April 2014 Fund Update

Unit Prices
Unit Prices for the Fund as at 31 March 2014 accompany this update. Unit Prices have reduced by approximately 5.5% since the end of February 2014. Approximately 65% of this reduction is attributable to Foreign Exchange movements with the Australian Dollar strengthening from USD 0.8948 at the end of February to USD 0.9268 at the end of March.

The balance is primarily due to a large Capital Call being paid during March to provide the Fund’s share of approximately US$30 million in new equity required to acquire four new multifamily apartment communities (see below). As under US GAAP accounting, new assets are valued at cost less acquisition expenses for the first 6 months of ownership, this “J-curve effect” has a dilutionary effect on new capital deployed, and thus the Fund as a whole.

The J-curve effect on unit prices, and the month to month volatility it causes, is expected to continue until the ROC II Program is fully invested and, (six months following), all assets are valued at fair market on a quarterly basis. The Chief Investment Officer for the ROC II Program, Mr Dan Stanger, has recently indicated that he expects the ROC II program to be fully invested by the end of calendar year 2014.

Q4 2013 NAV and Asset update
The Q4 2013 underlying NAV and asset update (as at 31 December 2013) was received during March.

Included within this monthly update are extracts from the Q4 2013 statement, including a copy of the covering letter from Bridge IGP CEO Mr Donaldson Hartman (page 3), together with a detailed description of each asset, its investment thesis and current performance summary, commencing at page 6.

Page 5 of this update provides a summary of the ROC II Program’s performance as at 31 December 2013. Highlights of this summary are:-

1. A total unrealised net return to date on invested equity of 21.6% IRR and an equity multiple of 1.16x;
2. A total unrealised net return to date on assets owned greater than 6 months (as at 31 December 2013) and thus valued at market / fair value of 33.6% IRR and an equity multiple of 1.34x;
3. A total unrealised net equity multiple on assets owned less than 6 months (as at 31 December 2013) and thus valued at cost, less acquisition and fund expenses, of 0.92x;

The differing results between point 2 & 3 clearly demonstrate the effect of the aforementioned “J-curve effect” on assets owned less than 6 months, on the Fund’s short-term performance as a whole.

Dispositions
No asset sales have been concluded during the month of March. The sale of Andora Apartments in Indio, California is still expected to settle in April.
New Acquisitions
The new assets which have been acquired and funded via Capital Call during March are:

<table>
<thead>
<tr>
<th>Community</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Silver Shadows, Las Vegas, Nevada</strong>: Equity invested US$4,050,000</td>
<td></td>
</tr>
<tr>
<td>Silver Shadows is a 200 unit apartment community located in Las Vegas, Nevada. Two miles from Highway 96 and 6 miles from Interstate 15. This garden-style community was constructed in 1992, and is comprised of 13 two-story residential buildings built on 8.91 acres. The property currently operates at 94.5% occupancy. Based on the competitive landscape of the submarket, Silver Shadow is a prime candidate to implement an interior renovation program, as well as extensive improvements to exteriors and common area amenities. The opportunity lies in implementing these property renovations. This value-add strategy will drive revenue while providing solid cash flow to the fund during the ownership period.</td>
<td></td>
</tr>
<tr>
<td><strong>Ashley Vista, Lithonia (Atlanta), Georgia</strong>: Equity invested US$7,065,000</td>
<td></td>
</tr>
<tr>
<td>Ashley Vista is a 312 unit fully appointed multi-family community developed in 2002. This garden-style community is conveniently located in Lithonia, Georgia, in east DeKalb County less than one mile north of Interstate 20 and six miles east of the I-285 business loop. The community benefits from close proximity to Miller Grove High School across the street, DeKalb Medical Center within walking distance, and Stonecrest Mall just a few miles away. Although the community is well maintained and only 11 years old, Ashley Vista offers a value-add opportunity. Implementing a renovation program for 100% of the units with three levels of finish grades and improving community amenities will increase resident draw and rental rate premiums. Ashley Vista is financed with long-term HUD debt that was assumed from the seller at an extremely low interest rate of 2.39%.</td>
<td></td>
</tr>
<tr>
<td><strong>Bridgewater at Mt. Zion, Stockbridge, (Atlanta), Georgia</strong>: Equity invested US$2,810,000</td>
<td></td>
</tr>
<tr>
<td>Bridgewater at Mt. Zion is a multi-family community developed in 1993 and is comprised of 200 garden-style apartment units. The property is located in Stockbridge, Georgia, 20 minutes south of downtown Atlanta and less than a quarter mile from another Bridge community, Cameron Landing. Operations at the property were suffering from low occupancy as a result of mismanagement, tired amenities and overall physical appearance, and a handful of down units. Bridgewater at Mt. Zion presents an excellent value-add opportunity in a market that has proven to support growth. By improving management, strategically repositioning the community and resident profile, renovating building exteriors and unit interiors, improving and adding common area amenities, we believe Bridgewater will narrow the rent gap and compete with other strong communities in the submarket. Additionally, with its above average square foot floor plans, we believe Bridgewater at Mt. Zion will compliment and provide an attractive alternative to Cameron Landing.</td>
<td></td>
</tr>
<tr>
<td><strong>Presidio at Rancho del Oro, Oceanside (San Diego), CA</strong>: Equity invested US$16,045,000</td>
<td></td>
</tr>
<tr>
<td>Presidio at Rancho del Oro is a 264 unit Class “B” apartment property located in the master-planned community of Rancho del Oro in the northeast area of the city of Oceanside. Average home values in Oceanside are $374,400. Oceanside is located on the northern side of San Diego County and is part of the San Diego MSA. The property is situated on 37.89 acres. There is a 7.8 acre “future site” which will accommodate 64 additional units. The overall community is currently well maintained but will benefit dramatically from ROC’s ability to upgrade interior finishes, provide more robust and improved amenities, and improve the general curb appeal. With a budget of $1.74 million for these renovations to create an attractive and appealing community for current and prospective residents, we anticipate driving significant rent increases as a result.</td>
<td></td>
</tr>
</tbody>
</table>
Letter from the CEO of Bridge Investment Group Partners, LLC

Dear Investor

Macroeconomic Comments - As we contemplate the state of the real estate industry today and the prospects for continuing strong investment returns in 2014, it is important to acknowledge that many investors often point to cap rates that have on average decreased significantly since the throes of financial crisis (2008 - 2010) — decreases that have been particularly pronounced in major markets / gateway cities such as New York, San Francisco, Boston and others. Indeed, in the several real estate conferences that the Managers have attended recently, the recurring theme amongst participants has been an expectation that cap rates may well be close to the end of their declines, and that there is more scope and probability for rates going up than down.

These comments are typically centered around the idea that the US economy is finally recovering in a more sustainable way, and that US central bank might hasten the pace of “tapering”, thereby putting an end to stimulative monetary policy, solid GDP growth (and importantly) rising real asset prices. Although we acknowledge the increasing frequency and publicity of such arguments, the Managers’ view is somewhat different in a few ways.

Firstly, we acknowledge that a fully-stabilised, Class A asset purchased in 2014 will likely return less than the same asset purchased between 2009 and 2012 — all other things being equal. Indeed the Managers have lowered pro-forma expectations from those earlier days in the fund by 100 – 200 basis points and are being increasingly selective as we complete the mobilisation of ROC II Partner funds. Fortunately, all other things are not equal – meaning there are still significant gains that can be achieved on a cash-on-cash basis by owning real properties where value-add opportunities exist – versus those gains associated with core and core plus assets. And the Managers feel confident, especially in light of the outperformance of returns targets achieved by assets purchased to date, that ROC II will achieve its original goals as a Partnership.

Secondly, we would point to a number of external factors that may lead to a continuing constructive environment. These consist of: 1) a likely continuation of global deleveraging, as debt/GDP ratios have really not come off their peaks by much. On this point, the Managers would note that a number of U.S. and international financial institutions recently showed significant weakness in their regulatory stress tests which is indicative of still lingering challenges in the banking system and a need for continuing stimulative support, 2) a perceptible shift of systemic risks to emerging markets, 3) an increased probability that some key Asian markets that we deem to be excessively driven by credit may effect global growth and, again, thereby perpetuate both stimulative monetary policy and large direct investment flows to the U.S. longer than otherwise, 4) continued weakness in Europe, as many countries continue to grapple with: a credit cycle lagging that of the U.S. by two or more years, large structural problems, and less demographic and macroeconomic impetus for recovery.

With these significant external factors, plus internal factors, such as continuing slack U.S. employment, less-than-full occupancy and manufacturing capacity utilization, the year 2014 should see a continuation of the economic recovery without rampant rate rises or challenged asset prices.

Thus, we expect the environment for value add multifamily opportunities in primarily non-gateway markets to still be constructive for achieving excellent yields, capital appreciation, and moderate risk characteristics. We invite you to analyze the high level of detail in the budgets and underwriting contained in this report for additional support of this notion.

Fund Specific Comments - In 2013, ROC II acquired approximately $625 million of real estate in our targeted markets including $560 million of multifamily investments and $65 million of commercial office investments. These additions bring the total portfolio to 39 investments (35 multifamily and four commercial office) with 62% of committed capital deployed as of the writing of this letter. To date, the portfolio has generated an IRR of 21.6% (net of fund expenses and carried interest), despite the fact that 44% of the portfolio is still booked at cost. This value increase is the result of a combination of three factors: (i) a disciplined acquisition strategy i.e., buying right, (ii) adding value at the asset level through repositioning, capital investment, enhanced tenant services, better marketing and disciplined expense management, to increase net operating income, and (iii) improved market conditions.
Case one – One investment that illustrates value creation through net operating income growth is Pembroke on the Green (formerly Kennedy Ridge). In addition to completing planned improvements, we have implemented a successful revenue management program that statistically generates market rents and helps the Managers make constant adjustments to maximize revenue and occupancy. As a consequence, fourth quarter revenues were 13% higher than revenues from the prior year before we acquired the property. And, the implied value indicates that at year end the fund had achieved a 2.2x multiple of value (or IRR of 124.9%) on the asset.

Case two – Another investment that has proven quite successful is the recent monetization of the LaSalle 39 building in downtown Chicago. The Managers bought two buildings, LaSalle 29 and LaSalle 39 for a total of $18 million and recently sold the latter to a hotel operator for conversion into a hotel for $22 million. This disposition not only provided an excellent return on the LaSalle 39 building, but has set up LaSalle 29 for a significant increase in occupancy, cash flow and valuation as tenants vacate LaSalle 39 and move next door in preparation for the hotel conversion.

In aggregate, ROC II is well positioned and performing well. Indeed after all is said, our goals, our skillset, and the anticipated opportunity pursued by ROC II remain very much the same as they have always been. We will continue to purchase properties where we see opportunity to reposition and to increase value through growth in net operating income. We will do so in markets where supply and demand dynamics are favorable. We will focus on things we can change, and do our best to be aware of things we cannot. And most importantly, we will continue to do our best to communicate with as much transparency and thoroughness as possible.

Thank you as always for being our Partner.

Warm Regards, Don

Donaldson Hartman, Chief Executive Officer, Bridge Investment Group Partners, LLC
**Roc II Asset Summaries (As at 31 December 2013)**

### Investment Performance Summary

<table>
<thead>
<tr>
<th>Investment</th>
<th>Location</th>
<th>Type</th>
<th>Valuation Method</th>
<th>Date Acquired</th>
<th>Date Sold</th>
<th>Total Investment</th>
<th>Investment at Cost</th>
<th>Realized Proceeds</th>
<th>Unrealized Value</th>
<th>IRR</th>
<th>IM</th>
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<tr>
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<td>Multifamily</td>
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<td>8,400,000</td>
<td>6,996,900</td>
<td>800,000</td>
<td>10,667,200</td>
<td>11,377,200</td>
<td>6,922,500</td>
<td>1.34x</td>
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<td>1.34x</td>
<td>36.0x</td>
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</tbody>
</table>

**Notes:**

1. **ROC Results as of Real Estate Opportunity Capital Fund II, Real Estate Opportunity Capital Fund III, Real Estate Opportunity Capital Fund IV, and Real Estate International Fund IV.**
2. See Valuation Methodology for details.
3. Assumes that fund-level expenses are allocated proportionately based on “Total Investment” capital. **Unrealized Value** is net of carried interest and assumes that a future disposition occurs at its measurement period fair market value, less the interest of 3% of the relevant fund’s pro rata share of any pre-acquisition expenses to the extent that such expenses are allocable to a single investment transaction.
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Note: IRR and equity multiples are based on capital which has been called by the General Partner which has been invested into the ROC II Portfolio. The IRR and equity multiples achieved by investors in Spire USA ROC II Fund (AUD) will differ from the results above to the extent that Spire USA ROC II Fund (AUD) holds the balance of its capital commitments in USD cash, has additional fees and expenses and is subject to foreign exchange movements.
West Town Court Apartments
Asset Summary Q4 2013

**Investment Summary:**

- **Asset Manager:** Slager/DeGraw
- **Date Acquired:** 4/30/2012
- **Location:** Phoenix, AZ
- **Type:** Multifamily
- **Type:** Total Fund Investment: 6,965,000
- **Units:** 274
- **NRFS:** 233,647
- **Acreage:** 16.03
- **Vantage:** 2009
- **Prop. / Const. Mgmt. Fee:** 3.0%/4.5% RPM
- **Fund Ownership %:** 100.00% ROC II
- **Co-Sponsors:** 0.00%

**Activity Update:**

- The property was 91% occupied during Q4 compared to 89% during Q3. All exterior improvements have been completed, and the asset is in excellent condition. At date, we have completed 59 partial interior unit upgrades generating a $50 - $60 monthly rent increase. Interior unit upgrades continue at a pace of 4-5 per month. Only moderate interior unit upgrades are planned due to this asset being relatively new.
- The original builder at a substantial discount to construction cost due to pending loan maturity default.
- The amenity package includes a resort-style swimming pool with entertainment decks, a poolside ramada with a barbecue area, playground, business center, fully-equipped fitness center, dog park and more. Although well amenedited, there is a substantial opportunity to make this one of the best amenedited communities in the area. The asset was purchased from the original builder at a substantial discount to construction cost due to pending loan maturity default.

**Background:**

West Town Court is a 274-unit, class "A" garden-style apartment community in west Phoenix built in 2009. All improvements in our original capital improvement plan are complete. The property was 91% occupied during Q4 compared to 89% during Q3. All exterior improvements have been completed, and the asset is in excellent condition. At date, we have completed 59 partial interior unit upgrades generating a $50 - $60 monthly rent increase. Interior unit upgrades continue at a pace of 4-5 per month. Only moderate interior unit upgrades are planned due to this asset being relatively new. On site management was a challenge this past quarter, and a new manager will be hired in Q1, with a goal towards improving operating performance, increasing occupancy to 93%, complete 12-15 partial rehabs and increase market rents. This asset is targeted for disposition later in 2014.

**Investment Thesis:**

- **Investment Thesis:** Purchase a newer asset at a substantial discount to replacement cost.
- **Valuation Methodology:** Various methodologies were utilized to determine the Fair Market Value of the property.
- **DCF:** The Discounted Cash Flow (DCF) method was used to determine the fair market value of the property. The cash flows of the property were discounted using a risk adjusted discount rate to arrive at a present value.
- **Impaired Gain / (Loss):** The Impaired Gain / (Loss) was calculated by subtracting the book value of the property from its fair market value.
- **Implied Gain / (Loss):** The Implied Gain / (Loss) was calculated by subtracting the book value of the property from its fair market value.
- **Implied Value:** The implied value of the property was calculated by dividing the fair market value by the number of units.
- **Economic Vacancy:** The Economic Vacancy was calculated by subtracting the physical occupancy from the projected occupancy.
- **Total Fund Investment:** $15,623,538
- **Date Sold:** 4/30/2012

**Activity Update:**

- The property was 91% occupied during Q4 compared to 89% during Q3. All exterior improvements have been completed, and the asset is in excellent condition.
- At date, we have completed 59 partial interior unit upgrades generating a $50 - $60 monthly rent increase. Interior unit upgrades continue at a pace of 4-5 per month. Only moderate interior unit upgrades are planned due to this asset being relatively new.
- On site management was a challenge this past quarter, and a new manager will be hired in Q1, with a goal towards improving operating performance, increasing occupancy to 93%, complete 12-15 partial rehabs and increase market rents. This asset is targeted for disposition later in 2014.

**Valuation Methodology:**

- **DCF:** The Discounted Cash Flow (DCF) method was used to determine the fair market value of the property. The cash flows of the property were discounted using a risk adjusted discount rate to arrive at a present value.

**Risk Rating:**

<table>
<thead>
<tr>
<th>Weight</th>
<th>Asset</th>
<th>Portfolio Avg.</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>10%</td>
<td>2</td>
<td>2</td>
<td>Excellent</td>
</tr>
<tr>
<td>Asset Quality</td>
<td>20%</td>
<td>1</td>
<td>2</td>
<td>Good</td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Average</td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>2</td>
<td>3</td>
<td>Substandard</td>
</tr>
<tr>
<td>Liquidity</td>
<td>20%</td>
<td>2</td>
<td>3</td>
<td>Poor</td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>2.0</td>
<td>2.4</td>
<td></td>
</tr>
</tbody>
</table>

**Risk Assessment:**

- No material risks due to non-recourse fixed rate financing, strong current cash flow, and newer asset. The management team has yet to stabilize, as such, an adjustment to the Risk Rating was made.
The Venetian on Ella (La Jolla) Apts.
Asset Summary Q4 2013

Investment Summary:

- **Asset Manager:** Stanwyck
- **Location:** Houston, TX
- **Type:** Multifamily
- **Date Acquired:** 5/10/2012
- **NRFS:** 332,956
- ** Acres:** 31.68
- **Units:** 448
- **Prop. / Const. Mgmt. Fee:** 3.0%/4.0% BPM
- **Fund Ownership %:** 100.00% ROC II
- **Co-Sponsors:** 0.00% -

**Investment Thesis:**

- Increase value through lease up and asset repositioning.
- Drive rent growth and occupancy through rehab of 120 down units.

**Activity Update:**

Q4 reflected further lease up of the asset to over 58%. We anticipate reaching 80% occupancy by end of 2014, and completing stabilization in 2015. Occupancy has been slower than expected due to the significant repositioning required at this asset. Common area rehab is complete, and we have upgraded approximately 345 units or about 60% of the property. The new Leasing & Community Services Center is on line, as is the new Activity Center. The asset looks great, however interior rehab was costlier ($400,000) than originally anticipated. Activity Update:

- Q4 and YTD revenues were below budget due to occupancy lagging behind our projected lease up schedule. Rent Growth and Other income, however, are well ahead of budget.

**Debt Summary:**

- **Total Assets:** $7,066,480
- **Liabilities & Equity:** $6,663,525

**Debt Summary:**

- **Loan Balance:** $6,325,109
- **Interest Rate:** 5.120%
- **Maturity:** 5/10/2014
- **Amortization:** 24 mo. I.O.
- **Rate Lock:** Float
- **% Recourse to the fund:** 50.00%
- **PNC Bank**

**Financial Results:**

- Q4 and YTD revenues were below budget due to occupancy lagging behind our projected lease up schedule. Rent Growth and Other income, however, are well ahead of budget.

**Valuation Methodology:**

- **DCF** - Net Present Value of future cash flows and residual supported by third-party sources.

**Risk Assessment:**

- This asset required extensive rehab and repositioning, and is still working through a lease-up. Partial recourse will "burn off" as occupancy and income increase. Both should be achieved in 2014. Asset should achieve 80% occupancy by the end of Q4, and be cash flow positive by the end of Q2. Reserves are in place, but may need to be augmented to facilitate the lender extension.

**Notes:** Figures represent 100% of investment including non-controlling interest.
Andorra Apartments
Asset Summary Q4 2013

Investment Summary:
- **Asset Manager:** Stanger
  **Date Acquired:** 5/18/2012
- **Location:** Indio, CA
  **Date Sold:**
- **Type:** Multifamily
- **Units:** 186
- **NRSF:** 202,680
- **Acres:** 8.98
- **Vintage:** 1987
- **Prop./Const. Mgmt. Fee:** 3.0%/4.5% BPM
- **Fund Ownership %:** 69.23% ROC II
- **Co-Sponsors:** 30.77% ROC I

**Net Operating Income**
- YTD NOI was below budget. This asset is meeting its initial pro forma objectives.
- Revenues through the fourth quarter were below budget due to the inability to push rent growth and Collections Losses, but were offset by strong occupancy and Cable Income.

**Debt Summary**
- 24 month loan, I/O through year 2. The loan has one, 1-year extension, and will commence amortization.
- Loan Balance: 8,185,684
- Interest Rate: 3.0%/4.5%
- Maturity: 5/18/2014
- Amortization: 24 months I/O
- Rate Lock: 0.00%
- % Recourse to the fund: 0.00%
- Total Liabilities: 8,403,066
- Key Bank: 8,185,684 -
- Liabilities & Equity
  - Current Liabilities: 55,066 189,371 189,371
  - Debt - Key Bank: 8,345,000 8,185,684 8,185,684
  - Debt - Other Long-Term Liab.: -
  - Total Liabilities: 8,403,066 8,375,055 8,375,055

**Debt Summary (continued)**
- Total Assets: 13,002,339
- Dep/Amort. & Trans. Cost: 229,493
- Total Equity: 4,599,273
- Total Liabilities & Equity: 13,002,339
- Figures represent 100% of investment including non-controlling interest.

