

PROPERTY PROFILE

Property: Patterson Court Apartments
Address: 965 Patterson St., Eugene, OR 97401
Built: 2010
Units: 8 units with 5 bedrooms each
Occupancy: 100% Leased Through August 2012
Anchored by the long-term economic stability of a growing university

OFFERING DETAILS

Offering Purchase Price: \$3,457,000
Total Loan Amount: \$1,830,000
Investor Equity: \$1,627,000
Loan-to-Value: 52.94%
First Year Cash Return: 7.21%

Minimum TIC Investment: \$227,780
Minimum LLC Investment: \$32,500

(IRA Eligible)

*Loan Details: *10 year term loan from West Coast Bank guaranteed by Nelson Bros. 30-year amortization starting from date of close. Interest rate is fixed for the first five years at 5.25% then fixed for the following five years based on the 5-year Federal Home Loan Bank Seattle plus 3%*

PROPERTY SUMMARY

Patterson Court is a brand-new, state-of-the-art student housing property, irreplaceably located three blocks from the main entrance at the University of Oregon. University of Oregon is one of the fastest growing universities in the Pac-12. As a non-commuter school, demand for newer housing close to campus is exceptionally high within the University of Oregon market. Patterson Court, and its five nearest competitors are all 100% leased for the Fall 2011-2012 school year. All of them having leased up prior to Memorial Day. Despite the current recession, rental rates in this sub-market have increased by over 18% since 2008.



In recent years, the UO, like many public universities, has experienced steady declines in state funding, but through effective adjustments has sustained growth in its research enterprise, constructed several new facilities, and grown the student body, while assuming an unprecedented degree of financial autonomy. As a result... the university is more dependent on tuition revenues...and now aims to grow its student body by another 28% (or 4,000 students) over the next five to ten years.

- University of Oregon, Academic Plan 2009

UNIVERSITY OF OREGON

Established in 1876
 Campus: 295 acres
 Current Enrollment: 22,386
 Enrollment Growth: 37% since 2000
 Projected Enrollment Growth: 28% through 2020



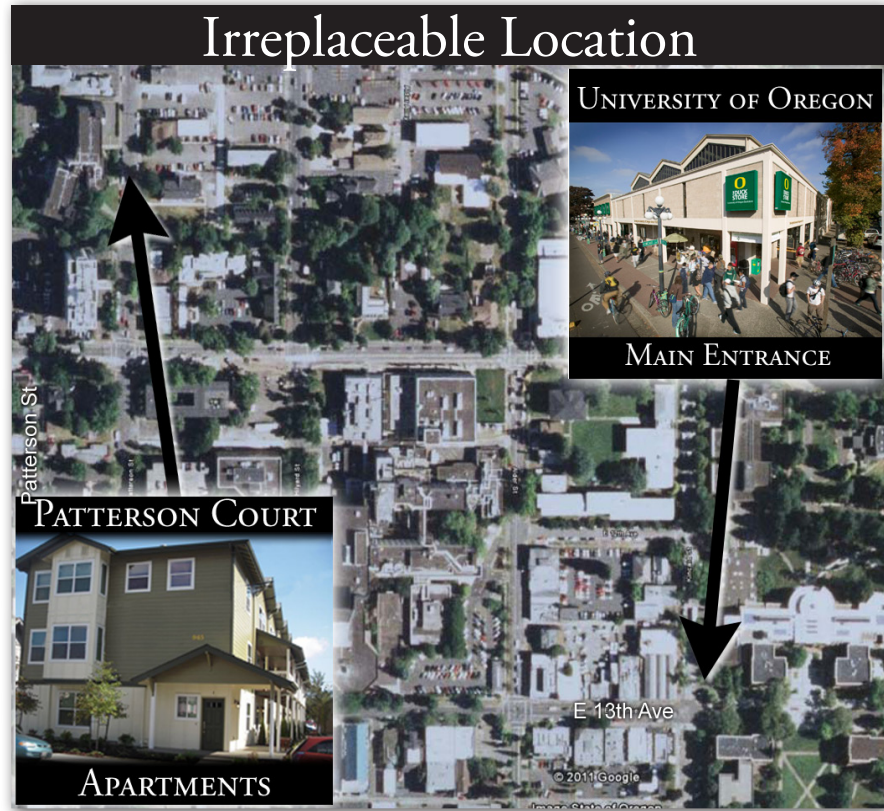
Market Overview

Enrollment at the Univ. of Oregon is at an all-time high. Properties within walking distance to campus have been in exceptionally high demand. Patterson Court is located on the west side of campus, near the main entrance to the university and in close proximity to Greek Row, retail and other popular student destinations.

Newer properties in this area have consistently leased up to 98% to 100%. Rental rates have grown over 18% since 2008 despite the recession. With strong enrollment growth projected over the next decade and limited space available, we expect demand for high-end student housing to outpace supply thus preserving high occupancy levels and sustainable rental rate growth.

Strategic Advantage: Proximity to Campus

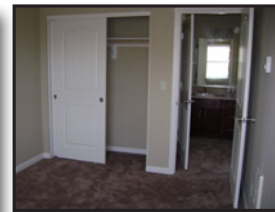
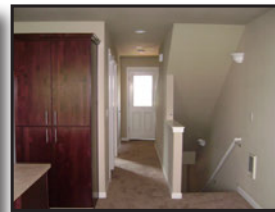
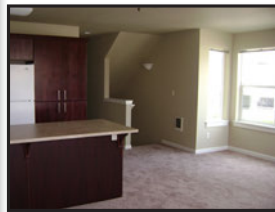
For students, campus is the center of life. Over 70% of students list proximity to campus as the top attribute they value in housing. We believe an irreplaceable location within walking distance to a non-commuter campus like UO one of the strongest indicators for successful student housing investments.



Our strategy with Patterson Court is to leverage its strong position in a market anchored by the economic stability of a major state-run university to provide high occupancy levels and stable cash flow, even in an economic downturn. In addition, our goal is to increase income as market demand drives rent upward and maximize property value by selling when optimal returns can be achieved. The projected hold time is five to seven years.

Proven Results

In 2010, Nelson Bros. closed escrow on Patterson Place Apartments. Four blocks south of Patterson Court. Patterson Place was built in 2008 and has leased to 100% occupancy four straight years. In fact, each year Patterson Place has been 100% pre-leased prior to the end of April for the following school year starting in September.



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
NOI	238,592	239,626	241,022	241,149	243,730	248,396	256,292	264,435	272,831	281,488	
Loan Payments	(121,264)	(121,264)	(121,264)	(121,264)	(121,264)	(121,264)	(121,264)	(121,264)	(121,264)	(121,264)	
Net Cash Available	117,328	118,362	119,758	119,885	122,467	127,132	135,028	143,171	151,567	160,224	Total
Targeted Cash-on-Cash Return	7.21%	7.27%	7.36%	7.37%	7.53%	7.81%	8.30%	8.80%	9.32%	9.85%	80.82%
Principal Reduction Return	1.59%	1.67%	1.76%	1.86%	1.96%	2.06%	2.17%	2.29%	2.41%	2.54%	20.30%
Total Annual Income Return	8.80%	8.95%	9.12%	9.22%	9.48%	9.87%	10.47%	11.09%	11.73%	12.39%	101.12%

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