if any, that are in Seller's possession;

d. All management contracts, service contracts, or other agreements pertaining to the Real Property that are in Seller's possession; and

e. All plans, specifications, or other related documents concerning the physical structure of the Real Property, the buildings thereon, or any of the fixtures or equipment located thereon that are in Seller's possession.

(b) Failure to deliver any of the above documents within the prescribed time period may be considered a material breach of this Agreement, and Purchaser may provide Seller with notice of Purchaser's intent to terminate this Agreement as a result thereof.

11. BREACH. Should either party breach any term or condition of this Agreement or fail to perform by any manner herein (hereinafter the "Breaching Party"), the other party (hereinafter the "Nonbreaching Party") shall be afforded all remedies at law and/or equity, including Purchaser's right of specific performance of Seller's obligations as set forth herein (should Seller be the Breaching Party) and Seller's retention of the Earnest Money (if Purchaser is the Breaching Party), and the Breaching Party shall be responsible for all costs and expenses incurred by the Nonbreaching Party to enforce the breaching party's obligations hereunder, including attorneys' fees and court costs.

12. <u>BINDING EFFECT</u>. This Agreement shall be binding upon and inure to the benefit of Purchaser and Seller and their respective successors and assigns.

13. <u>ASSIGNMENT</u>. Seller shall not assign this Agreement without the written consent of Purchaser, which will not be unreasonably withheld. Purchaser shall have the right to assign this Agreement without the written consent of Seller and shall provide written notice to the Seller of such assignment.

14. <u>GOVERNING LAW</u>. This Agreement, the construction of this Agreement, all rights and obligations between the parties to this Agreement, and any and all claims arising out of or relating to the subject matter of this Agreement (including all tort claims), shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Kentucky without giving any effect to any conflict of law doctrine.

b. Any litigation or other legal proceeding of any kind based upon or in any way related to this Agreement, its subject matter, and/or any rights or obligations between the parties to this Agreement, shall be brought exclusively in an appropriate court of competent jurisdiction (state or federal) located in Boone County, Kentucky (if the action is brought in state court) or in the Eastern District of Kentucky (if the action is brought in federal court). Any action brought in such courts shall not be transferred or removed to any other state or federal court. It is further understood and agreed by the parties that they consent to the exercise of jurisdiction over them by the above-named courts as their freely negotiated choice of forum for all actions subject to this forum-selection clause.

15. HEADINGS. Headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

16. MODIFICATIONS. No modification, amendment, supplement to, or waiver of, the Agreement or any of its provisions shall be binding unless made in writing and duly signed by the parties hereto.

17. WAIVER. A failure or delay of either party to exercise any right or remedy under this Agreement shall not operate to impair, limit, preclude, cancel, waive or otherwise affect such right or remedy.

18. SEVERABILITY. If any provision of this Agreement shall be invalid or unenforceable with respect to either party, the remainder of this Agreement shall not be affected and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

19. ALTERNATIVE DISPUTE RESOLUTION. If a dispute arises between the Parties relating to this Agreement, the parties agree to use the following Alternative Dispute Resolution ("ADR") procedure prior to either party pursuing other available remedies:

a) The aggrieved party shall send a written notice to the other party describing the dispute.

b) Within fifteen (15) days after receipt of such notice, a meeting, teleconference or videoconference, upon agreement of the parties, shall be held between the parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute.

c) If, within thirty (30) days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, they will jointly appoint a mutually acceptable neutral person not affiliated with either of the parties to act as a mediator ("Neutral"). If the parties are unable to agree on the Neutral within ten days (10) days after expiration of the thirty (30) day period, they shall seek assistance in such regard from Center for Resolution of Disputes, which has an office in downtown Cincinnati, Ohio ("CRD"). The fees of the Neutral and all other common fees and expenses shall be shared equally by the parties.

d) The mediation may proceed in accordance with CRD's Model Procedure for Mediation of Business Disputes, or the parties may mutually establish their own procedure.

e) The parties shall pursue mediation in good faith and in a timely manner. In the event the mediation does not result in resolution of the dispute within twenty (20) days following the mediation, then, upon seven (7) days' written notice to the other Party, either party may immediately seek other remedies available to it in law and equity.

19.2. All ADR proceedings shall be strictly confidential and used solely for the purposes of settlement. Any materials prepared by one party for the ADR proceedings shall not be used as evidence by the other party in any subsequent litigation; provided, however, the underlying facts supporting such materials may be subject to discovery, and used as evidence in any subsequent litigation.