**Activity Update**
- Occupancy during Q4 was 94% compared to 91% during Q3. Capital improvements to the exteriors, common areas and interior units are now complete. To date, 36 full interior unit upgrades and 29 moderate interior unit upgrades have been completed. Upgraded units generated a monthly rent increase between $65-$90 depending on the unit.
- Rehab has been completed within budget parameter. Although occupancy has been strong, collections have been a struggle, and we are not able to push rents much further. As such, we marketed this asset for sale in Q3 and are now under contract with our 2nd buyer. This asset is anticipated to close in Q1 at an IRR slightly above Pro forma expectations.

**Investment Thesis**
- **Status:** (Completed)

<table>
<thead>
<tr>
<th>Balance Sheets¹</th>
<th>Assets</th>
<th>Current</th>
<th>Fair Market</th>
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<td>213,944</td>
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<td>12,025,000</td>
<td>14,711,646</td>
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<tr>
<td>Dep/Amort. &amp; Trans. Cost</td>
<td>252,101</td>
<td>(722,354)</td>
<td></td>
</tr>
</tbody>
</table>

**Debt Summary**
- **Total Assets:** 13,002,339
- **Liabilities & Equity:** 8,403,066
- **Total Equity:** 4,599,273
- **Total Liabilities & Equity:** 13,002,339

**Financial Results**
- Revenues through the fourth quarter were below budget due to the inability to push rent growth and Collections Losses, but were offset by strong occupancy and Cable Income.

**Valuation Methodology**
- *DCF* - Net Present Value of future cash flows and residual supported by third-party sources.

**Risk Rating**
- Weight: 10%

**Portfolio Risk:**
- Capital Adequacy: 20%
- Asset Quality: 20%
- Management: 20%
- Earnings: 20%
- Liquidity: 20%
- Legal & Environmental: 10%

**Rating Key:**
- **Excellent:** 1
- **Good:** 2
- **Average:** 3
- **Substandard:** 4
- **Poor:** 5

**Risk Assessment:**
- There are no material risk issues to note at this time. The asset is under contract and will close in Q1 2014.
Pinewood Apartments
Asset Summary Q4 2013

Investment Summary:

Asset Manager: Slager/DeGraw
Date Acquired: 5/22/2012
Location: Lynnwood, WA
Type: Multifamily
Units: 180
NRSF: 127,400
Acres: 7.11
Vantage: 1977
Prop./Const. Mgmt. Fee: 3.0%/4.5% RPM
Fund Ownership %: 36.20% ROC II
Co-Sponsors: 63.80% Christiansen/Bod

Total Liquidity

Gross Operating Income
Gross Effective Rent

Earnings
Credit Loss & Concession
Vacancy

Asset Quality

Capital Adequacy
Asset Quality
Management
Earnings
LIquidity
Legal/Environmental

Capital Adequacy
Asset Quality
Management
Earnings
LIquidity
Legal/Environmental

DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Background:
Pinewood Square is a class "B" apartment community located in Lynnwood, WA, about twenty minutes north of Seattle. The property was purchased out of receivership at a substantial discount to appraised value. The property has 1 & 2 bedroom units with an average 707 sf. Amenities were light, providing a nice opportunity to reposition the asset in the marketplace. ROC joint ventured this asset with two affiliates providing an opportunity to promote off of a portion of this joint venture equity. Strategic common area improvements, along with interior unit improvements have been completed, and the asset is stabilized, and ready for sale.

Activity Update:
The property continues to perform well and was 98% occupied during Q4 compared to 94% during Q3. Exterior improvements are complete. To date, 30 full interior unit upgrades and 18 partial interior unit upgrades are complete and generating $50 - $100 monthly rent increases depending on the unit. Our goals for Q1 are to maintain occupancy, complete the 3 remaining full interior upgrade units and finalize preparations for sale. The property is currently on the market with a goal to be under contract in Q1, closing in Q2.

Investment Thesis:
- Purchase at significant discount to replacement cost from Receivership
- Drive revenue through amenity expansion and other income opportunities.
- Drive revenue through interior unit upgrades.
- Provide strong cash flows during tenant/asset repositioning.

Balance Sheets:
- At Acquisition
- Current
- Fair Market

Investment Thesis:
- Purchase at significant discount to replacement cost from Receivership
- Drive revenue through amenity expansion and other income opportunities.
- Drive revenue through interior unit upgrades.
- Provide strong cash flows during tenant/asset repositioning.

Park Summary:
New loan with Key/Freddie Mac, 7-year term with 36 months IO: 30 year amortization thereafter, and 5 year YM provision. Fixed interest rate at 3.93%.

Loan Balance: 13,654,000
- Interest Rate: 3.93%
- Maturity: 6/1/2019
- Amortization: 36 mo. I.O.
- Rate Lock: Fixed
- % Recourse to the fund: 0.00%

Fair Market

Trailing 12 Prior Owner 6/30/2014
Gross Scheduled Rent 1,803,072 2,047,287
Vacancy (90,154) (102,364)
Credit Loss & Concession (72,123) (61,419)

Gross Effective Rent 1,640,795 1,883,504
Other Income 179,500 186,752

Gross Operating Income 1,820,295 2,070,256
Operating Expense (699,671) (795,698)

Net Operating Income 1,120,625 1,274,558
Vacancy 5.00% 5.00%
Economic Vacancy 9.00% 8.00%

Valuation Methodology:
- DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:
- Capital Adequacy
- Asset Quality
- Management
- Earnings
- Liquidity
- Legal/Environmental

Total
- 100% 2.0 2.4

Notes: Figures represent 100% of investment including non-controlling interest.
Rock Creek (Autumn’s Combined) Apts.
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager:</th>
<th>Stayner</th>
<th>Date Acquired:</th>
<th>6/11/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td>Houston, TX</td>
<td>Date Sold:</td>
<td></td>
</tr>
<tr>
<td>Type:</td>
<td>Multifamily</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units:</td>
<td>Realized Proceeds:</td>
<td>572</td>
<td></td>
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<tr>
<td>NRSF:</td>
<td>Unrealized Value:</td>
<td>464,728</td>
<td>19,815,180</td>
</tr>
<tr>
<td>Acres:</td>
<td>Implied Value:</td>
<td>20.63</td>
<td>19,815,180</td>
</tr>
<tr>
<td>Vintage:</td>
<td>Implied Gain / (Loss):</td>
<td>1983</td>
<td>8,213,180</td>
</tr>
<tr>
<td>Prop. / Const. Mgmt. Fee:</td>
<td>3.0%/4.0% BPM</td>
<td>Return Multiple:</td>
<td>1.71x</td>
</tr>
<tr>
<td>Fund Ownership %:</td>
<td>100.00% ROC II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-Sponsors:</td>
<td>0.00% .</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Background:
Rock Creek at Hollow Tree is the rebranded combination of both Autumn Chase and Autumn Lakes apartment homes. A combined 572 unit-class "C" asset located across the street from Republic Hollow Tree, a 280-unit Class A luxury apartment community owned by ROC Fund I. Those assets were foreclosed on in December 2011 and January 2012 by Fannie Mae. At the time of purchase, the DUS lender had the right to acquire the assets from Fannie Mae but determined not to do so and offered that opportunity to us. The assets are well located in a strengthening market, but required substantial rehab and market repositioning. Exterior, amenity, and interior units have now been rehabbed, and this asset would now be considered a "B" asset. Management has completed the repositioning of the resident base and is now in full lease up, anticipated to be completed by year end 2014.

Activity Update:
Several wonderful things have happened during Q4. First, the combining of the assets created enormous efficiencies in leasing and resident activity. Furthermore, the second clubhouse has been converted into a community center, which has also strengthened the amenities and retention of the community. Also in Q4, the Community Services Program enrolled 35 kids in the after school program. We are still working through several of the offsite and lending impacts of the merger but anticipate those being wrapped up in Q1. The lease up in progress has picked up speed, though we are still only 66% occupied. Part of the process is that rent growth has been substantial and a significant number of residents that moved in initially, no longer qualify for the higher rental rates and we are turning and leasing those units at higher rates, but with less growth in overall occupancy. We completed approximately 237 interior upgrades for a rent premium of $100 dollars.

Debt Summary:
The current loans with Key Bank are being consolidated, and recourse is being provided through a loan structure change, and covenant violation, which we have operational risk related thereto. We are currently working on a loan structure change, and covenant violation, which we have operational risk related thereto. We are currently working on a loan structure change, and covenant violation, which we have operational risk related thereto. We are currently working on a loan structure change, and covenant violation, which we have operational risk related thereto.

Financial Results:
Q4 reflected the first quarter of combined operations. Revenue for the quarter and YTD was below budget due to lease up lagging projections, though rent growth is still increasing. Other income is increasing and concessions are decreasing. Expenses are above budget, primarily due to lease up costs. As a result, YTD NOI was well below budget. Debt service continues to be below budget, however, rehab was higher than budget due to the condition of the interior units. Although making great progress, and driving strong value appreciation, this asset is currently under performing its initial pro forma objectives. We hope to change that by the end of 2014.

Valuation Methodology:
DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

<table>
<thead>
<tr>
<th>Capital Adequacy</th>
<th>Weight</th>
<th>Asset</th>
<th>Portfolio Avg.</th>
<th>Description</th>
<th>Value</th>
<th>Rating Key:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>10%</td>
<td>0.0%</td>
<td>2.2</td>
<td>Excellent</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Asset Quality</td>
<td>20%</td>
<td>2.4</td>
<td>3</td>
<td>Good</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>3.2</td>
<td>3</td>
<td>Average</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>3.2</td>
<td>3</td>
<td>Substandard</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Liquidity</td>
<td>20%</td>
<td>3.2</td>
<td>3</td>
<td>Poor</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>3.2</td>
<td>3</td>
<td>Poor</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures represent 100% of investment including non-controlling interest.

Risk Assessment:
The combination of the assets has strengthened its market presence, but the asset continues to work through a lease-up and has operational risk related thereto. We are currently working through a loan structure change, and covenant violation, which we expect to have remedies in Q1, with a reduction in recourse to the Fund. Operations are now at break even.
**Mission Falls Apartments**

**Asset Summary Q4 2013**

### Investment Summary:
- **Asset Manager:** Stayner
- **Date Acquired:** 7/12/2012
- **Location:** Houston, TX
- **Type:** Multifamily
- **Units:** 228
- **NRSF:** 218,448
- **Acres:** 11.24
- **Vintage:** 1995
- **Prop. / Const. Mgmt. Fee:** 3.0%/4.0% BPM
- **Fund Ownership %:** 53.34% ROC II
- **Co-Sponsors:** 46.66% ROC I
- **Realized Proceeds:** 228,156
- **Implied Value:** 3,135,753
- **Implied Gain / (Loss):** 1,420,753
- **Return Multiple:** 1.83
- **IRR:** 45.14%
- **Pro Forma IRR:** 25.79%
- **Value Method:** DCF

### Background:
Mission Falls is a 228 unit asset located in Northwest Houston. This asset was developed using financing and contributions under the Section 42 Low Income Housing Tax Credit (LIHTC) program. The asset is located in a "C" class submarket, and was purchased from the Not for Profit GP that had taken over the asset. An extensive rehab which included exterior paint, restructured clubhouse and community services area, new business and fitness center, soccer field, children's play area, and dog park have been completed. Interior unit rehabs are still underway. ROC is working through the removal of the LURA, and anticipates completing this in 2014, subsequently converting this asset to "market rate". This transaction was an off-market purchase, and after a severe repositioning, this asset is now stabilized.

### Activity Update:
The common area/amenity improvements have been completed and the asset is in good physical condition. Costs are well within budget parameters. The Community Services programs have been implemented, and are being well received by the resident base. The management team has done a tremendous job of working through the ramifications of the shooting and gang activity late in 2012, and effectuated a nice recovery and asset stabilization at 95% occupancy for the 4th quarter. The water billing problem noted in prior quarters has now been resolved, not only reducing future expenses substantially, but providing a substantial refund in Q4 as well. These issues caused a delay in petitioning for removal of the LURA, which is resolved, not only reducing future expenses substantially, but providing a substantial refund in Q4 as well. The asset is exceeding its initial pro forma projections.

### Financial Results:
Q4 Revenues and occupancy recovered nicely from the issues noted above and were well above budget, including continued growth in Gross Rents and Other Income. YTD was still below budget due to the ramifications from the shooting noted above. Q4 Expenses were well below budget due to the refund of the excess water bills, but were above budget for the year due to the turnover/leasing costs associated with the resident turnover associated therewith. Debt service continues to be well below budget, and rehab will be within budget. The asset has made a nice recovery and is now stabilized. Upon completion of the LURA removal this asset will be positioned for sale, anticipated in mid 2015. Although off to a rocky start, this asset is exceeding its initial pro forma projections.

### Risk Rating:
- **Capital Adequacy:** 10%
- **Asset Quality:** 20%
- **Management:** 20%
- **Earnings:** 20%
- **Liquidity:** 20%
- **Legal/Environmental:** 10%

### Valuation Methodology:
- **DCF²:** Net Present Value of future cash flows and residual supported by third-party sources.

### Risk Assessment:
Risk was reduced as the team worked through the impact of the shooting and stabilized occupancy at 95%. Exterior rehab has been completed, further reducing asset risk. Liquidation is still impacted by the LURA, however, this should be mitigated by the end of Q4.
La Entrada Apartments
Asset Summary Q4 2013

### Investment Summary:
- **Asset Manager:** Young  
  **Date Acquired:** 7/17/2012
- **Location:** Albuquerque, NM  
  **Date Sold:**
- **Type:** Multifamily  
  **Total Fund Investment:** 731,132
- **Units:** 216  
  **Realized Proceeds:** 129,254
- **NRRS:** 188,640  
  **Unrealized Value:** 904,136
- **Acreage:** 11.44  
  **Implied Value:** 1,033,390
- **Vantage:** 1972  
  **Implied Gain / (Loss):** 302,258
- **Prop. / Const. Mgmt. Fee:** 3.0%/4.0% BPM  
  **Return Multiple:** 1.41x
- **Fund Ownership %:** 20.00% ROC II  
  **Pro Forma IRR:** 32.91%
- **Co-Sponsors:** 80.00% Starr

### Background:
La Entrada consists of 216 apartment units located in the Northeast submarket of Albuquerque, New Mexico. The maturity of the underlying debt forced the seller to liquidate this asset well below its appraised value. The asset was in good condition, providing the opportunity for future rent growth through strategic exterior and interior unit upgrades. We expect some improvement in apartment market demand in 2014 from increased economic and job growth combined with higher single-family home mortgage interest rates. On site management has been struggling at this asset, and a manager change will be made in Q1.

### Activity Update:
Major exterior and common area improvements, including painting, clubhouse renovations and asphalt have now been fully completed in line with budget expectations. Interior renovations and the installation of washers/dryers in select units are underway, within expected cost targets and garnering the anticipated rent increases. The Albuquerque apartment market has experienced headwinds due to sluggish job growth and competition from very affordable single-family homes. We expect some improvement in apartment market demand in 2014 from increased economic and job growth combined with higher single-family home mortgage interest rates. On site management has been struggling at this asset, and a manager change will be made in Q1.

### Debt Summary:
FNMA loan with a fixed interest rate of 3.54%. 2 years IO; 30-year amortization thereafter, and 7 year call. Has a 1% prepay penalty after 5 year year maintenance period. Non recourse to Fund except for standard carve outs.

### Financial Results:
Aggressive marketing and closing enabled improved occupancy and (lower) rental concessions for Q4. However, gross revenue fell short of expectations due to lower market rent levels and other income categories. Q4 expenses remain higher than budget due primarily to higher unit turnover costs and unsatisfactory on-site cost controls. The latter has resulted in a decision to change our property manager. We believe improving apartment market demand conditions and limited new supply, combined with stronger on-site leadership and expense management, will support improved revenues and NOI in 2014. This asset is underperforming its initial pro forma operating objectives.

### Risk Rating:
- **Capital Adequacy:** 10%  
  **Asset Quality:** 20%  
  **Management:** 20%  
  **Earnings:** 20%  
  **Liquidity:** 20%  
  **Legal/Environmental:** 10%

<table>
<thead>
<tr>
<th>Description</th>
<th>Weight</th>
<th>Asset</th>
<th>Portfolio Avg.</th>
<th>Value</th>
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<tr>
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<td>Substandard</td>
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<tr>
<td>Poor</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
</tbody>
</table>

**Risk Assessment:** The risk with this asset remained unchanged in Q4 as we continued to struggle with expense controls. Operations and market conditions are expected to improve through 2014. Our lower than market rate debt provides both cash flow, and future value opportunity at sale, stabilizing both liquidity and earnings. Asset quality is rated average due to its age.

---

<table>
<thead>
<tr>
<th>Wells/FNMA</th>
<th>Balance Sheets:</th>
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<tbody>
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<tr>
<td>Interest Rate</td>
<td>5.54%</td>
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<td>Maturity</td>
<td>8/1/2019</td>
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<td>Amortization</td>
<td>24 mo. I.O.</td>
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<td>Rate Lock</td>
<td>fixed rate</td>
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<tr>
<td>% Recourse to the fund</td>
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</table>

<table>
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<th>Assets</th>
<th>At Acquisition</th>
<th>Current</th>
<th>Fair Market</th>
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<td>220,799</td>
<td>220,799</td>
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<td>Debt - Wells/FNMA</td>
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<td>9,400,000</td>
<td>9,400,000</td>
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<tr>
<td>Debt - Other Liab.</td>
<td>(646,271)</td>
<td>-</td>
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<tr>
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<td>9,481,931</td>
<td>9,620,799</td>
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<td>2,788,000</td>
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<td>Earnings to Date</td>
<td>64,975</td>
<td>50,687</td>
<td>51,111</td>
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<tr>
<td>Total Equity</td>
<td>2,852,975</td>
<td>2,839,451</td>
<td>2,821,054</td>
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</tr>
<tr>
<td>Total Liabilities &amp; Equity</td>
<td>12,334,907</td>
<td>12,441,250</td>
<td>13,901,853</td>
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</tbody>
</table>

### Valuation Methodology:
DCF - Net Present Value of future cash flows and residual supported by third-party sources.

<table>
<thead>
<tr>
<th>Rating Key</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>10%</td>
<td>2</td>
</tr>
<tr>
<td>Asset Quality</td>
<td>20%</td>
<td>2</td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>2</td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>2</td>
</tr>
<tr>
<td>Liquidity</td>
<td>20%</td>
<td>2</td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Notes: Figures represent 100% of investment including non-controlling interest.
Monterra Apartments
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager</th>
<th>Young</th>
<th>Date Acquired</th>
<th>7/17/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Albuquerque, NM</td>
<td>Date Sold</td>
<td>-</td>
</tr>
<tr>
<td>Type</td>
<td>Multifamily</td>
<td>Total Fund Investment</td>
<td>1,006,726</td>
</tr>
<tr>
<td>Unis</td>
<td>312</td>
<td>Realized Proceeds</td>
<td>120,240</td>
</tr>
<tr>
<td>NRSP</td>
<td>278,400</td>
<td>Unrealized Value</td>
<td>1,054,076</td>
</tr>
<tr>
<td>Acres</td>
<td>12.67</td>
<td>Implied Value</td>
<td>1,174,316</td>
</tr>
<tr>
<td>Vintage</td>
<td>1972</td>
<td>Implied Gain (Loss)</td>
<td>167,590</td>
</tr>
<tr>
<td>Prop./Const. Mgmt. Fee</td>
<td>3.0%/4.0% BPM</td>
<td>Return Multiple</td>
<td>1.17x</td>
</tr>
<tr>
<td>Fund Ownership %</td>
<td>20.00% ROC II</td>
<td>IRR</td>
<td>12.13%</td>
</tr>
<tr>
<td>Co-Sponsors</td>
<td>80.00% Starr</td>
<td>Pro Forma IRR</td>
<td>35.09%</td>
</tr>
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Total Liabilities & Equity

<table>
<thead>
<tr>
<th>2013 YTD</th>
<th>2014 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>20,473,893</td>
</tr>
<tr>
<td>Liabilities &amp; Equity</td>
<td>16,872,000</td>
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<tr>
<td>Current Liabilities</td>
<td>14,897,000</td>
</tr>
<tr>
<td>Capital Contributed</td>
<td>3,762,000</td>
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<tr>
<td>Dep./Amort. &amp; Trans. Cost</td>
<td>310,000</td>
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<tr>
<td>Earnings to Date</td>
<td>64,975</td>
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<tr>
<td>Total Liabilities</td>
<td>16,646,897</td>
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<tr>
<td>Total Equity</td>
<td>2,826,975</td>
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<tr>
<td>Total Liabilities &amp; Equity</td>
<td>20,473,894</td>
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</table>

Activity Update:

Major exterior and common area improvements, including paint, clubhouse renovations and asphalt have now been fully completed in line with budget expectations. Interior renovations and the installation of washers/dryers in select units are underway, within expected cost targets and garnering the anticipated rent increases. The Albuquerque market has experienced headwinds due to sluggish job growth and competition from very affordable single-family homes. We expect some improvement in apartment market demand in 2014 from increased economic and job growth combined with higher single-family home mortgage interest rates. On site management has been an issue with this asset, and a manager change will be effectuated in Q1.

Investment Thesis:

- Enhanced earnings due to the expected payment of carried int. to ROC.
- Drive revenues through interior unit rehab, & additional washer/dryers.
- Increased cash flow due to strong positive arbitrage from the debt.

Net Operating Income

- Gross Operating Income (Underway)
- Gross Effective Rent
- Gross Scheduled Rent

Growth in Operating Income

- Operating Expense (Underway)
- Actual

Valuation Methodology:

DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
<th>Rating Key</th>
<th>Risk Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>10%</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Asset Quality</td>
<td>10%</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Liquidity</td>
<td>20%</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
Stratford Apartments
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager</th>
<th>Stueyner</th>
<th>Date Acquired</th>
<th>10/3/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>San Antonio, TX</td>
<td>Date Sold:</td>
<td>-</td>
</tr>
<tr>
<td>Type</td>
<td>Multifamily</td>
<td>Total Fund Investment:</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Units</td>
<td>269</td>
<td>Unrealized Value:</td>
<td>325,000</td>
</tr>
<tr>
<td>NRSF</td>
<td>296,822</td>
<td>Implied Value:</td>
<td>6,349,891</td>
</tr>
<tr>
<td>Acres</td>
<td>9.91</td>
<td>Return Multiple:</td>
<td>1.33</td>
</tr>
<tr>
<td>Vintage</td>
<td>1982</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prop./Const. Mgmt. Fee</td>
<td>3.0%/4.0% BPM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Ownership %</td>
<td>100.00% ROC II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-Sponsors</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Activity Update:

Q4 reflected completion of the exterior rehab with the exception of the lime stone retaining walls. We have completed approximately 44 interior unit rehabs driving $60 to $100 per month increases. Occupancy continues to be a challenge as we work through resident retention and repositioning issues related to the increasing rent matrix. We expected the asset to achieve 90% occupancy in Q4, but were unsuccessful, and will be effectuating a manager change to achieve better alignment at this asset. Our goal for Q1 is to achieve 90% occupancy, and stabilize staffing, along with continued interior unit rehab. Rehab will be over budget due to full replacement of the lime stone retaining walls, and the size of the interior units, which was not properly accounted for in due diligence. The physical appearance of the asset has improved dramatically.

Investment Thesis:

- Drive revenues through amenity expansion and common area upgrades.
- Drive revenues through interior unit upgrades.
- Drive NOI through better, more efficient expense management.

Debt Summary:

- Freddie Mac fixed rate loan at 3.91%, 30 year amortization, due in 7 years. 5 year yield maintenance prepayment penalty, 1% thereafter till 90 days prior to maturity.
- Non-recourse except for standard carve outs.

Valuation Methodology:

- DCF: Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

<table>
<thead>
<tr>
<th>Weight</th>
<th>Asset</th>
<th>Portfolio Avg.</th>
<th>Description</th>
<th>Value</th>
<th>Rating Key</th>
<th>Risk Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>10%</td>
<td>3</td>
<td>2</td>
<td>Excellent</td>
<td>1</td>
<td>This asset is located in a strong submarket, and financed with fixed rate debt that is non recourse to the fund. The interest rate is below market, and the loan is assumable. Completion of the repositioning, and stabilizing the occupancy is the top priority, and will mitigate any risk associated with this asset.</td>
</tr>
<tr>
<td>Asset Quality</td>
<td>20%</td>
<td>2</td>
<td>2</td>
<td>Good</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Average</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Substandard</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Liquidity</td>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Poor</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: 100%
Surprise Lake Apartments
Asset Summary Q4 2013

Investment Thesis:
- Purchasing an asset at a substantial discount to replacement cost.
- Drive revenues through interior unit upgrades.
- Drive rent growth through common area/amenity improvements.
- Reduce expenses through operational practices and efficiencies.

Statuses:
- Completed
- Underway
- Underway (completed)

Valuation Methodology:
- DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Liquidity

Earnings

Asset Quality

Capital Adequacy
- Rate Lock:
- Interest Rate:
- Loan Balance:
- Maturity:
- Amortization:
- Rate Lock:
- % Recourse to the fund:

Co-Sponsors:
- 0.00% - Pro Forma IRR

Fair Market

Return Multiple:

Other Income

Vacancy

Portfolio Avg.

Description
- Excellent
- Good
- Average
- Substandard
- Poor

Risk Assessment:
- Risk associated with this asset is limited due to the low, fixed interest rate, and non recourse to the Fund. Property improvements will further increase the DCR as this asset's repositioning stabilizes in 2014.
- The management rating on this asset was raised from 3 to 2 in Q4 as a result of improved performance at the asset.
- The asset has reached its stabilized occupancy.

Investment Summary:

Asset Manager: Slager/DeGraw
Date Acquired: 10/25/2012
Location: Milton, WA
Date Sold:
Type: Multifamily
Total Fund Investment: 9,780,000

Units: 338
Realized Proceeds: 1,075,000

NRSR:
Unrealized Value: 13,602,555

Acres: 31.60
Implied Value: 14,677,555

Vintage: 1986
Implied Gain / (Loss): 4,897,555

Prop. / Const. Mgmt. Fee
Return Multiple: 1.50x

Fund Ownership %:
100.00% ROC II IRR

Earnings

Operating Expense

Other Income

Vacancy

2013 YTD

2013 YTD

Variance

Gross Scheduled Rent
3,685,476
3,724,728
2,821,500
3,781,602
-1.04%

Variance

Vacancy
(268,160)
(251,419)
(276,991)
(404,385)
-45.99%

Variance

Credit Loss & Concession
38,749
65,183
(65,818)
(92,100)
-39.93%

Variance

Gross Effective Rent
3,378,567
3,408,126
2,478,691
2,385,117
-5.56%

Variance

Other Income
578,604
578,008
553,920
681,696
23.07%

Variance

Gross Operating Income
3,957,171
3,986,126
4,032,611
3,966,813
-2.54%

Variance

Operating Expense
(1,912,880)
(1,912,880)
(1,785,438)
(1,881,864)
-5.52%

Variance

Net Operating Income
2,044,291
2,073,246
2,249,173
2,084,949
-7.30%

Variance

Vacancy
7.28%
6.75%
7.25%
10.69%

Variance

Economic Vacancy
8.33%
8.50%
8.97%
13.13%

Variance

Surprise Lake Apartments
Asset Summary Q4 2013

Liquidity

Management

Earnings

20%
20%
20%

20%
20%
20%

20%
20%
20%

20%
20%
20%

10% 10%

Total

Rate:

10% 10%

Total

2 2

2.2 2.4

Value

2 2

2 2

2 2

2 2

5 5

4 4

3 3

2 2

1 1

Total

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%
Bradley Park Apartments
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager:</th>
<th>Slager/DeGraw</th>
<th>Date Acquired:</th>
<th>12/18/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td>Puystall, WA</td>
<td>Date Sold:</td>
<td></td>
</tr>
<tr>
<td>Type:</td>
<td>Multifamily</td>
<td>Total Fund Investment:</td>
<td>5,490,000</td>
</tr>
<tr>
<td>Units:</td>
<td>155</td>
<td>Realized Proceeds:</td>
<td>570,000</td>
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<tr>
<td>NRSF:</td>
<td>160,328</td>
<td>Unrealized Value:</td>
<td>7,827,756</td>
</tr>
<tr>
<td>Acres:</td>
<td>10.20</td>
<td>Implied Value:</td>
<td>8,397,756</td>
</tr>
<tr>
<td>Vintage:</td>
<td>1998</td>
<td>Implied Gain / (Loss):</td>
<td>2,907,756</td>
</tr>
<tr>
<td>Prop./ Const. Mgmt. Fee:</td>
<td>3.0%/4.5% BPM</td>
<td>Return Multiple:</td>
<td>1.53x</td>
</tr>
<tr>
<td>Fund Ownership %:</td>
<td>100.00% ROC II</td>
<td>ROR:</td>
<td>51.96%</td>
</tr>
<tr>
<td>Co-Sponsors:</td>
<td>0.00%</td>
<td>Pro Forma ROR:</td>
<td>19.00%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Value Method:</td>
<td>DCF</td>
</tr>
</tbody>
</table>

Background:

Bradley Park was built in 1998 as a condominium project with a very low density of only 15.2 units to the acre. Located in an excellent submarket, this property was part of a 3 property portfolio owned by EQR, which was sold as part of their new business strategy. Although in excellent condition, the units and amenities had not been upgraded recently. All exterior improvements in our original plan are complete including the expansion of amenities in the pool and clubhouse area. The interior improvement plan calls for 47 full interior unit upgrades and 31 partial interior unit rehabs. An excellent FNMA loan execution at acquisition should be accretive to the sales process as treasuries increase.

Activity Update:

The property was 95% occupied during Q4 compared to 95% during Q3. During Q4, 4 full interior unit upgrades and 5 partial interior unit upgrades were completed. To date, 35 full interior unit upgrades and 18 partial interior unit upgrades are complete, and are generating $80 - $150 monthly rent increases depending on the unit. Our goals for Q4 are to maintain occupancy and complete 18 interior unit upgrades to drive rent growth. 2014 is our stabilization year as we ready this asset for sale in late 2014/early 2015.

Investment Thesis:

- Purchase a newer asset at a substantial discount to replacement cost.
- Drive revenues through interior unit and amenity upgrades.
- Reduce expenses through improved operational practices and efficiencies.
- • Reduce expenses through improved operational practices and efficiencies.
- • Drive revenues through interior unit and amenity upgrade.
- • Reduce expenses through improved operational practices and efficiencies.

| Rate Lock: | 24 Mos. IO | Rate | 3.60% |
|           |            |      |       |

Debt Summary:

New 10 year FNMA loan through Wells Fargo with 24 months I/O; 30 year amortization thereafter; and fixed interest rate of 3.6%. This loan is non recourse except for standard carve outs.

| Wells/FNMA | Loan Balance: | 17,189,000 |
|           | Interest Rate: | 3.60% |
|           | Maturity: | 12/1/2022 |
|           | Amortization: | 24 Mos. IO |
|           | Rate Lock: | Fixed |

% Recourse to the fund: 0.00%

Financial Results:

Revenues through the fourth quarter were slightly under budget due to slower than expected rent growth in the submarket. On-site management and our revenue management team are focused on driving this opportunity as our occupancy strengthens. Operating Expenses through the fourth quarter were slightly under budget due primarily to savings with Maintenance and Repair expenses, yielding a year-to-date NOI that was slightly under budget. Debt service and rehab are within budget, and this asset is meeting its initial pro forma objectives.

<table>
<thead>
<tr>
<th>Trailing 12 Months</th>
<th>Stabilized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Scheduled Rent</td>
<td>2,121,553</td>
</tr>
<tr>
<td>Vacancy</td>
<td>(127,566)</td>
</tr>
<tr>
<td>Credit Loss &amp; Concession</td>
<td>(28,554)</td>
</tr>
<tr>
<td>Gross Effective Rent</td>
<td>1,969,433</td>
</tr>
<tr>
<td>Operating Income</td>
<td>2,160,808</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(25,206,005)</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>1,318,678</td>
</tr>
</tbody>
</table>

Valuation Methodology:

DCF - Net Present Value of future cash flows and residual values supported by third-party sources.

Risk Rating:

<table>
<thead>
<tr>
<th>Rating Items</th>
<th>Weight</th>
<th>Asset Portfolio Ave.</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>10%</td>
<td>1</td>
<td>2</td>
<td>Excellent</td>
</tr>
<tr>
<td>Asset Quality</td>
<td>20%</td>
<td>1</td>
<td>2</td>
<td>Good</td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>2</td>
<td>3</td>
<td>Average</td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>2</td>
<td>3</td>
<td>Substandard</td>
</tr>
<tr>
<td>Liquidity</td>
<td>20%</td>
<td>2</td>
<td>3</td>
<td>Poor</td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
</tbody>
</table>

Total 100% 1.7 2.4

Notes: Ticker represent 100% of investment including non-controlling interest.
Background:
Chestnut Hill, built in 1991, is a garden-style community with a density of 21.5 units to the acre. The property offers spacious floor plans featuring full size washer/dryers. This asset was part of a 3 property portfolio sold by EQR as part of its new business strategy. The asset was well maintained, however, no unit or amenity upgrades were completed at this asset providing an excellent “value add” opportunity for ROC. The capital improvement plan called for clubhouse remodel, a new business center, fitness center, pool area, new roofs, new playground, dog park, exterior lighting as well as 47 full interior unit upgrades and 31 partial interior unit upgrades.

Activity Update:
The property was 94% occupied during Q4 compared to 95% during Q3. Capital improvements to the clubhouse, business center, fitness center, roofs and playground are complete. The pool area and dog park will be complete in Q1. During Q4, 1 full interior unit upgrade was completed. To date, 20 full interior unit upgrades and 15 partial interior unit upgrades have been completed, and are generating monthly rent increases between $75 - $150 depending on the unit. Our goals for Q1 are to maintain occupancy, complete the remaining exterior improvements, and complete 21 unit upgrades to drive rent growth.

Investment Thesis:
• Purchase a newer asset at a substantial discount to replacement cost.
• Drive revenues through interior unit upgrades.
• Drive rent growth through common area/amenity improvements.
• Reduce expenses through more efficient operational practices.

Valuation Methodology:
DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Gross Effective Rent
Gross Scheduled Rent
Vacancy
Credit Loss & Concession
Amortization
Rate Lock:
% Recourse to the fund:

Investment Summary:
Asset Manager: Slager/DeGraw	Date Acquired: 12/18/2012
Location: Puyallup, WA	Date Sold:
Type: Multifamily	Total Fund Investment: 3,987,000
Units: 157	Realized Proceeds: 375,000
NRSF: 138,061
Acres: 7.29
Vintage: 1991
Prop./Const. Mgmt. Fee 3.0%/4.5% BPM
Fund Ownership %: 100.00% ROC II II
Co-Sponsors: 0.00% -

Debt Summary:
New 10 year FNMA loan through Wells Fargo with 24 months I/O; 30 year amortization; and fixed interest rate of 3.6%. This loan is non recourse to the Fund except for standard carve outs.

Wells/FNMA:
Loan Balance: 12,099,000 -
Interest Rate: 3.69% -
Maturity: 12/1/2022 -
Amortization: 24 Mos. IO -
Rate Lock: Fixed -
% Recourse to the fund: 0.00% -

At Acquisition	Current	Fair Market
Assets	1,011,451	689,817	689,817
Current Liabilities	-842,672	-54,690	-201,112

Liabilities & Equity
Current Liabilities: 56,861 190,450 190,450
Real Estate/Note Value: 14,800,000 15,327,836 16,748,361
Dep./Assmt. & Trans. Cost: 76,961 (397,310) -
Total Liabilities: 12,065,861 12,199,450 12,199,450

Equity:
Capital Contributed: 3,970,250 3,987,000 3,987,000
Distributions to Date: (375,000) (375,000) -
Earnings to Date: (147,698) (191,107) 6,626,728
Total Equity: 3,922,552 3,420,893 5,228,726

Total Liabilities & Equity: 15,888,412 15,620,343 17,438,178

Valuation:
Fair Market:
17,438,178

Financial Results:
Revenue through the fourth quarter remained slightly under budget to due higher vacancy than anticipated. These losses were partially offset by good revenue streams from Utility Reimbursement and Cable Income, along with reduced concessions. Operating Expenses through the fourth quarter remained well below budget due to across the board savings. As a result, YTD NOI was only slightly below budget. Debt service and rehab are within budget, and this asset is meeting its initial pro forma objectives.

Risk Rating:
Weight	Asset Portfolio Avg.
Capital Adequacy 10% 2 2
Asset Quality 20% 2 2
Management 20% 3 3
Earnings 20% 2 3
Liability 20% 2 3
Legal/Environmental 10% 2 2
Total 100% 2 2

Rating Keys:
1. Excellent
2. Good
3. Average
4. Substandard
5. Poor

Risk Assessment:
This asset has limited risk due to its non recourse debt, fixed low interest rate, and strong cash flow. No material risks are seen at this time. Management rating was reduced at this asset in Q4.
Hamptons Apartments  
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Description</th>
<th>Status</th>
<th>Balance Sheets:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>At Acquisition</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Current Assets</td>
</tr>
<tr>
<td>Wells/FNMA Loan</td>
<td>(Completed)</td>
<td>1,134,462</td>
</tr>
<tr>
<td></td>
<td>(Underway)</td>
<td>21,930,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>23,168,493</td>
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<td></td>
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<td>Total Liabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capital Contributed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt - Wells/FNMA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other Long-Term Liab.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Liabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Liabilities &amp; Equity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Activity Update:

The property was 91% occupied during Q4 compared to 90% during Q3. Exterior capital improvements to the paint, fencing, asphalt, lighting and roofs are complete. Delays in completing the clubhouse have hurt the operation of this asset. During Q4, 10 full interior unit upgrades and 1 partial interior unit upgrade were completed. To date, 37 full and 11 partial interior unit upgrades have been completed, generating monthly rent increases between $75 - $150 depending on the unit. Our goals for Q1 are to complete the clubhouse improvements and bring these new amenities on line, increase occupancy to 93%, along with completing 21 unit upgrades to drive rent growth. A potential manager change is in the works at this asset to ensure better team alignment.

Financial Results:

Revenue through the fourth quarter was under budget due to continued challenges with Gross Rents and Occupancy resulting from delays in completing the clubhouse improvements. Other Income, concessions, and collection losses have offset some of these challenges. Operating Expenses through the fourth quarter remained below budget due to across the board savings. However, Q4 operating expenses were over budget due to higher than expected Payroll and Utilities, reflecting a budget timing issue. YTD NOI was below budget as a result of the revenue challenges noted above. Debt service and rehab are within budget, however this asset is not meeting its initial pro forma objectives at this time.

Risk Rating:

- Capital Adequacy: 10%
- Asset Quality: 20%
- Management: 20%
- Earnings: 20%
- Liquidity: 20%
- Legal/Environmental: 10%

Total: 100%

Value Method: DCF
Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager</th>
<th>Slager/DeGraw</th>
<th>Date Acquired</th>
<th>12/20/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Federal Way, WA</td>
<td>Date Sold</td>
<td>-</td>
</tr>
<tr>
<td>Type</td>
<td>Multifamily</td>
<td>Total Fund Investment</td>
<td>9,546,430</td>
</tr>
<tr>
<td>Units</td>
<td>388</td>
<td>Realized Proceeds</td>
<td>548,482</td>
</tr>
<tr>
<td>NRSF</td>
<td>302,929</td>
<td>Unrealized Value</td>
<td>12,961,284</td>
</tr>
<tr>
<td>Acres</td>
<td>21.70</td>
<td>Implied Value</td>
<td>13,509,766</td>
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<tr>
<td>Vintage</td>
<td>1976</td>
<td>Implied Gain/(Loss)</td>
<td>3,963,336</td>
</tr>
<tr>
<td>Prop./Const. Mgmt. Fee</td>
<td>3.0%/4.0% RPM</td>
<td>Return Multiple</td>
<td>1.42x</td>
</tr>
<tr>
<td>Fund Ownership %</td>
<td>87.76% ROC II</td>
<td>IRR</td>
<td>40.51%</td>
</tr>
<tr>
<td>Co-Sponsors</td>
<td>12.24% RO C1</td>
<td>Pro Forma IRR</td>
<td>21.16%</td>
</tr>
</tbody>
</table>

DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Background:

Forest Cove is a 388 unit asset located in Federal Way, Washington which is in the Seattle MSA, and located approximately 23 miles south of downtown Seattle. This asset was foreclosed on by GE, who completed substantial deferred maintenance to the asset prior to our acquisition. This acquisition was an “off market” transaction resulting from our relationship with GE. Completion of common area improvements and a new clubhouse designed to enhance the lifestyle of the residents, interior unit upgrades for effective management and marketing, are expected to produce above average cash flow and returns to the Partnership. Our capital improvement plan calls for a newly constructed community activity center, remodeled clubhouse fitness center, new paint, carports, landscaping fencing, signage, lighting, sports court, children's playground, picnic areas with barbecues as well as 194 full interior unit upgrades and 78 partial interior unit upgrades.

Activity Update:

This property was 83% occupied during Q4 compared to 77% during Q3, reflecting strengthening lease up. The lease up schedule has been impacted by delays in improvements, however, we anticipate reaching stabilization in 2014. Capital improvements to the exteriors are substantially complete, except for the new activity center. The asset has changed dramatically as evidenced by the number of compliments we are getting from the neighbors. During Q4, full interior unit upgrades and 66 partial interior unit upgrades were complete, generating a monthly rent increase between $65 - $85 depending on the unit. We renamed the property Landing at Dashpointe to rebrand the property. Our goals for Q4 are to increase occupancy to 87%, commence construction on the New Activity Center, and complete 36 unit upgrades.

Investment Theses:

- Purchase ROE at significant discount to replacement cost & mkt value.
- Drive revenue through common area and amenity upgrades.
- Drive revenue through unit upgrades and new clubhouse.
- Reposition resident base.

Balance Sheets:

<table>
<thead>
<tr>
<th>Status</th>
<th>Equity</th>
<th>Fair Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>At Acquisition</td>
<td>2,539,150</td>
<td>2,267,373</td>
</tr>
<tr>
<td>Current Assets</td>
<td>39,300,000</td>
<td>34,859,309</td>
</tr>
<tr>
<td>Total Assets</td>
<td>32,150,953</td>
<td>32,342,139</td>
</tr>
</tbody>
</table>

Revenues through the fourth quarter remained under budget due to occupancy challenges resulting from delays in improving common areas. Several positive upgrades are underway and will be completed by the end of the year contributing significantly to the achievement of our pro forma objectives.