19.3. Each party fully understands its specific obligations under the ADR provisions of the Agreement. Neither party considers such obligations to be vague or in any way unenforceable, and neither party will contend to the contrary at any future time or in any future proceedings.

20. <u>Counterparts</u>. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

21. <u>Headings</u>. Headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

IN WITNESS WHEREOF, Purchaser has executed this Offer to Purchase this 28 day of ~~March~~ April, 2005. This Offer shall be open for acceptance until 5:00 PM, April 29, 2005.

PURCHASER:

Union Light Heat & Power Co.

By: ____________________
Name: Frederick J. Newton III
Title: Executive Vice President & CAO
Date: 4/28/2005
Time: ____________________

The undersigned agrees to and accepts the foregoing offer this _________ day of <u>April</u> 2005, which for purposes of this Agreement shall be the Effective Date.

SELLER:

By: ____________________
Name: Thomas E. Brinkman, Sr.
Title: Partner
Date: ____________________
Time: ____________________

EXHIBIT A

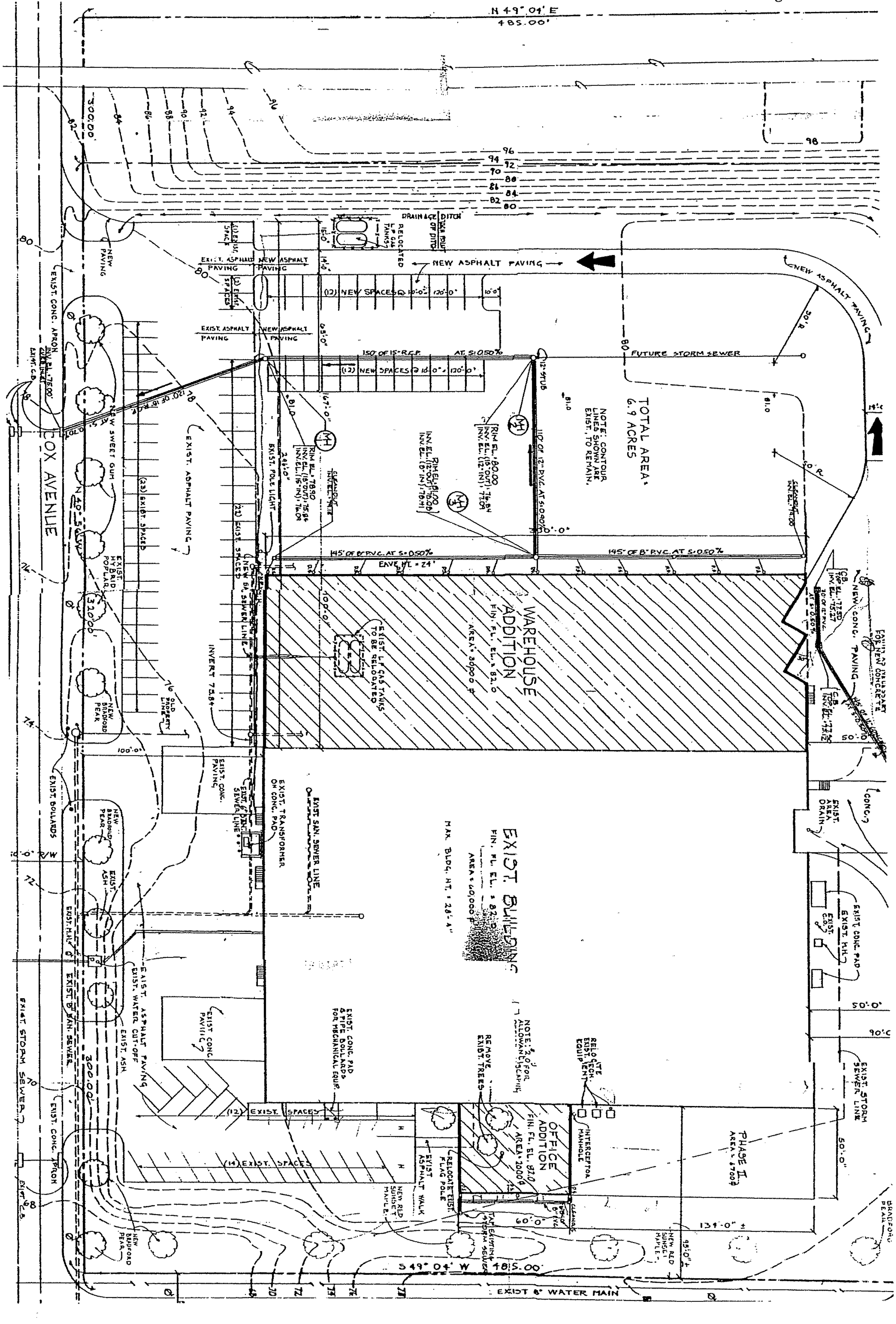

N 49° 04' E
485.00'
NEW ASPHALT PAVING
FUTURE STORM SEWER
TOTAL AREA: 6.9 ACRES
NOTE: CONTOUR LINES SHOWN ARE EXIST. TO REMAIN.
COX AVENUE
EXIST. ASPHALT PAVING
WAREHOUSE ADDITION
EXIST. BUILDING
OFFICE ADDITION
PHASE II
S 49° 04' W 485.00'
EXIST 8" WATER MAIN

EXHIBIT B

Being all of Lot No. Seven (7), Section Three (3), of the Mineola Industrial Corporation, a Kentucky Corporation, as recorded in Plat Book 14, page 43, in the office of the Boone County Clerk, Burlington, Kentucky.

Being the same property conveyed to the Grantors by Mineola Industrial Corporation by deed dated the 10th day of November, 1977 and recorded in Deed Book 239, page 91 in the office of the Clerk of Boone County Court, Burlington, Kentucky.

LOTS 5 AND 6
MINEOLA INDUSTRIAL PARK, SECTION III
GROUP NO. 1309