Financial Results:

Revenues through the fourth quarter remained below budget due to occupancy challenges resulting from delays in improving common areas. Several positive upgrades are underway and will be completed by the end of the year contributing significantly to the achievement of our pro forma objectives.
Pembrooke (Kennedy Ridge) Apts.
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Manager</th>
<th>Date Acquired</th>
<th>Location</th>
<th>Date Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young</td>
<td>12/31/2012</td>
<td>Denver, CO</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Unis</th>
<th>NRSF</th>
<th>Acres</th>
<th>Vintage</th>
<th>Prop.</th>
<th>Fund Ownership %</th>
<th>Co-Sponsors</th>
</tr>
</thead>
</table>
| Multi-family | 959 | 664,094 | 29.23 | 1974 - 1980 | 2.5% / 4.5% BPM | 95.00% | 5.00%

<table>
<thead>
<tr>
<th>Financials:</th>
<th>Gross Scheduled Rent</th>
<th>Vacancy</th>
<th>Credit Loss &amp; Concession</th>
<th>Gross Effective Rent</th>
<th>Other Income</th>
<th>Gross Operating Income</th>
<th>Operating Expense</th>
<th>Net Operating Income</th>
<th>Vacancy</th>
<th>Economic Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Owner</td>
<td>7,236,542</td>
<td>(614,341)</td>
<td>(396,610)</td>
<td>6,235,591</td>
<td>1,249,961</td>
<td>7,275,552</td>
<td>(4,166,329)</td>
<td>3,309,222</td>
<td>8.49%</td>
<td>13.97%</td>
</tr>
<tr>
<td>12/31/2017</td>
<td>9,328,168</td>
<td>(559,690)</td>
<td>(510,628)</td>
<td>8,457,880</td>
<td>1,278,377</td>
<td>9,358,227</td>
<td>(3,981,908)</td>
<td>5,754,319</td>
<td>6.00%</td>
<td>9.33%</td>
</tr>
<tr>
<td>2013 YTD</td>
<td>7,411,312</td>
<td>(474,777)</td>
<td>(275,315)</td>
<td>6,659,220</td>
<td>1,133,916</td>
<td>7,792,136</td>
<td>(3,602,469)</td>
<td>4,190,667</td>
<td>6.41%</td>
<td>10.15%</td>
</tr>
<tr>
<td>2013 YTD Actual</td>
<td>7,618,574</td>
<td>(414,742)</td>
<td>(176,480)</td>
<td>7,027,346</td>
<td>1,224,935</td>
<td>8,252,281</td>
<td>(3,420,082)</td>
<td>4,832,199</td>
<td>5.44%</td>
<td>7.76%</td>
</tr>
<tr>
<td>Q4 2013</td>
<td>1,905,717</td>
<td>(1,183,821)</td>
<td>(1,014,149)</td>
<td>1,748,317</td>
<td>2,146,705</td>
<td>2,031,796</td>
<td>(1,820,552)</td>
<td>1,167,678</td>
<td>5.66%</td>
<td>8.26%</td>
</tr>
<tr>
<td>Q4 2013 Variance</td>
<td>1,938,560</td>
<td>(3,089,852)</td>
<td>(1,393,060)</td>
<td>1,845,142</td>
<td>301,563</td>
<td>2,146,705</td>
<td>(1,820,552)</td>
<td>1,167,678</td>
<td>6.08%</td>
<td>8.26%</td>
</tr>
</tbody>
</table>

Valuation Methodology:

DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

<table>
<thead>
<tr>
<th>Weight</th>
<th>Asset</th>
<th>Portfolio Avg.</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>T</td>
<td>2</td>
<td>Excellent</td>
<td>1</td>
</tr>
<tr>
<td>20%</td>
<td>2</td>
<td>2</td>
<td>Good</td>
<td>2</td>
</tr>
<tr>
<td>20%</td>
<td>1</td>
<td>3</td>
<td>Average</td>
<td>3</td>
</tr>
<tr>
<td>20%</td>
<td>2</td>
<td>3</td>
<td>Substandard</td>
<td>4</td>
</tr>
<tr>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Poor</td>
<td>5</td>
</tr>
<tr>
<td>10%</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total: 100% | 1.9 | 2.4

Notes: Figures represent 100% of investment including non-controlling interest.

Activity Update:

Most of the exterior and common area improvements have been completed. The new clubhouse is substantially complete and expected to open in Q4 2014. Moderate and full interior renovations continue, with overall costs within budget. 162 units upgrades have been completed with premiums ranging from $40 (on moderates) to $100 (on fulls), exceeding initial expectations. Approximately 96 full unit upgrades are scheduled for Q4 and a nearly equal number of moderate-level improvements. Operational performance is very strong due to better than expected apartment demand and the quality of our completed improvements.

Investment Thesis:

- Drive revenues through exterior, common area and interior renovations.
- Drive revenues through asset repositioning.
- Increase value through attrition of existing loan prepayment penalty.
- Drive revenues through asset repositioning.
- Drive revenues through exterior, common area and interior renovations.

Debt Summary:

Assumption of Fannie Mae loan serviced by Prudential in the amount of $33,943,102 with 6.585% fixed interest rate maturing in Nov. 2018. The loan is prepayable without penalty in April 2018. Non recourse to Fund.

Notes:

- Increase value through attrition of existing loan prepayment penalty.
- Drive revenues through asset repositioning.
- Drive revenues through exterior, common area and interior renovations.
- Increase value through attrition of existing loan prepayment penalty.

Financial Results:

Rental rates, occupancy and overall revenue growth continued well above expectations due to market strength, quality of the completed improvements and cohesive on-site team. Expenses were above budget for the quarter due in large part to a significant increase in property taxes (an appeal is underway) along with the timing of boiler replacement costs. Notably, expenses for the year remained well below initial expectations. This asset is significantly outperforming its initial pro forma operating objectives and we anticipate continued robust growth.

Background:

Pembrooke on the Green, formerly Kennedy Ridge, is a sponsored opportunity to invest in a 959 unit apartment community located in the southeast Denver submarket. Completed in stages from 1974 to 1980 the property features studios, one and two-bedroom floor plans near the 27-hole John F. Kennedy Golf Course. The property is roughly 8 miles southeast of downtown Denver and 2 miles north of the Denver Technological Center (DTC), positioning residents near the two largest Job centers in the state. In addition, it is within walking distance of an RTD (Rapid Transit District) hub. The property is budgeted to invest approximately $5.9 million ($6,200/unit) in capital expenditures which includes constructing a new clubhouse, childrens' splash park and activity center, repairing the roofs, replacing the balconies, painting the exterior, landscaping, improving the common areas and amenities, along with fully upgrading 50% of the unit interiors over 5 years. In addition, a community social services program designed to improve leasing and retention rates, will be established.

Notes:

- Figures represent 100% of investment including non-controlling interest.
SPIRE USA ROCHI FUND (AUD) MONTHLY UPDATE April 2014

Lodge on 84th Apartments
Asset Summary Q4 2013

Investment Summary:

Asset Manager: Young
Date Acquired: 1/24/2013
Location: Federal Heights, CO
Date Sold: -
Type: Multifamily
Total Fund Investment: 7,270,000
Units: 300
Realized Proceeds: 820,000
NRIF: 224,350
Unrealized Value: 13,390,762
Acres: 11.09
Implied Value: 14,210,762
Vintage: 1973
Implied Gain / (Loss): 6,940,762
Prop. / Const. Mgmt. Fee 3.0%/4.0% RPM
Return Multiple: 1.95
Fund Ownership %: 100.00% ROC II
IRR: 105.80%
Co-Sponsors: 0.00% - Pro Forma IRR: 20.19%
Value Method: DCF

Background:
The Lodge on 84th Avenue Apartments is located in Federal Heights, Colorado just 5 minutes from I-25 and Highway 36. At acquisition, Bridge Investment Group Partners has owned and managed both multi-family and commercial properties in the Denver area for the previous 11 years and has owned/managed just under 5,000 units in 11 properties in that market. The business plan includes the completion of strategic improvements to the common areas, enhancing amenities and interior units, thereby driving revenue growth. These improvements combined with low interest FNMA financing are expected to provide strong cash flows and returns as the Denver rental market continues to strengthen.

Activity Update:
Most of the capital improvements were completed in Q4 including concrete and asphalt work, landscaping, community and leasing center remodel, new pool furniture, the construction of community and leasing center remodel, new pool furniture, the construction

Investment Thesis:

- Drive revenues through exterior, common area, and interior renovations.
- Drive NOI through rationalizing recurring expense management.
- Low interest FNMA financing expected to support strong cash flows.

Debt Narrative:
FNMA loan provided by Wells Fargo, with a fixed rate of 3.70%; 30-year amortization, and 7 year call. 1% prepayment penalty after 5 years yield maintenance. Non recourse to the Fund except for standard carve outs.

Financial Results:
Q4 Revenue reflected the strong local apartment market demand with rent growth and lower concessions driving revenue well above initial expectations. Vacancy was slightly higher Q4 Revenue reflected the strong local apartment market demand with rent growth and lower concessions driving revenue well above initial expectations. Vacancy was slightly higher due to better than expected apartment demand, further enhanced by the completion of the exterior and common area capital improvement projects.

Valuation Methodology:
DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

<table>
<thead>
<tr>
<th>Risk Factor</th>
<th>Weight</th>
<th>Asset</th>
<th>Portfolio Avg.</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>10%</td>
<td>2</td>
<td>2</td>
<td>Excellent</td>
<td>1</td>
</tr>
<tr>
<td>Asset Quality</td>
<td>20%</td>
<td>2</td>
<td>2</td>
<td>Good</td>
<td>2</td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>2</td>
<td>2</td>
<td>Average</td>
<td>3</td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>2</td>
<td>3</td>
<td>Substandard</td>
<td>4</td>
</tr>
<tr>
<td>Liquidity</td>
<td>20%</td>
<td>2</td>
<td>3</td>
<td>Poor</td>
<td>5</td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: 100%

2.0 2.4

Notes: Figures represent 100% of investment including non-controlling interest.
Pinnacle Grove Apartments
Asset Summary Q4 2013

Investment Summary:

| Asset Manager: | Slager/DeGraw | Date Acquired: | 2/13/2013 |
| Location: | Tempe, AZ | Date Sold: |
| Type: | Multifamily | Total Fund Investment: | 6,400,000 |
| Units: | 247 | Realized Proceeds: | 120,000 |
| NRSF: | 204,732 | Unrealized Value: | 7,477,340 |
| Acres: | 9.80 | Implied Value: | 7,597,340 |
| Vintage: | 1987 | Implied Gain / (Loss): | 1,197,340 |
| Prop. / Const. Mgmt. Fee: | 3.0%/4.0% DPM | Return Multiple: | 1.19x |
| Fund Ownership %: | 100.00% ROC II | IRR: | 21.13% |
| Co-Sponsors: | 0.00% - | Pro Forma IRR: | 23.12% |
| Value Method: | DCF |

Background:

Pinnacle Grove is a 247 unit walk-up garden style apartment located in south Tempe, AZ. This asset was purchased well below replacement cost and provides value add opportunities through amenity, common area, and interior unit renovations. This asset is centrally located in the heart of the valley with good access to several freeways. Strategic improvements, combined with more effective management and marketing are expected to produce above average cash flow and returns to the Partnership as the Tempe market continues to improve.

Activity Update:

The property was 90% occupied during Q4 compared to 87% during Q3. Capital improvements to the asphalt, painting, dog park, pool area, xerisaping, and playground are complete, while the clubhouse is nearing completion. Interior capital improvements continued at a pace of 5 unit upgrades per month. To date, 45 full upgrades and 27 partial upgrades have been completed, and are generating a monthly rent increase of $75 - $125 per unit. Our goals for Q1 are to increase occupancy to 95%, complete the clubhouse renovation incorporating a new business center and clubhouse, along with an updated fitness center, complete 15 interior unit upgrades, and increase market rents.

Investment Thesis:

• Reduce expenses through operational practices and efficiencies
• Drive rent growth through common area/amenity improvements.
• Drive revenues through interior unit upgrades.

Financial Results:

Revenues through the fourth quarter were lower than projected due to delays in construction rehab and tenant repositioning, both of which impacted our ability to improve rents, occupancy, credit loss, and other income. Operating expenses for Q4 came in line with expectations, but overall expenses for the year were slightly over budget due to higher than expected lease up and HVAC replacements in Q3. Challenges with occupancy are clearly trending in the right direction and should continue to show improvement as the 90 day plan shows us moving toward 93% occupancy. As a result, YTD NOI was below budget. Debt service and rehab are within budget parameters. While the asset is now well positioned in the market, with occupancy improving, the asset is not yet meeting its original pro forma objectives.

Table:

<p>| Trailing 12 | Stabilized | 2013 YTD | 2013 YTD | Q4 2013 | Q4 2013 |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Prior Owner</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Scheduled Rent</td>
<td>2,216,470</td>
<td>2,602,327</td>
<td>1,894,530</td>
<td>1,940,516</td>
<td>2.43%</td>
<td>577,110</td>
<td>549,172</td>
</tr>
<tr>
<td>Vacancy</td>
<td>(203,079)</td>
<td>(196,140)</td>
<td>(158,899)</td>
<td>(238,184)</td>
<td>-49.90%</td>
<td>(42,313)</td>
<td>(68,833)</td>
</tr>
<tr>
<td>Credit Loss &amp; Concession</td>
<td>(81,555)</td>
<td>(80,152)</td>
<td>(86,840)</td>
<td>(99,497)</td>
<td>-14.58%</td>
<td>(24,349)</td>
<td>(24,602)</td>
</tr>
<tr>
<td>Gross Effective Rent</td>
<td>1,931,835</td>
<td>2,366,036</td>
<td>1,648,791</td>
<td>1,602,835</td>
<td>-2.79%</td>
<td>510,448</td>
<td>455,677</td>
</tr>
<tr>
<td>Other Income</td>
<td>221,536</td>
<td>240,719</td>
<td>182,110</td>
<td>163,470</td>
<td>-10.24%</td>
<td>55,293</td>
<td>32,266</td>
</tr>
<tr>
<td>Gross Operating Income</td>
<td>2,153,371</td>
<td>2,606,755</td>
<td>1,830,901</td>
<td>1,766,305</td>
<td>-3.53%</td>
<td>565,741</td>
<td>508,943</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(955,442)</td>
<td>(1,042,699)</td>
<td>(765,171)</td>
<td>(777,153)</td>
<td>-1.57%</td>
<td>(231,507)</td>
<td>(223,555)</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>1,197,929</td>
<td>1,564,147</td>
<td>1,065,730</td>
<td>989,152</td>
<td>-7.19%</td>
<td>333,348</td>
<td>285,408</td>
</tr>
<tr>
<td>Vacancy</td>
<td>9.16%</td>
<td>6.00%</td>
<td>8.39%</td>
<td>12.27%</td>
<td>7.33%</td>
<td>12.53%</td>
<td></td>
</tr>
<tr>
<td>Economic Vacancy</td>
<td>12.84%</td>
<td>9.08%</td>
<td>12.97%</td>
<td>17.40%</td>
<td>11.55%</td>
<td>17.02%</td>
<td></td>
</tr>
</tbody>
</table>

Valuation Methodology:

DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

| Capital Adequacy | 10% | Excellent | 1 |
| Asset Quality | 20% | Good | 2 |
| Management | 20% | Average | 3 |
| Earnings | 19% | Substandard | 4 |
| Liquidity | 20% | Poor | 5 |
| Legal/Environmental | 10% | Poor | 2 |
| Total | 100% | 2.2 | 2.4 |

Notes: Figures represent 100% of investment including non-controlling interest.

Risk Assessment:

There are no unusual risks with this asset due to low fixed interest rate loan with no recourse to the Fund. Management has improved, and this risk rating was adjusted in Q4.
Sonoma Pointe (The Ritz) Apts.
Asset Summary Q4 2013

**Investment Summary:**
- **Asset Manager:** Slager/DeGraw
- **Date Acquired:** 2/28/2013
- **Location:** Las Vegas, NV
- **Units:** 198
- **Type:** Multifamily
- **Total Fund Investment:** $2,765,000
- **Realized Proceeds:** $100,000
- **NRSF:** 205,601
- **Unimpaired:**
- **Acres:** 9.20
- **Vantage:** 1990
- **Prop. / Const. Mgmt. Fee:** 3.0%/4.0% RPM
- **Fund Ownership %:**
  - ROC I: 50.00%
  - ROC II: 50.00%
- **Co-Sponsors:**
  - ROC I
  - ROC II

**Background:**
Sonoma Pointe is a garden-style apartment community consisting of 198 units constructed in 1990, and is built on 9.20 acres of land located at 4250 S. Jones Blvd in Las Vegas, Nevada. This asset was acquired from a lender, and required substantial rehab and repositioning. Completion of common area improvements, interior unit upgrades, and a strong financing package are expected to produce above average cash flow and returns to the Partnership. The capital improvement plan calls for renovations to both clubhouses creating a new fitness and business center, club room and community service area. In addition, new exterior paint, asphalt repairs, a new children's playground, new signage, restricted access gating, along with 80 full interior unit upgrades and 118 light interior unit upgrades are planned.

**Activity Update:**
This property was 78% occupied during Q4 compared to 82% during Q3 due to resident repositioning and rehab work. Improvements to the clubhouses, fitness center, playground, paint, asphalt and down units are now complete. Debt service is below budget to date. This asset is meeting its initial pro forma objectives at this time.

- **Operating Expenses through the fourth quarter were slightly over budget due to Payroll expenses. As a result, YTD NOI was slightly below budget. Capital improvement work through 2014. Our goals for Q1 are to increase occupancy to 83%, begin the gating project, complete 15 interior units, and improve market rents.**

**Valuation Methodology:**
**DCF** - Net Present Value of future cash flows and residual supported by third-party sources.

**Revenues:**
- **Gross Scheduled Rent:** $1,305,032
- **Credit Loss & Concession:** $2,017,484
- **Vacancy:** $91,897
- **Lease Up:** $114,964
- **Operating Expense:** $1,233,629
- **Economic Vacancy:** $22,611

**Liabilities & Equity:**
- **Total Liabilities & Equity:** $2,765,000
- **Realized Proceeds:** $100,000
- **Date Acquired:** 2/29/2016

**Investment Thesis:**
- **Purchase a newer asset at a substantial discount to replacement cost**
- **Drive revenues through interior unit upgrades**
- **Drive rent growth through common area/amenity improvements**
- **Reposition resident base**
- **Drive revenues through interior unit upgrades**
- **Purchase a newer asset at a substantial discount to replacement cost**

**Debt Summary:**
- **Wells Fargo:**
  - Loan Balance: $10,300,000
  - Interest Rate: 3.0%/4.0%
  - Maturity: 3/1/2015
  - Amortization: IO
  - Rate Lock: Float w/Cap
  - % Recourse to the fund: 25.00%
- **Total Liabilities & Equity:** $2,765,000
- **Debt - Wells Fargo:** $10,300,000
- **Other Long-Term Liab.:**
- **Total Liabilities:** $10,358,521
- **Capital Contributed:** $14,314,895
- **Fair Market Valuation:** $17,600,985
- **At Acquisition Valuation:** $15,304,985

**Risk Rating:**
- **Capital Adequacy:** 10%
- **Asset Quality:** 20%
- **Management:** 20%
- **Earnings:** 20%
- **Liquidity:** 20%
- **Legal/Environmental:** 10%

**Notes:**
- Figures represent 100% of investment including non-controlling interest.

**Value:**
- **DCF:** $232,608
- **Earnings to Date:** $10,333
- **10.33% of**
- **18.00% of**
- **21.76% of**
- **29.91% of**
- **47.16% of**
- **55.30% of**
- **63.45% of**

**Actual Variance:**
- **17.33% of**
- **63.45% of**
- **29.91% of**
- **63.45% of**
- **29.91% of**
- **63.45% of**

**Variance:**
- **12.94% of**
- **63.45% of**
- **29.91% of**
- **12.94% of**
- **29.91% of**

**Rating Key:**
- **Description:**
  - Excellent (1): 1
  - Good (2): 2
  - Average (3): 3
  - Substandard (4): 4
  - Poor (5): 5

**Rating:**
- **Total:** 100%
- **Weight:** 2.6
- **Asset:** 2.4
### Timberlake Apartments

**Asset Summary Q4 2013**

**Investment Summary:**

<table>
<thead>
<tr>
<th>Asset Manager</th>
<th>Stayner</th>
<th>Date Acquired</th>
<th>4/9/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td>Dallas, TX</td>
<td>Date Sold:</td>
<td></td>
</tr>
<tr>
<td>Type:</td>
<td>Multi家庭</td>
<td>Total Fund Investment:</td>
<td>3,785,000</td>
</tr>
<tr>
<td>Units:</td>
<td>216</td>
<td>Realized Proceeds:</td>
<td>-</td>
</tr>
<tr>
<td>NRSF:</td>
<td>185,952</td>
<td>Unrealized Value:</td>
<td>4,880,037</td>
</tr>
<tr>
<td>Acres:</td>
<td>10.94</td>
<td>Implied Value:</td>
<td>4,880,037</td>
</tr>
<tr>
<td>Vintage:</td>
<td>1981</td>
<td>Implied Gain / (Loss):</td>
<td>1,095,037</td>
</tr>
<tr>
<td>Prop. / Const. Mgmt. Fee</td>
<td>3.0%/4.0% BPM</td>
<td>Return Multiple:</td>
<td>1.29x</td>
</tr>
<tr>
<td>Fund Ownership %:</td>
<td>100.00% ROC II</td>
<td>IRR:</td>
<td>41.81%</td>
</tr>
<tr>
<td>Co-Sponsors:</td>
<td>0.00%</td>
<td>Pre Forma IRR:</td>
<td>21.32%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Value Method:</td>
<td>DCF</td>
</tr>
</tbody>
</table>

**Background:**

Timberlake is a 216-unit, 1981 multi-family asset located in North Dallas, Texas. The property is located in the same submarket as ROC I investment properties, Indigo and Providence. The asset was lender owned, and distressed at acquisition. Although occupancy at acquisition was approximately 80%, the tenant quality and current rents were very low requiring a severe repositioning. ROC plans to extensively upgrade the common areas, amenities, complete all deferred maintenance, and complete a full, moderate, and light upgrade to all interior units. A thorough retrofit to the clubhouse will provide a new clubroom, business and fitness centers, and internet cafe.

**Activity Update:**

Q4 reflected the re-titling of the property and implementation of the interior renovation plans noted above. Occupancy was below budget due to the need to reposition the resident base. Although initially hurting revenues, this will allow us to expedite the unit rehab, and reposition the asset sooner. 55 interior units are in progress or have been upgraded. Exterior improvements such as roofing, full paint, pool area improvements, and repurposing both the Activity/Leasing Center, as well as the tennis court areas have been completed. Exterior landscape is still ongoing and we will expand the scope to handle current drainage issues at the property. The exterior transition has been outstanding.

**Investment Thesis:**

- Complete significant improvements to reposition asset in the market.
- Drive revenues through better management execution.
- Increase rents through common area and interior unit improvements.
- Leverage efficiencies w/sister-properties to reduce expenses.

**Balance Sheet:**

<table>
<thead>
<tr>
<th>Status:</th>
<th>Assets</th>
<th>Current</th>
<th>Fair Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Underway)</td>
<td>Assets</td>
<td>Current</td>
<td>Fair Market</td>
</tr>
</tbody>
</table>
- **Liabilities & Equity**
  - Current Liabilities: 115,605 | 477,890 | 477,890 |
  - Debt - Prudential/FNMA: 3,501,711 | 3,465,494 | 3,465,494 |
  - Debt - Other Long-Term Liab.: - | - | - |
  - Total Liabilities: 3,617,316 | 3,943,384 | 3,943,384 |
  - Capital Contributed: 3,782,016 | 3,785,000 | 3,785,000 |
  - Distributions to Shareholders: - | - | - |
  - Earnings to Date: (79,314) | (342,342) | 1,095,037 |
  - Total Equity: 2,702,702 | 3,441,658 | 4,880,037 |
  - Total Liabilities & Equity: 7,320,017 | 7,385,042 | 8,823,421 |

**Debt Summary:**

- Non recourse FNMA loan was assumed, with a fixed 5.82% interest rate, and maturity in 2019. This loan can be prepaid in October 2018 with a 1% fee.

**Financial Results:**

Q4 Revenues were well below budget due to vacancy created by the repositioning noted above, and caused YTD revenues to be below budget. Rent growth, concessions and other income has been at or better than budget. Expenses were over budget during the quarter due to increased property taxes, but were below budget for the year. As a result, YTD NOI was below budget due to vacancy created by the repositioning noted above, and caused YTD revenues to be below budget. Rent growth, concessions and other income has been at or better than budget. Expenses were over budget during the quarter due to increased property taxes, but were below budget for the year. As a result, YTD NOI was below budget.

**Valuation Methodology:**

- DCF - Net Present Value of future cash flows and residual supported by third-party sources.

**Risk Rating:**

- **Capital Adequacy:** 10% | Good |
- **Asset Quality:** 20% | Good |
- **Management:** 20% | Average |
- **Earnings:** 20% | Substandard |
- **Liquidity:** 20% | Poor |
- **Legal/Environmental:** 10% | 2 |

**Total:** 100% | 2.2 |

**Notes:**

- Figures represent 100% of investment including non-controlling interest.

**Risk Assessment:**

- Execution of the capital expenditures and profile modifications will change the risk profile of this asset. The asset team believes adequate reserves are in place to complete the repositioning of this asset. Market conditions have been strong in Dallas and we expect this to continue in the submarket. The non recourse debt further mitigates the risk to the Fund.

---

**Timberlake Apartments**

**Investment Summary**

- Stayner
- 4/9/2013
- Dallas, TX
- Total Fund Investment: 3,785,000
- Realized Proceeds: -
- Unrealized Value: 4,880,037
- Implied Value: 4,880,037
- Implied Gain / (Loss): 1,095,037
- Return Multiple: 1.29x
- IRR: 41.81%
- Pre Forma IRR: 21.32%
- Value Method: DCF

**Background:**

Timberlake is a 216-unit, 1981 multi-family asset located in North Dallas, Texas. The property is located in the same submarket as ROC I investment properties, Indigo and Providence. The asset was lender owned, and distressed at acquisition. Although occupancy at acquisition was approximately 80%, the tenant quality and current rents were very low requiring a severe repositioning. ROC plans to extensively upgrade the common areas, amenities, complete all deferred maintenance, and complete a full, moderate, and light upgrade to all interior units. A thorough retrofit to the clubhouse will provide a new clubroom, business and fitness centers, and internet cafe.

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Q4 reflected the re-titling of the property and implementation of the interior renovation plans noted above. Occupancy was below budget due to the need to reposition the resident base. Although initially hurting revenues, this will allow us to expedite the unit rehab, and reposition the asset sooner. 55 interior units are in progress or have been upgraded. Exterior improvements such as roofing, full paint, pool area improvements, and repurposing both the Activity/Leasing Center, as well as the tennis court areas have been completed. Exterior landscape is still ongoing and we will expand the scope to handle current drainage issues at the property. The exterior transition has been outstanding.

**Investment Thesis:**

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  - Total Liabilities: 3,617,316 | 3,943,384 | 3,943,384 |
  - Capital Contributed: 3,782,016 | 3,785,000 | 3,785,000 |
  - Distributions to Shareholders: - | - | - |
  - Earnings to Date: (79,314) | (342,342) | 1,095,037 |
  - Total Equity: 2,702,702 | 3,441,658 | 4,880,037 |
  - Total Liabilities & Equity: 7,320,017 | 7,385,042 | 8,823,421 |

**Debt Summary:**

- Non recourse FNMA loan was assumed, with a fixed 5.82% interest rate, and maturity in 2019. This loan can be prepaid in October 2018 with a 1% fee.

**Financial Results:**

Q4 Revenues were well below budget due to vacancy created by the repositioning noted above, and caused YTD revenues to be below budget. Rent growth, concessions and other income has been at or better than budget. Expenses were over budget during the quarter due to increased property taxes, but were below budget for the year. As a result, YTD NOI was under budget. The rehab has been expanded to deal with the landscaping/drainage issues at the property, however, the asset team believes this will reduce future expenses, and increase the value of the asset. Debt is within budget. Although cash flow was slightly below projections, the value creation has been substantial, and the asset is meeting its initial pro forma objectives at this time.

**Valuation Methodology:**

- DCF - Net Present Value of future cash flows and residual supported by third-party sources.

**Risk Rating:**

- **Capital Adequacy:** 10% | Good |
- **Asset Quality:** 20% | Good |
- **Management:** 20% | Average |
- **Earnings:** 20% | Substandard |
- **Liquidity:** 20% | Poor |
- **Legal/Environmental:** 10% | 2 |

**Total:** 100% | 2.2 |

**Notes:**

- Figures represent 100% of investment including non-controlling interest.

**Risk Assessment:**

- Execution of the capital expenditures and profile modifications will change the risk profile of this asset. The asset team believes adequate reserves are in place to complete the repositioning of this asset. Market conditions have been strong in Dallas and we expect this to continue in the submarket. The non recourse debt further mitigates the risk to the Fund.
Chandlers Bay Apartments
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager: Slager/DeGraw</th>
<th>Date Acquired: 4/10/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location: Kent, WA</td>
<td>Date Sold: -</td>
</tr>
<tr>
<td>Type: Multifamily</td>
<td>Total Fund Investment: 10,525,000</td>
</tr>
<tr>
<td>Units: 293</td>
<td>Realized Proceeds: 250,000</td>
</tr>
<tr>
<td>NRSF: 281,162</td>
<td>Unrealized Value: 14,026,750</td>
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<tr>
<td>Acres: 36.00</td>
<td>Impaired Value: 14,276,750</td>
</tr>
<tr>
<td>Vintage: 1990</td>
<td>Implied Gain / (Loss): 3,751,750</td>
</tr>
<tr>
<td>Prop. / Const. Mgmt. Fee: 3.0%/4.0% BPM</td>
<td>Return Multiple: 1.36x</td>
</tr>
<tr>
<td>Fund Ownership %: 100.00% ROIC II</td>
<td>IRR: 52.32%</td>
</tr>
<tr>
<td>Co-Sponsors: 0.00%</td>
<td>Pro Forma IRR: 19.43%</td>
</tr>
<tr>
<td>-</td>
<td>Value Method: DCF</td>
</tr>
</tbody>
</table>

Background:
Chandler’s Bay, a 293-unit garden-style community built in 1990, is located in Kent, Washington. Kent is a highly desirable submarket located 20 minutes south of downtown Seattle, and 25 minutes north of Tacoma. The asset was developed in two phases on an elongated 36-acre lot, nearly one mile from end to end, creating an extremely low density of only 8 units to the acre. Chandler’s Bay offers a compelling opportunity to add-value and drive revenue through interior unit renovations, common area upgrades, and adding community amenities. NOI will be further driven through expense reductions. Cash flow was further enhanced through the placement of low interest, fixed rate debt at or below 3.77%. Our capital improvement plans calls for improvements to the exterior paint, asphalt, lighting, roofs, landscaping, signage, pool area, business center, clubhouse, playground, dog park and fitness center as well as 117 full interior unit upgrades and 60 partial interior unit upgrades.

Activity Update:
This asset was 91% occupied during Q4 compared to 94% during Q3. Exterior improvements to the roofs, paint, asphalt, landscaping and lighting were completed. During Q4, 6 full interior unit upgrades and 6 partial interior unit upgrades were completed. To date, 21 full interior unit upgrades and 12 partial interior unit upgrades are complete and generating a monthly rent increase between $80 - $125 depending on the unit. Delays in completing the clubhouse have hurt occupancy and rent growth from our initial projections. Our goals for Q4 are to increase occupancy to 94%, complete the playground, dog park, clubhouse, new signage and 24 unit upgrades to drive rent growth and stabilize occupancy.

Investment Thesis:
- Purchase a newer asset at a substantial discount to replacement cost.
- Drive revenues through interior unit upgrades.
- Drive rent growth through common area/amenity improvements.
- Reduce expenses through more efficient operational practices.
- DCF - Net Present Value of future cash flows and residual supported by third-party sources.

Valuation Methodology:
Value Method: DCF
IRR: 52.32%
Pro Forma IRR: 19.43%

Financial Results:
Revenue through the fourth quarter continued to be below budget due to lower than projected Occupancy and Other Income revenue streams in Utility Revenue caused by the drop in occupancy during Q4 occupancy. We anticipate revenues will improve in Q1 as we complete the clubhouse and bring the new amenities on line, thereby driving occupancy up. Operating Expenses through the fourth quarter were below budget due to across the board savings. YTD NOI was well below budget due to the challenges noted above. Debt service and rehab are within budget guidelines, however, this asset is currently not meeting its initial pro forma objectives.

Risk Rating:
- Capital Adequacy: 10%
- Asset Quality: 20%
- Management: 20%
- Earnings: 20%
- Liquidity: 20%
- Legal/Environmental: 10%
- Total: 100%

This asset has limited risk due to its non recourse debt, fixed low interest rate, and strong cash flow. No material risks are seen at this time. The Risk Rating for Management and Earnings were increased due to the challenges noted above. Management is working to correct these issues.
Cameron Landing Apartments
Asset Summary Q4 2013

**Investment Summary:**

- **Asset Manager:** Stayer
- **Date Acquired:** 5/29/2013
- **Location:** Atlanta, GA
- **Type:** Multifamily
- **Units:** 368
- **NRSF:** 351,640
- **Prop. / Const. Mgmt. Fee:** 3.0%/4.0% BPM
- **Fund Ownership %:** 100.00% ROC II
- **Co-Sponsors:** 0.00% -

**Liquidity:**

- **Total Liabilities & Equity:** $28,945,543
- **Liquidity:** 10%

**Earnings:**

- **Net Operating Income:** $1,925,657
- **Expense Variance:** -33.89%

**Management:**

- **Dep./Amort. & Trans. Cost:** $192,367
- **Other Long-Term Liab.:** 10%
- **Rate Lock:** Fixed

**Asset Quality:**

- **Vacancy:** 5.29%
- **Vacancy Variance:** 3.65%

**Capital Adequacy:**

- **Risk Rating:** 2
- **Risk Assessment:** Given the fixed rate debt, and strengthening Atlanta marketplace the risks associated with this asset are minimal. Cash flow should continue to get stronger as we stabilize the new resident base and grow rents. The acquisition of several Atlanta assets has mitigated some of the risk of this being our first asset in the market.

**Capitalization:**

- **At Acquisition:** $24,760,707
- **Current:** $20,011,894
- **Fair Market:** $20,011,894

**DCF** - Net Present Value of future cash flows and residual supported by third-party sources.

**Financial Results:**

- **Real Estate Value:** $1,697,645
- **Realized Proceeds:** $26,653,027

**Valuation Methodology:**

- **Return Multiple:** 2.1
- **Unrealized Value:** 2.65%

**Rating:**

- **Vacancy:** 5.92%
- **Economic Vacancy:** 8.92%

**Vacancy Variance:** -8.83%

**Risk Assessment:**

- **Rating Key:** 2
- **Weight:** 10%
- **Asset Quality:** 10%
- **Management:** 20%
- **Earnings:** 20%
- **Liquidity:** 20%
- **Legal/Environmental:** 10%

**Total:** 100%
Enclave Apartments
Asset Summary Q4 2013

**Investment Summary:**
- **Asset Manager:** Stayer
- **Location:** Euless, TX
- **Type:** Multifamily
- **Units:** 308
- **NRSF:** 213,198
- **Acres:** 11.57
- **Vintage:** 1985
- **Prop. / Const. Mgmt. Fee:** 3.0%/4.0% BPM
- **Fund Ownership %:** 70.76% ROIC II
- **Co-Sponsors:** 29.22% ROIC I
- **Total Fund Investment:** 4,845,000
- **Realized Proceeds:** 188,736
- ** Unrealized Value:** 5,049,040
- **Implied Value:** 5,237,776
- **Implied Gain / (Loss):** 392,776
- **Return Multiple:** 1.08x
- **Value Method:** DCF

**Activity Update:**
Q4 reflected the renovation plan in action. Revenues were on budget, though interesting to note that vacancy was higher than expected. Rent growth and other income contributed to the revenues being on budget. Rehab plans for the clubhouse and common areas are underway and have been closely monitored by local authorities which have slowed that process.

**Investment Thesis:**
- Drive revenues through common area and amenity improvements.
- Enhance NOI through better expense management and other income.
- Increase rents through interior unit improvements.

**Debt Summary:**
- The loan was assumed and combined with a supplemental loan for approximately $12,574,000 of non-recourse debt at a blended 5.39% fixed rate, maturing in 2020.
- Interest rates now trending upwards, we expect this risk to diminish over the time desired to position this asset for sale. The debt is non-recourse to the Fund and there are no operational risks.

**Risk Assessment:** The largest risk with this asset is its underlying debt. With interest rates now trending upwards, we expect this risk to diminish over the time desired to position this asset for sale.

**Valuation Methodology:**
- **DCF** - Net Present Value of future cash flows and residual value supported by third-party sources.

### Financial Results:
Q4 Revenues were slightly higher than budget, though vacancy was higher. Rent growth, concessions, collection loss and other income have been stronger than projected. This continued the 2013 trend with this asset. Expenses were over budget, both for the quarter, and YTD, due to higher than anticipated property taxes.

### Background:
Enclave at Bear Creek is a 308-unit, 1985 multi-family asset located just west of the Dallas/Fort Worth airport. This asset was purchased as part of a portfolio with Overlook at Bear Creek, another apartment community directly across the street. The asset was stabilized, but provided substantial "value add" opportunities. The business plan includes expanding and upgrading the amenity package, upgrading many of the interior units to drive revenue, and reduce expenses, further enhancing returns. Due to the existing debt structure the partnership was able to secure this asset for below market pricing at approximately 60% of replacement cost, providing strong potential returns to the partners.

### Investment Thesis:
- **Drive revenues through common area and amenity improvements.**
- **Enhance NOI through better expense management and other income.**
- **Increase rents through interior unit improvements.**

### Debt Summary:
The loan was assumed and combined with a supplemental loan for approximately $12,574,000 of non-recourse debt at a blended 5.39% fixed rate, maturing in 2020.

### Financial Results:
Q4 Revenues were slightly higher than budget, though vacancy was higher. Rent growth, concessions, collection loss and other income have been stronger than projected. This continued the 2013 trend with this asset. Expenses were over budget, both for the quarter, and YTD, due to higher than anticipated property taxes.

### Valuation Methodology:
- "DCF" - Net Present Value of future cash flows and residual value supported by third-party sources.

### Risk Rating:
- **Weight**
- **Asset**
- **Portfolio Avg.**
- **Description**
- **Value**

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### Valuation Methodology:
- "DCF" - Net Present Value of future cash flows and residual value supported by third-party sources.

### Risk Rating:
### Overlook Apartments
#### Asset Summary Q4 2013

**Investment Summary:**
- **Asset Manager:** Stayner
- **Date Acquired:** 6/4/2013
- **Location:** Euless, TX
- **Date Sold:**
- **Type:** Multifamily
- **Units:** 350
- **NRIS:** 275,490
- **Acreage:** 13.38
- **Vintage:** 1984
- **Prop. / Const. Mgmt. Fee:** 3.0% / 4.0% BPM
- **Fund Ownership %:** 74.91% ROC II
- **Co-Sponsors:** 25.09% ROC I

**Balance Sheets:**
- **Assets:** 21,487,867
- **Current Assets:** 13,801,427
- **Current Liabilities:** 10,388,308
- **Earnings to Date:** 5,035,340
- **Dep./Amort. & Trans. Cost:** 1,841,322
- **Total Equity:** 8,850,502
- **Total Assets:** 24,963,014
- **Total Liabilities:** 16,057,476

**Valuation Methodology:**
- **ROC II:** 1,798,947
- **Wells/Freddie:** 1,717,671
- **Prop. / Const. Mgmt. Fee:** 11,706
- **Co-Sponsors:** 11,706

**Rating Key:**
- **Excellent:** 1
- **Good:** 2
- **Average:** 3
- **Substandard:** 4
- **Poor:** 5

**Risk Assessment:**
- The largest risk with this asset is its underlying debt. With interest rates now trending upwards, we expect this risk to diminish over the time desired to position this asset for sale. The debt is non recourse to the Fund and there are no operational risks currently identified with this asset.

---

**Background:**
Overlook at Bear Creek is a 350-unit, 1984 multi-family asset located just west of the Dallas/Fort Worth airport. This asset was purchased as part of a portfolio with Enclave at Bear Creek, another apartment community directly across the street. The asset was stabilized, but provided substantial "value add" opportunities. The business plan includes expanding and upgrading the amenity package, upgrading many of the interior units to drive revenue, and reduce expenses, further enhancing NOI. Due to the existing debt structure the partnership was able to secure this asset for below market pricing at approximately 60% of replacement cost, providing strong potential future returns to the partners.

**Activity Update:**
Q4 Reflected higher than forecasted occupancy and rent growth as the rehab of the clubhouse and common areas were completed. The transformation of the clubhouse, tennis courts, and pool areas (new fire pit, sport court, outdoor fitness area, children's play area, and dog park) have substantially expanded the amenities and desirability of this asset.

Additional improvements to landscaping will be completed in 2014. Approximately 98 interior unit rehabs have commenced or completed. During Q1 the team will focus on stabilizing the occupancy, completing interior unit rehabs, and raising rents.

---

### Financial Results:
Q4 Revenues were substantially above budget due to low vacancy and a signed cable agreement (one time other income). This pushed YTD revenue over budget as well. Q4 Expenses were over budget due to lease up costs and higher property taxes, pushing YTD expenses over budget as well. The resulting NOI for the quarter was below budget but only slightly below budget for the year. Debt service and rehab projections remain within budget. This asset is meeting its pro forma objectives to date.

---

**Investment Thesis:**
- Drive revenues through common area/amenity improvements.
- Enhance NOI through better expense management and other income.
- Increase rents through interior unit improvements.