Lying and being in the State of Kentucky and County of Boone, located in the northeast side of Cox Lane, 300 feet northwest of Jamike Avenue and described as follows: Beginning at a stake in the northeast right-of-way (25 feet from the center line), said point being north 40 - 56 west, 300 feet from the northerly right-of-way of Jamike Avenue and being the corner common to lots 6 and 7, Mineola Industrial Park, Section III; then with the right-of-way of Cox Avenue north 40 - 56 W, 620.00 feet to a stake, a corner common to lots 4 and 5; thence with the line of lot 4 for one call north 49 - 04 east, 485.00 feet to a stake; thence south 40 - 56 east, 620.00 feet to a stake, a corner to lot 7; thence with said lot south 49 - 04 west, 485.00 feet to the beginning and containing 6.903 acres and being lots 5 and 6 as recorded on the plat of Mineola Industrial Park, Section III, in Plat Book 14 page 43, of the Boone County Court Clerk's office at Burlington, Kentucky.

Also conveyed a storm sewer easement described as follows: Beginning at a point south 40 - 56 east, 20 feet from the northeast corner of lot 4; thence north 49 - 04 east, 5.0 feet; thence 40 - 56 W, 327 feet; thence south 49 - 04 west, 10 feet; thence south 40 - 56 east, 307 feet; thence north 49 - 04 east, 5.0 feet; thence south 40 - 56 east, 20 feet to the beginning.

This conveyance is made by Grantor to convey any right, title, claim or interest it may have in and to the above-described property pursuant to Deed dated February 9, 1978 ~~and~~ recorded ~~in Deed~~ Book 241, Page 331 of the Boone County Clerk's Records and by virtue of a Lease Agreement with the City of Erlanger, Kentucky, dated September 1, 1978 and recorded in Misc. Book 102, page 276 of said records.

With the exception of the following:

Being all of Lot No. Five o [illegible] Industrial Park, Section III, as shown on Plat Book 14, Page 43 of the Boone County Clerk's Office at Burlington, Kentucky.

Also conveyed a storm sewer easement described as follows: Beginning at a point south 40 - 56 east, 20 feet from the northeast corner of Lot 4; thence north 49 - 04 east, 5.0 feet; thence 40 - 56 W, 327 feet; thence south 49 - 04 west, 10 feet; thence south 40 - 56 east, 307 feet; thence north 49 - 04 east, 5.0 feet; thence south 40 - 56 east, 20 feet to the beginning.

Being a part of the same property conveyed to the Grantor herein by Deeds dated November 28, 1983 and recorded in Deed Book 311, Page 44 and 311, Page 41 of the Boone County Clerk's records at Burlington, Kentucky.