<table>
<thead>
<tr>
<th>Wells/Freddie</th>
<th>Wells/Freddie</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Balance:</td>
<td>16,057,476</td>
</tr>
<tr>
<td>Interest Rate:</td>
<td>5.49%</td>
</tr>
<tr>
<td>Maturity:</td>
<td>6/1/2020</td>
</tr>
<tr>
<td>Amortization:</td>
<td>30</td>
</tr>
<tr>
<td>Rate Lock:</td>
<td>Fixed</td>
</tr>
<tr>
<td>% recourse to the fund:</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

---

**Financials:**
- **Trailing 12 Months:** 2013 YTD
- **Stabilized:** 2014 YTD

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacancy</td>
<td>3,032,382</td>
<td>3,277,500</td>
<td>1,866,815</td>
<td>1,861,707</td>
<td>-0.27%</td>
<td>818,115</td>
<td>811,203</td>
</tr>
<tr>
<td>Credit Loss &amp; Concession</td>
<td>(27,004)</td>
<td>(37,745)</td>
<td>(27,802)</td>
<td>(16,050)</td>
<td>42.27%</td>
<td>(12,136)</td>
<td>(10,765)</td>
</tr>
<tr>
<td>Gross Effective Rent</td>
<td>2,821,496</td>
<td>3,491,413</td>
<td>1,717,671</td>
<td>1,734,651</td>
<td>0.99%</td>
<td>792,802</td>
<td>764,733</td>
</tr>
<tr>
<td>Other Income</td>
<td>320,848</td>
<td>318,712</td>
<td>174,488</td>
<td>187,950</td>
<td>7.74%</td>
<td>76,434</td>
<td>80,374</td>
</tr>
<tr>
<td>Gross Operating Income</td>
<td>3,142,344</td>
<td>3,801,125</td>
<td>1,892,119</td>
<td>1,922,601</td>
<td>1.61%</td>
<td>829,236</td>
<td>863,187</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(1,568,871)</td>
<td>(1,798,947)</td>
<td>(1,888,335)</td>
<td>(929,480)</td>
<td>-4.63%</td>
<td>(391,031)</td>
<td>(483,704)</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>1,573,473</td>
<td>2,011,178</td>
<td>1,003,784</td>
<td>993,121</td>
<td>-1.06%</td>
<td>438,205</td>
<td>379,403</td>
</tr>
</tbody>
</table>

**Vacancy:** 6.06%

**Economic Vacancy:** 6.95%

**Rating:**
- **Capital Adequacy:** 10%
- **Asset Quality:** 20%
- **Management:** 20%
- **Earnings:** 20%
- **Liquidity:** 20%
- **Legal/Environmental:** 10%

**Value:**
- **Excellent:** 1
- **Good:** 2
- **Average:** 3
- **Substandard:** 4
- **Poor:** 5

**Total:** 100%

---

**Net Present Value:**
- **Future cash flows and residual value:**
- **Third-party sources:**

---

**Risk Rating:**
- **Weight:** Capital Adequacy 10%, Asset Quality 20%, Management 20%, Earnings 20%, Liquidity 20%, Legal/Environmental 10%
- **Asset:** 2,4
- **Portfolio Avg:** 2,4
Mission Palms Apartments
Asset Summary Q4 2013

Investment Summary:

Asset Manager: Slager/DeGraw  
Date Acquired: 6/11/2013
Location: Tucson, AZ  
Type: Multifamily
Units: 360  
Units: Realized Proceeds: 225,000
NRSF: 372.918  
NRSF: Unrealized Value: 10,475,530
Acres: 28.90  
Implied Value: 10,700,530
Vantage: 1978  
Implied Gain / (Loss): 1,560,530
Prop. / Const. Mgmt. Fee: 3.0%/4.0% IPM  
Return Multiple: 1.1x
Fund Ownership %: 100.00% ROC II  
IRR: 33.91%
Co-Sponsors: 0.00% Large -  
Pro Forma IRR: 19.05%
Value Method: DCF

Background:
Built in 1978, Mission Palms consists of 360 large units located in an excellent northwest Tucson, AZ neighborhood. Due to the location of the asset, this community has substantial potential to increase rents by renovating the interior units, expanding the amenities, and modernizing the general exterior improvements. Current amenities include a dysfunctional clubhouse that will be thoroughly converted to include a fitness center, internet cafe, and clubroom. Two beautiful pool and spa areas exist on the site, and will be upgraded with BBQ Grills, cabanas, and a fire pit. Two tennis courts will be converted to pickle ball courts and a soccer field, while the existing putting green will be updated. A new playground area for the kids, along with the implementation of our community services program, combined with interior unit improvements will round out this rehab and repositioning. An existing non recourse FNMA loan was assumed at acquisition, further reducing the per unit purchase price.

Activity Update:
The property was 87% occupied during Q4 compared to 89% during Q3 due to needed resident repositioning and forced vacancy to facilitate the improvements needed at this asset. Capital Improvement plans for the clubhouse, pools, conference room, fitness center, sport courts, xeriscaping, and full paint job are underway. Exterior improvements to the putting green/chipping area, roofs, asphalt, and playground are complete. To date, we have completed 67 upgrade units, which are generating a monthly rent increase ranging from $60 - $150 depending on the upgrade package. Our goals for Q1 are to increase occupancy to 90%, complete 36 interior unit upgrades and commence improvements to the clubhouse. We are also working through the stabilization of on site staffing, and anticipate a manager change during Q1.

Investment Thesis:
• Drive  rent  growth through common area/amenity improvements.
• Drive  revenues through interior unit upgrade.
• The property was 87% occupied during Q4 compared to 89% during Q3 due to needed resident repositioning and forced vacancy to facilitate the improvements needed at this asset.
• The asset is not yet stabilized, and we are still working through
• The loan is fixed rate and non recourse, with no material risk to the Fund.
• The property was 87% occupied during Q4 compared to 89% during Q3 due to needed resident repositioning and forced vacancy to facilitate the improvements needed at this asset.
• The asset is not yet stabilized, and we are still working through
• The loan is fixed rate and non recourse, with no material risk to the Fund.
• The property was 87% occupied during Q4 compared to 89% during Q3 due to needed resident repositioning and forced vacancy to facilitate the improvements needed at this asset.
Villetta Apartments
Asset Summary Q4 2013

Investment Summary:
- Asset Manager: Slager/DeGraw
- Date Acquired: 7/1/2013
- Location: Mesa, AZ
- Date Sold: -
- Type: Multifamily
- Total Fund Investment: 7,250,000
- Units: 352
- Realized Proceeds: -
- NRSF: 262,540
- Unrealized Value: -
- Total Gut/Value (Loss): 7,067,156
- Acres: 13.52
- Impaired Value: -
- Vintage: 1983
- Impaired Gains: (182,844)
- Prop./Const. Mgmt. Fee: 3.0%/4.0%
- Return Multiple: 0.97x
- Fund Ownership %: 100.00% ROC II
- IRR: NM
- Co-Sponsors %: 0.00%
- Pro Forma IRR: 22.60%
- Value Method: Cost

Background:
Villetta Apartments is a 352 unit apartment community located in Mesa, Arizona. This garden-style community was built in 1983 and is positioned on 13.5 acres. The property was encumbered with $22M in bonds which were retired at closing, making this asset easier to lease in the future. The asset was purchased out of receivership and requires substantial rehab and repositioning. The capital improvement plan calls for expansion and improvements to the clubhouse, fitness center, business center, and pool areas. A new playground, soccer field, dog park, and landscaping will be installed, along with aspahlt and lighting improvements. The business plan also calls for 123 full interior unit upgrades and 106 partial interior unit upgrades.

Activity Update:
This property was 77% occupied during Q4 compared to 82% during Q3 due to substantial resident repositioning. Improvements to the exteriors and common areas have commenced, and the dog park, sports court and playground were completed. To date, 34 full interior unit upgrades, 27 partial interior unit upgrades and 45 light interior unit upgrades are complete. Improvements to the exteriors and common areas have commenced, and the dog park, sports court and playground were completed. To date, 34 full interior unit upgrades, 27 partial interior unit upgrades and 45 light interior unit upgrades are complete.

Financial Results:
Revenue through the fourth quarter was well below budget due to larger than anticipated resident repositioning requirements. This was somewhat offset by revenue streams from Other Income, primarily Utility Revenue. Operating expenses were below budget due to across the board savings and timing issues related to the recent acquisition, which is common for assets acquired out of receivership. We anticipate that occupancy will improve after the exterior and amenity improvements are completed, thereby allowing us to attract a stronger resident base. As a result of the spike in Q4 vacancy, YTD NOI was below budget. Debt service is below budget, and rehab is within the budget. Although early in the Fund's ownership period, this asset is currently behind its original pro forma objectives.

Valuation Methodology:
- Cost: Acquisition basis net of transaction costs.

Risk Rating:
- Capital Adequacy: 10%
- Asset Quality: 20%
- Management: 20%
- Earnings: 20%
- Liquidity: 20%
- Legal/Environmental: 10%

Total: 100%
Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager:</th>
<th>Slager/DeGraw</th>
<th>Date Acquired:</th>
<th>7/31/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td>Phoenix, AZ</td>
<td>Date Sold:</td>
<td></td>
</tr>
<tr>
<td>Type:</td>
<td>Multifamily</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NRSF:</td>
<td>466,840</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acres:</td>
<td>25.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vintage:</td>
<td>1997</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prop./Const. Mgmt. Fee:</td>
<td>2.5%/4.0% BPM</td>
<td>Return Multiple:</td>
<td>0.98x</td>
</tr>
<tr>
<td>Fund Ownership %:</td>
<td>100.00% ROG II</td>
<td>IRR:</td>
<td>NM</td>
</tr>
<tr>
<td>Co-Sponsors:</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Background:**

The Retreat is a 480 unit multi-family property located in Phoenix, Arizona. This asset, built in 1997, is situated on 25.75 acres (19 units/acre) in a great location within the North Phoenix metropolis. While the property is in excellent condition with very little deferred maintenance, and has a high quality amenity package, there is ample "value-add" opportunity to both expand the amenities to the current market and complete interior unit upgrades, which will drive revenues. In addition, attractive floating rate financing will provide excellent cash flow throughout the ownership period. The capital improvement plan calls for improvements to the clubhouse and swimming pool areas, a new playground and dog park, xeriscaping, asphalt, as well as 240 full unit upgrades and 144 partial unit upgrades.

**Activity Update:**

This property was 85% occupied during Q4 compared to 90% during Q3. Improvements to the fitness center, pool area and dog park are complete. To date, 44 full interior unit upgrades, 15 partial interior unit upgrades and 18 light interior unit upgrades have been completed and are generating a monthly rent increase of $125, $65 and $25 respectively. This property was 85% occupied during Q4 compared to 90% during Q3. Improvements to the fitness center, pool area and dog park are complete. To date, 44 full interior unit upgrades, 15 partial interior unit upgrades and 18 light interior unit upgrades have been completed and are generating a monthly rent increase of $125, $65 and $25 respectively.

**Investment Thesis:**

- Purchase a newer asset at a substantial discount to replacement cost.
- Drive revenues through interior unit upgrades.
- Drive rent growth through common area/amenity improvements.
- Reduce expenses through more efficient operational practices.

**Debt Summary:**

- Wells Fargo/FNMA
  - Loan Balance: 38,119,688
  - Interest Rate: 6.93%
  - Maturity: 8/1/2020
  - Amortization: 30
  - Rate Lock: Float w/Cap
  - % Recourse to the fund: 0.00%

**Investment Summary:**

- Vacancy: 12,811,719
- Other Income: 2,068,993
- Gross Operating Income: 5,024,175
- Other Long-Term Liab.: -
- Capital Contributed: 18,795,000
- Accr./Amort. & Trans. Cost: 1,185,291
- Total Liabilities & Equity: 56,940,143
- Total Fund Investment: 53,107,851
- Total Assets: 54,977,801
- Total Liabilities: 38,594,865
- Total Equity: 16,382,936
- Unrealized Value: 682,419
- Fair Market Value: 56,163,092
- Pro Forma IRR: 18.57%
- Pro Forma ROCE: 15.24%
- Gross Scheduled Rent: 5,024,175
- Gross Effective Rent: 4,337,454

**Financial Results:**

Revenue through the fourth quarter were well below budget due to weakness in occupancy and its impact on revenue streams from Other Income, most notably Utility Revenue and Parking Income. Operating expenses through the fourth quarter were well below budget due to across the board savings. Although we are achieving our expense savings goals, the on site management team has struggled to achieve occupancy, resulting in a YTD NOI that was below budget. Both rehab and debt service have been within budget projections. Although early in our ownership period, the asset is currently not meeting its initial pro forma objectives.

**Risk Assessment:**

- This asset has limited risk due to its non recourse debt, low floating interest rate, rate cap, and strong cash flow. No material risks are seen at this time. Risk Rating for Earnings and Management were revised downward in Q4 for the reasons noted above.
Coronado Palms (Palmilla Villas) Apts.
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager</th>
<th>Stanger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Acquired</td>
<td>8/12/2013</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>Anaheim, CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Sold</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Type</th>
<th>Multifamily</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Units</th>
<th>169</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realized Proceeds</td>
<td>-</td>
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</table>

<table>
<thead>
<tr>
<th>NRSF</th>
<th>151,067</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized Value</td>
<td>9,143,134</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Acres</th>
<th>5.20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implied Value</td>
<td>9,143,134</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vintage</th>
<th>1983</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implied Gain / (Loss):</td>
<td>(381,866)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prop. / Const. Mgmt Fee</th>
<th>3.0%-4.0% BPM</th>
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</thead>
<tbody>
<tr>
<td>Return Multiple</td>
<td>0.96x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Ownership %</th>
<th>100.00% RIC II</th>
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</thead>
<tbody>
<tr>
<td>IRR</td>
<td>NM</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Co-Sponsors</th>
<th>0.00% -</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma IRR</td>
<td>19.37%</td>
</tr>
</tbody>
</table>

| Value Method:          | Cost           |

Background:

Palmilla Villas is a 169 unit apartment community located in Anaheim, California, 1 mile from Interstate 5, 3 miles from Highway 91, and only a few blocks from Disneyland. This garden-style community, constructed in 1983, is comprised of 10 three-story residential buildings, built on 5.20 acres. The property has historically operated above 90%, but has not been rehabbed in years. This property is located on a long-term leasehold, increasing cash flow due to a higher cap rate. We anticipate driving revenue through amenity improvements and additions, along with substantial interior unit upgrades. Cash flow will be enhanced by a strong floating-rate debt package. The capital improvement plan includes a new color scheme, lighting, landscaping, signage, playground, soccer court and dog park as well as 85 full interior unit upgrades, 50 moderate interior unit upgrades and 34 light interior unit upgrades.

Activity Update:

This asset was 78% occupied during Q4 compared to 92% during Q3 due to resident repositioning and need to open units for rehab. Improvements to the exteriors have commenced. During Q4, 4 full interior unit upgrades were completed. To date, 7 full interior unit upgrades have been completed. The full upgrades are generating a $160 monthly rent increase. We changed the name to Coronado Palms to rebrand the asset. Our goals for Q1 are to commence exterior painting, complete the playground and finalize plans for the clubhouse.

During Q4, 4 full interior unit upgrades were completed. To date, 7 full interior unit upgrades have been completed. The full upgrades are generating a $160 monthly rent increase. We changed the name to Coronado Palms to rebrand the asset. Our goals for Q1 are to commence exterior painting, complete the playground and finalize plans for the clubhouse.

Investment Theses:

- • Purchase an asset at a substantial discount to replacement cost.
- • Drive revenues through interior unit upgrades.
- • Drive rent growth through common area improvements.
- • Reduce expenses through more efficient operational practices.

Wells Fargo/FNMA

<table>
<thead>
<tr>
<th>Loan Balance</th>
<th>17,965,812</th>
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</thead>
<tbody>
<tr>
<td>Interest Rate:</td>
<td>LIBOR + 278</td>
</tr>
<tr>
<td>Maturity</td>
<td>36 months IO/30</td>
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<tr>
<td>Amortization:</td>
<td>Floating</td>
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<tr>
<td>% Recourse to the fund:</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IRR Summary:</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities &amp; Equity</td>
<td>27,705,176</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>26,830,060</td>
</tr>
<tr>
<td>Total Liabilities &amp; Equity</td>
<td>27,407,228</td>
</tr>
</tbody>
</table>

Valuation Methodology:

*Cost* - Acquisition basis net of transaction costs.

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Weight</th>
<th>Asset</th>
<th>Portfolio Avg</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>10%</td>
<td>2</td>
<td>2</td>
<td>Excellent</td>
<td>1</td>
</tr>
<tr>
<td>Asset Quality</td>
<td>20%</td>
<td>3</td>
<td>2</td>
<td>Good</td>
<td>2</td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Average</td>
<td>3</td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>2</td>
<td>3</td>
<td>Substandard</td>
<td>4</td>
</tr>
<tr>
<td>Liquidity</td>
<td>20%</td>
<td>3</td>
<td>2</td>
<td>Poor</td>
<td>5</td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total | 100% | 2.4 | 2.4 |

Risk Rating:

- Capital Adequacy: 10%
- Asset Quality: 20%
- Management: 20%
- Earnings: 20%
- Liquidity: 20%
- Legal/Environmental: 10%

Risk Assessment:

This asset has strong cash flow due to the floating rate debt structure, and a 5.75% CAP in place to mitigate a large, negative move in the market. Reserves have been established for the rehab with no apparent budget busters at this time. Nonetheless, both repositioning and rehab still need to be completed, and it is too early to truly evaluate operational performance. No adjustments to Risk Ratings were made in Q4.
The Preserve Apartments 
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager</th>
<th>Stayner</th>
<th>Date Acquired</th>
<th>8/30/2013</th>
</tr>
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<tbody>
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<td>Houston, TX</td>
<td>Date Sold:</td>
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<tr>
<td>Type</td>
<td>Multifamily</td>
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<tr>
<td>Units</td>
<td>530</td>
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</tr>
<tr>
<td>NRSF</td>
<td>438,042</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acres</td>
<td>29.49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vintage</td>
<td>1990</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prop./Const. Mgmt. Fee</td>
<td>2.5%/4.0% BPM</td>
<td>Return Multiple:</td>
<td>1.00x</td>
</tr>
<tr>
<td>Fund Ownership %</td>
<td>100.00% ROC II</td>
<td>IRR:</td>
<td>NM</td>
</tr>
<tr>
<td>Co-Sponsors</td>
<td>0.00% -</td>
<td>Pro Forma IRR:</td>
<td>21.52%</td>
</tr>
</tbody>
</table>

Background:
The Preserve is a 530 unit multi-family asset located in Webster, TX, which is located just south of Houston. The property has historically been well occupied and is well located with high-quality businesses and retailers nearby. The asset is also in good condition, making it a Class B property in a Class A location. The seller needs a quick closing due to the fallout of a previous buyer and a pending loan maturity. ROC's strength and ability to close quickly has created a tremendous opportunity. The substantial discount to replacement cost, plus the ability to drive revenues through unit and amenity upgrades will provide the Fund strong cash flows and value appreciation. A strong floating debt rate package will enhance the returns to the Fund.

Activity Update:
Q4 operations were strong, while undergoing significant rehab. The exterior improvements, including new siding, paint, landscape lighting, walking trail, clubhouse and amenity improvements are all underway. The interior renovations are currently being tested as new improvements of patio grill stations, countertop replacements and back yard fencing are being introduced to this asset as well. 20 interior units are currently in progress or completed and rent growth has not been proven out yet, though we expect to see some return. Q4 and YTD Revenues were slightly higher than budget, with other income offsetting higher vacancy as we upgrade units. Expenses have been below budget due to acquisition timing.

Investment Thesis:
- Drive revenues through amenity expansion and common area upgrades.
- Drive revenues through interior unit upgrades.
- Drive NOI through better, more efficient expense management.
- Efficient purchase at substantial discount to replacement cost.

Balance Sheets:

<table>
<thead>
<tr>
<th></th>
<th>At Acquisition</th>
<th>Current</th>
<th>Fair Market</th>
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<tbody>
<tr>
<td>Assets</td>
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<td>5,209,949</td>
<td>5,209,949</td>
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<tr>
<td>Liabilities &amp; Equity</td>
<td>29,565,356</td>
<td>30,007,294</td>
<td>30,007,294</td>
</tr>
<tr>
<td>Total</td>
<td>44,799,122</td>
<td>44,961,720</td>
<td>44,961,720</td>
</tr>
</tbody>
</table>

Debt Summary:

| Loan Balance         | 29,000,000     |          |            |
| Interest Rate        | LIBOR 2.25%    | Capital Contributed | 15,675,000 |
| Maturity             | 9/1/2015       | Distributions to Date | 16,250,000 |
| Amortization         | 30             | Earnings to Date | (441,234) |
| Rate Lock            | Floating w/Cap | Total Liabilities & Equity | (1,295,574) |
| % Recourse to the fund: | 0.00%          | Total Liabilities & Equity | (72,709) |
|                      |                |                      | 44,799,122 |

Financial Results:

Q4 and YTD Revenues were slightly higher than budget, with other income offsetting higher vacancy as we upgrade units. Expenses have been below budget due to acquisition timing. The result was both quarterly and YTD NOI exceeding budget. We are extremely encourage with the rent rate during transition. Debt service and rehab are within budget parameters.

Risk Rating:

| Capital Adequacy    | 10%  | 2/2 | 1 | Excellent |
| Asset Quality       | 20%  | 2/2 | 2 | Good      |
| Management          | 20%  | 3/3 | 3 | Average   |
| Earnings            | 20%  | 3/3 | 2 | Substantial |
| Liquidity           | 20%  | 3/3 | 1 | Poor      |
| Legal/Environmental | 10%  | 2/2 | 2 |           |

Notes: Figures represent 100% of investment including non-controlling interest.

Risk Assessment:
Risk will improve with the completion of the scheduled rehab, and asset repositioning. This asset is located in a strong submarket, and financed with low floating rate debt that is capped at 5.75%. Although springing recourse exists, the debt covenants for this loan are much more reasonable than prior balance sheet loans.

Valuation Methodology:
"Cost" - Acquisition basis net of transaction costs.

Trailing 12 Stabilized

<table>
<thead>
<tr>
<th>Prior Owner</th>
<th>8/30/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Scheduled Rent</td>
<td>5,118,892</td>
</tr>
<tr>
<td>Vacation</td>
<td>(371,132)</td>
</tr>
<tr>
<td>Credit Loss &amp; Concession</td>
<td>(23,047)</td>
</tr>
<tr>
<td>Gross Effective Rent</td>
<td>4,724,722</td>
</tr>
<tr>
<td>Other Income</td>
<td>347,818</td>
</tr>
<tr>
<td>Gross Operating Income</td>
<td>5,072,540</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(2,540,301)</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>2,532,239</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2013 YTD</th>
<th>2013 YTD</th>
<th>Variance</th>
<th>2014</th>
<th>2014</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>Actual</td>
<td></td>
<td>Budget</td>
<td>Actual</td>
<td></td>
</tr>
<tr>
<td>1,775,222</td>
<td>1,817,726</td>
<td>2.39%</td>
<td>1,334,664</td>
<td>1,346,465</td>
<td>0.88%</td>
</tr>
<tr>
<td>(124,266)</td>
<td>(177,403)</td>
<td>-42.76%</td>
<td>(93,427)</td>
<td>(137,394)</td>
<td>-47.06%</td>
</tr>
<tr>
<td>(19,753)</td>
<td>(10,240)</td>
<td>48.16%</td>
<td>(14,847)</td>
<td>(10,240)</td>
<td>31.03%</td>
</tr>
<tr>
<td>1,631,203</td>
<td>1,630,083</td>
<td>-0.07%</td>
<td>1,226,390</td>
<td>1,198,831</td>
<td>-2.25%</td>
</tr>
<tr>
<td>107,440</td>
<td>125,195</td>
<td>16.53%</td>
<td>81,265</td>
<td>118,835</td>
<td>46.24%</td>
</tr>
<tr>
<td>1,738,643</td>
<td>1,755,278</td>
<td>0.96%</td>
<td>1,307,655</td>
<td>1,317,669</td>
<td>0.77%</td>
</tr>
<tr>
<td>(797,907)</td>
<td>(752,458)</td>
<td>5.70%</td>
<td>(606,514)</td>
<td>(594,422)</td>
<td>1.99%</td>
</tr>
<tr>
<td>940,736</td>
<td>1,002,820</td>
<td>6.60%</td>
<td>701,141</td>
<td>723,247</td>
<td>3.15%</td>
</tr>
</tbody>
</table>

| Economic Vacancy | 7.25% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| 8.11% | 10.32% | 8.11% | 10.96% | 8.11% | 10.96% |

Notes: Figures represent 100% of investment including non-controlling interest.

Risk Assessment:
Risk will improve with the completion of the scheduled rehab, and asset repositioning. This asset is located in a strong submarket, and financed with low floating rate debt that is capped at 5.75%. Although springing recourse exists, the debt covenants for this loan are much more reasonable than prior balance sheet loans.
Investment Summary:

**Madison Park Apartments**

**Asset Summary Q4 2013**

| Date Acquired: | 9/12/2013 |

**Type:** Multifamily

| Total Fund Investment: | 10,700,000 |

| Units: | 336 |

| Unrealized Value: | 10,302,806 |

| Impaired Value: | 10,302,806 |

| 1999 |

| (397,194) |

| 3.0%/4.0% BPM |

| Return Multiple: | 0.96x |

| 100.00% ROC II |

| IRR: | NM |

| 0.00% |

| Pro-Forma IRR: | 19.73% |

| Value Method: | Cost |

**Background:**

Madison Park is a 1999 vintage 336-unit apartment community located in Vancouver, Washington. Vancouver sits on the north bank of the Columbia River, and is part of the Portland, Oregon MSA. Vancouver enjoys beneficial tax treatment over the rest of the MSA due to no personal income tax in Washington State. The property is conveniently located just eight miles east of downtown Vancouver and seventeen miles northeast of downtown Portland. The community is currently well maintained but will benefit dramatically from BIGPs ability to upgrade interior finishes, provide more robust and improved amenities, and improve the general curb appeal. The capital improvement plan calls for improvements to landscaping, pool area, lighting, street paving, clubhouse renovation, a new soccer area, fitness center, playground/bbq area and dog park as well as 151 full interior unit upgrades and 118 partial interior unit upgrades.

**Activity Update:**

This property was 95% occupied during Q4 compared to 93% during Q3. Capital improvements to the exteriors have commenced, and the dog park and tot lot are complete. During Q4, 12 full interior unit upgrades and 3 partial interior unit upgrades were completed. However, to achieve maximum rent increases, we are putting new rehabs on hold until Q2 when the exterior improvements and common area amenities such as the clubhouse will be complete. Our goals for Q1 are to maintain occupancy at 95%, and commence clubhouse/amenity improvements.

**Investment Thesis:**

- • Purchase a newer asset at a substantial discount to replacement cost.
- • Drive revenues through interior unit upgrades.
- • Drive rent growth through common area/amenity improvements.
- • Reduce expenses through more efficient operational practices.
- • Purchase a newer asset at a substantial discount to replacement cost.
- • Drive revenues through interior unit upgrades.
- • Drive rent growth through common area/amenity improvements.
- • Reduce expenses through more efficient operational practices.

**Rate Lock:**

Wells Fargo/FNMA

- Floating rate LIBOR + 267 bps.
- New 7 year FNMA loan with 30 year amortization.
- Amortization:
- Interest Rate: -
- Loan Balance: 22,646,235 -
- Interest Rate: LIBOR + 267 -
- Maturity: 10/1/2020 -
- Amortization: 30 -
- Rate Lock: Float w/Cap -
- % Recourse to the fund: 0.00% -

**Debt Summary:**

- Wells Fargo/FNMA

| Total Liabilities & Equity: | 33,222,857 |

| Net Operating Income: | 3,761,706 |

| 3,438,376 |

| 2013 YTD |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 22,859,191 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |

| 397,194 |

| 22,923,051 |

| 22,646,235 |

| 22,646,235 |

| 10,700,000 |

| 933,116 |
Jasmine at Winters Chapel
Asset Summary Q4 2013

Investment Summary:
- Asset Manager: Stayner
- Date Acquired: 10/3/2013
- Location: Atlanta, GA
- Date Sold: 
- Type: Multifamily
- Total Fund Investment: 15,055,000
- Units: 592
- Realized Proceeds: -
- NRSL: 472,986
- Unrealized Value: 14,865,035
- Acres: 42.20
- Implied Value: 14,865,035
- Implied Gain / (Loss): (189,965)
- Prop. / Const. Mgmt. Fee: 2.5%/4.0% BPM
- Return Multiple: 0.99x
- Fund Ownership %: 100.00% ROCI
- IRR: NM
- Co-Sponsors: 0.00% -
- Pro Forma IRR: 19.78%
- Value Method: Cost

Background:
Jasmine at Winters Chapel is a 592 unit garden-style apartment community located in Doraville, DeKalb County, Georgia, 15 miles northeast of downtown Atlanta. The community is bordered by the highly desirable cities of Dunwoody and Sandy Springs and sits between Buford Highway and Peachtree Industrial Blvd providing quick access to the I-285 business loop and I-85. The property was purchased at the beginning of the quarter and operations reflect the initial setup, deployment of initial capital, and commencement of the plan. The exterior is in good condition, which required assumption, and enhanced our per unit purchase price.

Activity Update:
The property was purchased at the beginning of the quarter and operations reflect the initial setup, deployment of initial capital, and commencement of the plan. The exterior is in good condition but there are still capital dollars allocated to improve the clubhouse, landscaping/curb appeal, barbeque pits, pool areas, update gym equipment and begin interior renovations. It is estimated that we will upgrade approximately 70% of the units to either full or partial rehab units with premiums estimated between $60-100 and every unit that is ‘turned’ will receive some minor updates. Management has secured a great on site team early in this takeover, and that has benefitted early operations.

Cost - Acquisition basis net of transaction costs.

Financial Results:
Q4 reflected the initial setup of operations, and the property got off to a great start. Revenues were ahead of budget due to higher effective rent and high occupancy. In addition, rent growth and other income were better than projections. Expenses were below budget across the board, due primarily to timing of expenses. As a result, NOI was well ahead of plan. Occupancy will not be forced, but as units come available they will be turned. It is natural in most properties that the occupancy does drop as the tenant base is changed. We expect growth and other income were better than projections. Expenses were below budget across the board, due primarily to timing of expenses. As a result, NOI was well ahead of plan.

Investment Thesis:
- Complete common area and amenity improvements to drive revenues.
- Increase rents through interior unit upgrades.
- Reduce expenses through implementation of better management controls.
- Purchase property at well below replacement cost as a result of debt pkg.

Valuation Methodology:
-Cost - Acquisition basis net of transaction costs.

Risk Rating:
- Capital Adequacy: 10%
- Asset Quality: 20%
- Management: 20%
- Earnings: 20%
- Liquidity: 20%
- Legal/Environmental: 10%

Risk Assessment:
Risk assessment is improving with the completion of the scheduled rehab, and higher treasury movement. No material risks are seen with this asset, at this time.
Meridian Pointe Apartments
Asset Summary Q4 2013

Investment Summary:

<table>
<thead>
<tr>
<th>Asset Manager:</th>
<th>Stayner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location:</td>
<td>Duluth, GA</td>
</tr>
<tr>
<td>Date Acquired:</td>
<td>10/11/2013</td>
</tr>
<tr>
<td>Units:</td>
<td>164</td>
</tr>
<tr>
<td>NRSF:</td>
<td>226,105</td>
</tr>
<tr>
<td>Acres:</td>
<td>21.00</td>
</tr>
<tr>
<td>Vintage:</td>
<td>1990</td>
</tr>
<tr>
<td>Prop. / Const. Mgmt. Fee:</td>
<td>3.5%/4.0% BPM</td>
</tr>
<tr>
<td>Fund Ownership %:</td>
<td>100.00% ROC II</td>
</tr>
<tr>
<td>Co-Sponsors:</td>
<td>0.00%</td>
</tr>
<tr>
<td>Date Sold:</td>
<td></td>
</tr>
<tr>
<td>Total Fund Investment:</td>
<td>4,210,000</td>
</tr>
</tbody>
</table>

Meridian Pointe Apartments is a 162 unit garden-style community built in 1990 and located in Duluth, Georgia. Located less than a mile from I-85 and GA 316 on Boggs Road, Meridian Pointe enjoys a premium location in the Duluth suburb of Gwinnett County. The Boggs Road corridor is a heavily traveled corridor, convenient to Gwinnett County’s top employers and major corporate headquarters as well as the area’s primary retail district, Gwinnet Place. The property provided ROC the opportunity to complete common area, amenity, and interior units upgrades designed to increase rents, and take advantage of the large, unique floor plans in driving additional value.

Activity Update:
The property was purchased at the beginning of the quarter and operations reflect the initial setup, deployment of initial capital, and commencement of the business plan. The exterior will receive new paint, roofs, a redesigned clubhouse providing a new business and fitness center, and clubhouse area for the residents. Additional improvements include landscaping/curb appeal, barbeque pits, updated pool area, and sport court, along with interior unit renovations. It is estimated that we will upgrade approximately 50% of the units to either full or partial rehab units with premiums of $50-$100.

Investment Thesis:
- Complete common area and amenity improvements to drive revenues.
- Increase rents through interior unit upgrades.
- Reduce expenses through implementation of better management controls.
- Receive strong cash flows resulting from attractive fixed rate debt.

Debt Summary:
- Key Bank provided a non recourse, Freddie Mac Loan @ 299 + LIBOR, 2 year cap at 5.75%. 5 year YM requirement/1% prepay thereafter, and 12 months Interest Only. 7 year maturity.
- Rate Lock: 5.75%
- Amortization: 7 year maturity.
- Maturity: 11/1/2020
- Amortization: 12 mo. IO
- Rate Lock: 0.00%
- % Recourse to the fund: -

Liabilities & Equity:
- Current Liabilities: 91,084
- Debt - Key Bank: 7,762,000
- Other Long-Term Liab.: -

Financial Results:
Q4 reflected a strong start to initial operations. Revenues were ahead of budget due primarily to savings in concession and credit loss. Other income is a little lower than anticipated but may be due to timing. Expenses were well below budget, but this again is due to acquisition timing. NOI was therefore well ahead of plan. Debt service and rehab appear to be within budget at this time. Although early in our ownership period, this asset is meeting its initial pro forma objectives to date.

Valuation Methodology:
- Cost - Acquisition basis net of transaction costs.

Risk Assessment:
Risk assessment will continue to improve with the completion of the scheduled rehab. Occupancy and earnings are strong. The debt is non recourse, and there are no apparent material risks at this time.

Notes: Figures represent 100% of investment including non-controlling interest.

| Capital Adequacy: | 10.0% |
| Asset Quality:    | 20.0% |
| Management:       | 20.0% |
| Earnings:         | 20.0% |
| Liquidity:        | 20.0% |
| Legal/Environmental: | 10.0% |

Rating Key: 1 - Excellent, 2 - Good, 3 - Average, 4 - Substandard

Weight: 1 - Poor, 2 - Fair, 3 - Average, 4 - Excellent

Total: 100%
Aventerra Apartments
Asset Summary Q4 2013

Investment Summary:
Asset Manager: Slager/DeGraw  Date Acquired: 10/21/2013
Location: Mesa, AZ  Date Sold: 
Type: Multifamily  Total Fund Investment: 15,625,000
Units: 576  Realized Proceeds: -
NRSF: 449,280  Unrealized Value: 15,153,488
Acres: 29.48  Implied Value: 15,153,488
Vintage: 1980  Implied Gain / (Loss): (471,512)
Prop. / Const. Mgmt. Fee 2.5%/4.0% BPM  Return Multiple: 0.97x
Fund Ownership %: 100.00%  ROC II: IRR: NM
Co-Sponsors: 0.00%  Pro Forma IRR: 22.65%

Background:
Aventerra at Dobson Ranch is a 576 unit Class “B” property in a convenient infill location that overlooks the Dobson Ranch Golf Course and lake within the Dobson Ranch Master Planned Community. The community includes seven man-made lakes, three major recreation centers, more than a dozen tennis courts, four swimming pools, and many playgrounds, parks, and scenic lakeside pathways. Due to its location, the property should be commanding stronger rents, however, the property is in need of a substantial rehab. Amenities include a resort-style swimming pool, children’s playground, new leasing and business center, putting green, swimming pool, two spas, fitness center, volleyball and basketball courts, and a soccer field. The capital improvement plan calls for substantial renovations to the activity center, fitness center, new exterior paint, landscaping, pool area decking, children’s playground, picnic areas with barbecues, along with 58 full interior unit upgrades, 58 partial interior unit upgrades and 460 light interior unit upgrades.

Activity Update:
This asset was acquired in Q4. Occupancy at the end of Q4 was 90%. Capital improvements to the exteriors have commenced. Goals for Q1 are to increase occupancy from 90% to 90%.

Investment Thesis:
• Purchase asset at a substantial discount to replacement cost.
• Drive revenues through interior unit upgrades.
• Drive rent growth through common area/amenity improvements.
• Reduce expenses through more efficient operational practices.

Status: (Completed)  Balance Sheets:
Assets  Cash: 2,787,768  Non-controlling interest: 3,132,594
Liabilities & Equity: 3,132,594  Fair Market: 3,132,594
Current Liabilities: 359,974  Current Liabilities: 570,721
Long-Term Liabilities: 25,882,214  Long-Term Liabilities: 25,882,214

Debt Summary:
Loan assumption, 10-year note, with Walker Dunlop/Freddie Mac, IO through Nov 2044. Debt is fixed and non recourse and there are no material risks. Debt Service and rehab are within budget. This asset is pro forma
\

Financial Results:
Revenues through the fourth quarter exceeded budget due to higher than expected Rents and occupancy. Operating expenses through the fourth quarter were well below budget due to timing of the acquisition. YTD NOI is well over budget but this is not a true measurement due to the timing of acquisition. Debt Service and rehab are within budget. This asset is currently exceeding its initial pro forma expectations.

Valuation Methodology:
"Cost" - Acquisition basis net of transaction costs.

Risk Rating:
Weight  Asset  Portfolio Avg.  Description  Value
Capital Adequacy  10%  2  2  Excellent  1
Asset Quality  20%  3  2  Good  2
Management  20%  3  2  Average  3
Earnings  20%  3  2  Substandard  4
Liquidity  20%  3  2  Poor  5
Legal/Environmental  10%  2  2

Total  100%  2.6  2.4

Risk Assessments:
We are early in our ownership, and still working through the rehab and tenant repositioning which will take through 2014. Debt is fixed and non recourse and there are no material risks with this asset at this time.
**Investment Summary:**

<table>
<thead>
<tr>
<th><strong>Asset Manager:</strong></th>
<th>Stayner</th>
<th>Date Acquired:</th>
<th>10/31/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location:</strong></td>
<td>Dallas, TX</td>
<td>Date Sold:</td>
<td></td>
</tr>
<tr>
<td><strong>Type:</strong></td>
<td>Multifamily</td>
<td>Total Fund Investment:</td>
<td>11,350,000</td>
</tr>
<tr>
<td><strong>Units:</strong></td>
<td>504</td>
<td>Realized Proceeds:</td>
<td>-</td>
</tr>
<tr>
<td><strong>NRSF:</strong></td>
<td>426,048</td>
<td>Unrealized Value:</td>
<td>10,892,649</td>
</tr>
<tr>
<td><strong>Acres:</strong></td>
<td>21.00</td>
<td>Implied Value:</td>
<td>10,892,649</td>
</tr>
<tr>
<td><strong>Vintage:</strong></td>
<td>1984</td>
<td>Implied Gain / (Loss):</td>
<td>(457,351)</td>
</tr>
<tr>
<td><strong>Prop. / Const. Mgmt. Fee:</strong></td>
<td>2.5%/4.0% BPM</td>
<td>Return Multiple:</td>
<td>0.96x</td>
</tr>
<tr>
<td><strong>Fund Ownership %:</strong></td>
<td>100.00% ROC II</td>
<td><strong>IRR:</strong></td>
<td>NM</td>
</tr>
<tr>
<td><strong>Co-Sponsors:</strong></td>
<td>0.00%</td>
<td><strong>Pro Forma IRR:</strong></td>
<td>20.00%</td>
</tr>
</tbody>
</table>

**Value Method:**

- **Cost** - Acquisition basis net of transaction costs.

**Shadows of Cottonwood Apartments**

**Asset Summary Q4 2013**

**Background:**

Shadows of Cottonwood is a 504-unit, 1984 built multi-family asset located in a good neighborhood, just east of the Dallas/Fort Worth airport. The asset was stabilized, but provides substantial "value add" opportunities through common area, amenity, and interior unit improvements. In addition the business plan anticipates reducing expenses and placing a strong debt package to enhance cash flow during the ownership period.

**Activity Update:**

The asset was purchased mid-quarter. The initial curb appeal projects and other exterior renovations have commenced. Plans include repainting the asset (there is savings here with a mostly brick exterior which will not be painted), improving the landscape, installing a dog park, improving the pool and spa areas with upgraded barbecue grills, awnings, and a major upgrade to the balconies to remove the dated look. We have begun upgrading interior units and anticipate premiums of $60-120, depending on the type of upgrade.

**Investment Theses:**

- Complete significant improvements to upgrade amenities and drive revenues.
- Enhance NOI through better expense management and other income.
- Increase rents through interior unit improvements.
- Drive strong cash flows through attractive debt package.

**Balance Sheets:**

- **At Acquisition**
- **Current**
- **Fair Market**

| **Wells Fargo** | **Liabilities & Equity** | Current Liabilities | 74,504 |
|                |                         | Debt - Wells Fargo | 30,750,000 |
|                |                         | Debt - Other Long-Term Liab. | - |
| **30,750,000** | **Total Liabilities** | 30,824,504 | 30,984,060 |

**Financial Results:**

Q4 Revenues and expenses reflect only a partial quarter, but got off to a good start with revenues over budget and expenses below budget. Of particular note are the Gross Rents which are substantially higher than initially anticipated. As a result, the partial period NOI was well ahead of budget. Debt service and rehab appear to be within budget guidelines at this time. It is too early in the ownership period to rate whether this asset is meeting its initial pro forma operating objectives, but we are pleased with the strong start.

**Risk Rating:**

- **Capital Adequacy**
- **Asset Quality**
- **Management**
- **Earnings**
- **Liquidity**
- Legal/Environmental

**Risk Assessment:**

The risk assessment will improve with the completion of the scheduled rehab. The debt is non recourse, and cash flow is strong. As such, no material risks are seen at this time.

**Notes:** Figures represent 100% of investment including non-controlling interest.
Falls at Gwinnett Place Apartments
Asset Summary Q4 2013

Investment Summary:
Asset Manager: Stayner
Date Acquired: 11/25/2013
Location: Duluth, GA
Date Sold: 
Type: Multifamily
Total Fund Investment: 8,725,000
Units: 520
Realized Proceeds: -
NRSF: 502,676
Unrealized Value: 8,401,976
Acres: 41.16
Implied Value: 8,401,976
Vintage: 1986
Implied Gain / (Loss): (323,024)
Prop. / Const. Mgmt. Fee 2.5%-4.0% BPM
Return Multiple: 0.96x
Fund Ownership %: 100.00% ROC II
IRR: NM
Co-Sponsors: 0.00% -
Pro Forma IRR: 21.40%
Value Method: Cost

Background:
The Falls at Gwinnett Place is a 520 unit garden-style apartment community developed in 1986, just one mile from the Gwinnett Place Mall. The asset is located in Duluth, Georgia, within the desirable North Gwinnett submarket of Atlanta. The average occupancy in the North Gwinnett submarketVerifier over 5% over the next four years and effective rents are forecast to grow 4.23% average annually over the same period, not including rehab growth. The previous owner recently underwent an extensive renovation program to modernize the building interiors. However, common area and amenity improvements, along with an interior upgrade schedule will allow us to drive rents. In addition, a strong debt package will provide the Fund great cash flow during the rehab and ownership period.

Activity Update:
The asset was purchased towards the end of the quarter. Operations reflect the initial set up and deployment of initial capital. Efforts at the property literally started on fire with 8 units going down to a resident started fire resulting in a $500,000.00 loss claim. 4 of the units have been restored as the damage was minor, and the remaining units will be back online in Q1. Plans include a full paint of exterior, improved fencing and gating, extensive pool area upgrades, a new sport court and playground area, along with a revitalized clubhouse and exercise facility. In addition, we will upgrade 70% of the interior units, with estimated premiums of $75-100, depending on the type of improvement. Plans for the new amenity areas will be finalized and commenced in Q1, along with the commencement of these interior unit upgrades.

Investment Theses:
- Complete common area and amenity improvements to drive revenues.
- Increase rents through interior unit upgrades.
- Reduce expenses through implementation of better management controls.
- Drive strong cash flows resulting from attractive debt package.

Financial Results:
Q4 reflected the initial setup of operations as the asset was purchased in the latter half of the quarter. Revenues were strong across the board, and expenses were well below budget due to the timing of the acquisition. As a result, NOI was well ahead of schedule. Debt service and rehab appear to be within budget at this time, but it is too early to rate this asset's performance. Nonetheless, we are highly encouraged with the start of our ownership period.
Village at Seeley Lake Apartments
Asset Summary Q4 2013

Investment Thesis:
- Drive value through diverse resident repositioning.
- Drive revenues through common interior upgrades.
- Drive rent growth through common area/amenity improvements.
- Drive revenues through more efficient operational practices.
- Drive value through diverse resident repositioning.

Status: (Underway)

Balance Sheets:

<table>
<thead>
<tr>
<th>Description</th>
<th>At Acquisition</th>
<th>Current</th>
<th>Fair Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate/Note Value</td>
<td>48,374,520</td>
<td>45,750,000</td>
<td>45,750,000</td>
</tr>
<tr>
<td>Dep./Amort. &amp; Trans. Cost</td>
<td></td>
<td>2,624,520</td>
<td>2,624,520</td>
</tr>
<tr>
<td>Total Assets</td>
<td>51,059,040</td>
<td>48,374,520</td>
<td>48,374,520</td>
</tr>
</tbody>
</table>

| Description                  | Liabilities & Equity |         |             |
|------------------------------|                      |         |             |
| Current Liabilities          | 181,491              | 220,828 | 220,828     |
| Debt - Key Bank              | 32,305,000           | 32,305,000 | 32,305,000 |
| Other Long-Term Liab.        | -                    | -       | -           |
| Total Liabilities            | 32,486,491           | 32,525,828 | 32,525,828 |

Financial Results:
- This asset was acquired late Q4 and provided no real operational metrics during the quarter.

Valuation Methodology:
"Cost" - Acquisition basis net of transaction costs.

Risk Rating:
- Capital Adequacy
- Asset Quality
- Management
- Earnings
- Liquidity
- Legal/Environmental

Rating Key: Excellent 1 Good 2 Average 3 Substandard 4 Poor 5

Risk Assessments:
The acquisition was financed non recourse, however, no cap or swap is in place. This will be evaluated by the ALCO committee in Q1. While requiring substantial rehab in 2014 there are no material risks associated with this asset at this time.

Investment Summary:
- Asset Manager: Slager/DeGraw
- Date Acquired: 12/19/2013
- Location: Lakewood, WA
- Date Sold:
- Type: Multifamily
- Total Fund Investment: 16,575,000
- Units: 522
- NRSF: 466,951
- Acres: 27.36
- Vintage: 1989
- Prop./Const. Mgmt. Fee: 2.5%/4.0% BPM
- Fund Ownership %: 100.00% ROC II
- Co-Sponsors: 0.00% -

Other Information:
- Prior Owner: 12/19/2013
- Key Bank: 36 month loan, 24 months IO converting to 30 year amort. Jan 2016.
- LIBOR = 242 bps. No Cap or Swap at this time. Non recourse to the Fund.
- Key Bank 36 month loan, 24 months IO converting to 30 year amort. Jan 2016.
- LIBOR + 242 bps. No Cap or Swap at this time. Non recourse to the Fund.
- Interest Rate: LIBOR + 242 bps.
- Maturity: 12/1/2016
- Amortization: 10/30
- Rate Lock: -
- % Recourse to the fund: 0.00% -

Background:
The Village at Seeley Lake is a 522 unit garden-style apartment community in Lakewood, Washington. The project presents the opportunity to add value through interior unit renovations, amenity improvements and expansion, and common area upgrades. The resident base at Village at Seeley Lake is nearly 80% military or military related employees due to its location. To mitigate risk, we plan to reduce military presence over time. Interior finishes are original and will benefit from our renovation program. The capital improvement plan calls for a thorough clubhouse/activity center renovation, new playground and dog park, sport court, picnic areas with barbecues, new paint, landscaping, pool area, lighting, 200 full interior unit upgrades, 157 moderate interior unit upgrades and 165 light interior unit upgrades.

Activity Update:
- This asset was acquired in December with an occupancy of 94% at the end of the quarter. Plans are underway for the clubhouse/activity center improvements. Goals for Q1 are to commence the common area and unit upgrades, while securing permits for the clubhouse/activity center renovation.

Investment Summary:
- Asset Manager: Slager/DeGraw
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- Rate Lock: -
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Investment Thesis:
- Drive value through diverse resident repositioning.
- Drive revenues through common interior upgrades.
- Drive rent growth through common area/amenity improvements.
- Drive revenues through more efficient operational practices.
- Drive value through diverse resident repositioning.

Status: (Underway)

Balance Sheets:

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| Other Long-Term Liab.        | -                    | -       | -           |
| Total Liabilities            | 32,486,491           | 32,525,828 | 32,525,828 |

Financial Results:
- This asset was acquired late Q4 and provided no real operational metrics during the quarter.

Valuation Methodology:
"Cost" - Acquisition basis net of transaction costs.

Risk Rating:
- Capital Adequacy
- Asset Quality
- Management
- Earnings
- Liquidity
- Legal/Environmental

Rating Key: Excellent 1 Good 2 Average 3 Substandard 4 Poor 5

Risk Assessments:
The acquisition was financed non recourse, however, no cap or swap is in place. This will be evaluated by the ALCO committee in Q1. While requiring substantial rehab in 2014 there are no material risks associated with this asset at this time.
### Background:

1700 W. Loop is a 13-story office tower located in the Galleria submarket in Houston, TX. The building was 79.9% leased when purchased, with Christus Health occupying 40.4% and Burns & McDonnell occupying 21.7%. The property also includes a 10-story parking structure which is owned by the asset but shared with the adjoining hospital.

Additionally there is a common utility plant and the first floor of the office tower which are the subject of a permanent easement on the property. The Asset Team has significantly improved the exterior of the building, the lobby, corridors, and bathrooms. Christus Health vacated and paid a significant termination fee to do so. That money was then used to pay for a significant portion of a renewal and expansion tenant improvements that were negotiated with Burns and McDonnell. Burns and McDonnell now has 115,000 total sf with a 10 year lease at $17.50 NNN rent. This brought occupancy up to approximately 76%. At the end of Q4 2013 the capital improvements were complete and the Tenant Improvements for the Burns and McDonnell expansion space was well underway.

### Activity Update:

In Q4 we began and made significant progress in the tenant improvements for the Burns & McDonnell expansion and renewal space. The common area construction rehab was well underway. For the Burns and McDonnell expansion space was well underway.

### Key Bank/Guggenheim

| Loan Balance: | 23,553,529 | - |
| Interest Rate: | 5.04% | - |
| Maturity: | 6/6/2017 | - |
| Amortization: | 30 year | - |
| Rate Lock: | fixed rate | - |
| % Recourse to the fund: | 0.00% | - |

### Key Bank/Guggenheim

| Loan Balance: | 23,553,529 | - |
| Interest Rate: | 5.04% | - |
| Maturity: | 6/6/2017 | - |
| Amortization: | 30 year | - |
| Rate Lock: | fixed rate | - |
| % Recourse to the fund: | 0.00% | - |

### Debt Summary:

**Total Liabilities & Equity**: Current Liabilities 1,029,033, Debt - Key Bank/Guggenheim 23,700,000, Debt - 25,533,529, Other Long-Term Liab. - -.

### Financial Results:

Q4 and YTD Revenue were well below budget due to Christus lease termination and timing of the B & M improvements/lease inception. The termination fee was $4.5 million; however, this is not reflected in the rental revenue for the year. Operating expenses were over budget as well. As a result, NOI for 2013 was well under budget. The new lease with Burns & McDonnell restores our occupancy to just below where we bought it, but provides a much better lease rate than Christus, and a long term tenant. Debt service has been as projected. However, rehab has been more than expected. As a result, this asset is currently not meeting its initial pro forma projections.

### Valuation Methodology:

*DCF* - Net Present Value of future cash flows and residual value supported by third-party sources.

### Risk Rating:

<table>
<thead>
<tr>
<th>Risk Rating</th>
<th>Weight</th>
<th>Asset</th>
<th>Portfolio Avg.</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>10%</td>
<td>3</td>
<td>2</td>
<td>Excellent</td>
<td>1</td>
</tr>
<tr>
<td>Asset Quality</td>
<td>20%</td>
<td>2</td>
<td>2</td>
<td>Good</td>
<td>2</td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Average</td>
<td>3</td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Substandard</td>
<td>4</td>
</tr>
<tr>
<td>Liquidity</td>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Poor</td>
<td>5</td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Total

100% | 2.7 | 2.4

**Notes**: Figures represent 100% of investment including non-controlling interest.
LaSalle 29 Building
Asset Summary Q4 2013

Investment Summary:

- **Asset Manager:** Slager
- **Date Acquired:** 4/30/2013
- **Location:** Chicago, IL
- **Date Sold:**
- **Type:** Office
- **Total Fund Investment:** 7,420,000
- **Units:** NA
- **Realized Proceeds:**
- **NRIF:** 172,894
- **Unrealized Value:** 7,858,766
- **Acreage:** NA
- **Implied Value:** 7,858,766
- **Vintage:** 1904
- **Implied Gain / (Loss):** 438,766
- **Prop. / Const. Mgmt. Fee:** 3.0%/4.0%
- **BPM & Hamilton Return Multiple:** 1.06x
- **Fund Ownership %:** 95.0%
- **ROC II:** IRR: 8.21%
- **Co-Sponsors:** 5.0%
- **Hamilton:** Pro Forma IRR: 25.75%
- **Value Method:** DCF

Background:

LaSalle consists of two office buildings with retail (a combined 382,492 square feet) located in the “heart” of downtown Chicago’s Central Loop Financial District at the Northeast corner of South LaSalle and West Monroe Streets. We acquired the first position loan at a significant discount and obtained a deed-in-lieu immediately from the borrower. Our business plan provided two alternatives, either renovate and lease up as an office, or sale to a hotel developer.

Activity Update:

In light of the January, 2014 sale of the 39 Building, we are currently evaluating the thresholds for selling the 29 Building without renovation versus holding as an office building and performing a full renovation. We are experimenting unsolicited offers and will make a decision in Q1 2014, once we finalize the 39 Building disposition. Operationally, the asset is performing as expected. Operations are stable but currently just below breakeven. Given the uncertainty about our hold parameters we are unable to aggressively pursue leasing at this time.

Investment Thesis:

- **• Purchase note at a substantial discount and obtain Deed in Lieu:** (Completed)
- **• Reduce basis through sale of one of the two buildings to Hotel Developer:** (Underway)
- **• Reduce basis by securing historic tax credits:** (Underway)
- **• Drive revenues through renovation and leasing:** (Completed)

Debt Summary:

- **No debt has been placed. Will finalize debt package once 39 Building sale is finalized.**
- **Loan Balance:** -
- **Interest Rate:** -
- **Maturity:** -
- **Amortization:** -
- **Rate Lock:** -
- **% recourse to the fund:** -
- **Total Liabilities & Equity:**
  - **Capital Contributed:** 8,694,658
  - **Distributions to Date:** -
  - **Earnings to Date:** 15,021
  - **Other Long-Term Liab:** -

Total Liabilities & Equity:

- **9,706,607**
- **9,020,730**

Financial Results:

Q4 Revenues were slightly over budget, as were YTD. Expenses have been higher than budget due to property taxes, and additional R&M required while we wait to finalize the sale of the 39 building, prior to our anticipated renovation of this building. The overall impact to NOI for 2013 will be more than offset by the substantial increase over anticipated sales proceeds for building 39. The asset is currently meeting its initial pro forma objectives.

<table>
<thead>
<tr>
<th>Description</th>
<th>Weight</th>
<th>Asset</th>
<th>Portfolio Avg.</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy</td>
<td>10%</td>
<td>2</td>
<td>2</td>
<td>Excellent</td>
<td>1</td>
</tr>
<tr>
<td>Asset Quality</td>
<td>20%</td>
<td>4</td>
<td>2</td>
<td>Good</td>
<td>2</td>
</tr>
<tr>
<td>Management</td>
<td>20%</td>
<td>3</td>
<td>3</td>
<td>Average</td>
<td>4</td>
</tr>
<tr>
<td>Earnings</td>
<td>20%</td>
<td>4</td>
<td>2</td>
<td>Substandard</td>
<td>4</td>
</tr>
<tr>
<td>Liquidity</td>
<td>10%</td>
<td>2</td>
<td>3</td>
<td>Poor</td>
<td>5</td>
</tr>
<tr>
<td>Legal/Environmental</td>
<td>10%</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total | 100% | 3.1 | 2.4 |

Notes: Figures represent 100% of investment including non-controlling interest.

DCF: Net Present Value of future cash flows and residual supported by third-party sources.
LaSalle 39 Building
Asset Summary Q4 2013

Investment Summary:
- Asset Manager: Slater
- Date Acquired: 4/30/2013
- Location: Chicago, IL
- Date Sold: 1/9/2014
- Type: Office
- Total Fund Investment: $11,580,000
- Units: NA
- Realized Proceeds: -
- Unrealized Value: $20,130,936

Risk Rating:
- Capital Adequacy: 10%
- Asset Quality: 20%
- Management: 20%
- Earnings: 20%
- Liquidity: 20%
- Legal/Environmental: 10%
- Total: 100%

LaSalle consists of two office buildings with retail (a combined 382,492 square feet) located in the “heart” of downtown Chicago’s Central Loop Financial District at the Northeast corner of South LaSalle and West Monroe Streets. We acquired the first position loan at a significant discount and obtained a deed-in-lieu immediately from borrower. Our business plan provided two alternatives, either renovate and lease as an office building, or sell to a hotel developer.

Background:
LaSalle consists of two office buildings with retail (a combined 382,492 square feet) located in the “heart” of downtown Chicago’s Central Loop Financial District at the Northeast corner of South LaSalle and West Monroe Streets. We acquired the first position loan at a significant discount and obtained a deed-in-lieu immediately from borrower. Our business plan provided two alternatives, either renovate and lease as an office building, or sell to a hotel developer.

Activity Update:
The property is under contract to sell for $23M, well above our initial expectations. The buyer is past the due diligence period with one million non-refundable and is expected to close in January. Operations have been slightly worse than initially projected as all renovation/leasing activity has been put on hold, pending the conclusion of this sale.

Investment Thesis:
- Purchase note at a substantial discount and obtain Deed in Lieu (Completed)
- Reduce basis through sale of one of the two buildings to Hotel (Underway)
- Reduce basis by maximizing tax credits (Underway)
- Drive revenues through renovation and leasing (Underway)

Debt Summary:
- No debt has been placed, however, we anticipate placing debt on the 29 Building within 90 days of finalizing the Kimpton sale.

Financial Results:
Q4 revenues, expenses, and NOI was worse than budgeted due to limited effort/activity in lease up, and completion of property related R&M due to the pending sale of the building. As part of the sale all tenants are to be moved out of the building so that the buyer can develop the property as a hotel. Q4 NOI is below budget, however, sales proceeds are well in excess of our expectations, and as such, this asset is outperforming its initial pro forma objectives.

<table>
<thead>
<tr>
<th>Trailing 12</th>
<th>Stabilized</th>
<th>2013 YTD</th>
<th>2013 YTD</th>
<th>Q4 2013</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Owner</td>
<td>5/1/2016</td>
<td>Budget</td>
<td>Actual</td>
<td>Budget</td>
<td>Actual</td>
</tr>
<tr>
<td>Gross Scheduled Rent</td>
<td>3,185,446</td>
<td>2,511,138</td>
<td>1,886,614</td>
<td>1,207,000</td>
<td>42.27%</td>
</tr>
<tr>
<td>Vacancy</td>
<td>(635,446)</td>
<td></td>
<td>(867,910)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Loss &amp; Concession</td>
<td>85,927</td>
<td>-</td>
<td>(73,698)</td>
<td>(169,412)</td>
<td>-129.87%</td>
</tr>
<tr>
<td>Gross Effective Rent</td>
<td>3,099,519</td>
<td>4,575,692</td>
<td>1,814,916</td>
<td>1,650,093</td>
<td>-9.08%</td>
</tr>
<tr>
<td>Other Income</td>
<td>52,339</td>
<td>182,604</td>
<td>123,984</td>
<td>125,603</td>
<td>229.49%</td>
</tr>
<tr>
<td>Gross Operating Income</td>
<td>3,151,858</td>
<td>3,953,442</td>
<td>1,938,990</td>
<td>2,058,693</td>
<td>6.17%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(2,502,186)</td>
<td>(2,613,355)</td>
<td>(1,155,266)</td>
<td>(1,561,301)</td>
<td>-15.20%</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>649,672</td>
<td>1,290,087</td>
<td>583,634</td>
<td>497,302</td>
<td>-14.79%</td>
</tr>
<tr>
<td>Economic Vacancy</td>
<td>-</td>
<td>-</td>
<td>4.00%</td>
<td>32.29%</td>
<td>3.11%</td>
</tr>
</tbody>
</table>

Valuation Methodology:
- *Realized* - Investment has been sold. Any Unrealized Value shown represents net assets held for unidentified liabilities and undistributed proceeds.

Risk Rating:

| Capital Adequacy | 10% | 2 | 2 | Excellent | 1 |
| Asset Quality | 20% | 3 | 2 | Good | 2 |
| Management | 20% | 3 | 3 | Average | 3 |
| Earnings | 20% | 3 | 3 | Substandard | 4 |
| Liquidity | 20% | 1 | 3 | Poor | 5 |
| Legal/Environmental | 10% | 2 | 2 | | |

Risk Assessment:
- Currently the property is held all cash, so the Capital Adequacy is good. The property is currently under contract and should close in early January 2014.
Biltmore Commerce Center
Asset Summary Q4 2013

Investment Summary:
- Asset Manager: Slager
- Date Acquired: 8/23/2013
- Location: Phoenix, AZ
- Type: Office
- Total Fund Investment: 16,000,000
- Units: NA
- NRSF: 258,348
- Acres: 7.53
- Vintage: 1985
- Prop./Const. Mgmt Fee: 2.5%/5.0% DPC
- Fund Ownership %: 88.89% ROC II
- Co-Sponsors: 11.11% DPC
- Date Sold: 

Management
- Net Operating Income
- Gross Operating Income
- Gross Effective Rent
- Other Income
- Credit Loss & Concession
- Vacancy
- Economic Vacancy
- Figurines represent 100% of investment including non-controlling interest.

Risk Rating:
- Capital Adequacy: 10%
- Asset Quality: 20%
- Management: 20%
- Earnings: 20%
- Liquidity: 20%
- Legal/Environmental: 10%
- Total: 100%

Risk Assessment:
- Minimal risk to the fund as a result of stable tenant base/cash flow. Largest risk, at this time, is the 30,000 foot vacancy rate and the completion of the rehab on budget. Management team has already made substantial improvements over prior management.
- Loan has limited recourse and asset is providing substantial cash flow due to attractive interest rate and IO structure.

Background:
Biltmore Commerce Center is a 258,348 square foot Class “A” office building located within the Camelback corridor in Phoenix, AZ. The asset is approximately 75% leased with high quality tenants. The Camelback corridor is the premier office submarket in Phoenix with a well-known and respected tenant base. ROC acquired the asset in a joint venture with DPC Development – our partner at Cherry Creek and Logan Tower from Fund I. We have planned and have begun a major upgrade and repositioning of the asset which includes a $1.7 million renovation of the common areas including an exterior landscaping upgrade with a major entry feature, complete renovation of interior atrium areas, and the other common areas throughout. In-place rents are currently much lower than market rents, giving ROC the opportunity to lease the additional space at much higher market rates. ROC purchased the property all cash, and has since added off financing with US Bank.

Activity Update:
The loan with US Bank was closed in Q4 2013. We have completed exterior landscaping, painting, exterior light replacement and other capital improvement projects. We have ordered new chillers and cooling towers for the building as well. Operations have been as projected, with initial expense savings due to the timing of the acquisition and implementation of DPC cost controls. Leasing activity has been better than initially projected.

Investment Thesis:
- Increase rents through common area upgrades and repositioning.
- Drive rent growth through implementation of spec suite program.
- Purchase at a substantial discount to replacement cost.
- Drive revenues through lease up to market occupancy.
- Increase rents through common area upgrades and repositioning.
- Drive rent growth through implementation of spec suite program.
- Purchase at a substantial discount to replacement cost.
- Drive revenues through lease up to market occupancy.

Debt Summary:
- US Bank loan of $29.5 million. Initial disbursement of $27 million with $2.5 million held back for TI’s, Commissions, and Capex. 24 mo. IO with 30 yr amortization thereafter. Recourse burn off at DY targets. 24 mo. IO with 30 yr amortization thereafter. Recourse burn off at DY targets.

Financial Results:
Revenues were slightly over budget in Q4, and exceeded budget in 2013. Expenses were well below budget due to the timing of acquisition, and implementation of DPC cost controls. As a result, YTD NOI was well ahead of budget for 2013. Debt service and rehab are within budget expectations at this time. Although early, asset performance is exceeding initial pro forma projections.
Should you have any queries or comments regarding the above, or any other matter concerning the Fund, please contact Spire Capital at info@spirecapital.com.au.

Important Information
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