

THE MEADOWS

SALE OF MEADOWS APARTMENTS CLOSES MARCH 13, 2014

We are pleased to announce that the sale of the Meadows Apartments to a family real estate trust from southern California closed on March 13, 2014. We are also pleased to tell you that the final selling price of \$7,725,000 was more than the appraised value of the property as of the close of the sale.

In our recent year-end 2013 Investor Newsletter, we mentioned that one of the reasons for offering the Meadows for sale at this time was to take advantage of an unusually active market where buyers were seeking out larger properties in the Phoenix area and paying prices that were higher than you might find in a normal market. When we first acquired the Meadows as your investment, we anticipated a holding period of around 10 years. This would be a normal real estate investment timeline, which would allow us to gradually raise rents and control expenses as a way of building future value for you. When we began to experience the increased demand for properties last year, we determined that we could, in fact, approximate the same increase in value by selling now as we might experience by holding Meadows for several additional years. You may recall the Placement Memorandum for Meadows provided to you in 2011 had indicated an expected sales value of the property at the end of 10 years of \$7,718,000. The recent sale of Meadows was for more than the projected 10-year value.

Shortly after the close of the sale, we returned to you the remaining share of your original investment, the distribution for the first quarter of 2014, and all accrued distributions not paid in earlier periods. You should have received these disbursements by now. If you have any questions, or did not receive your checks or deposit confirmations, please let us know immediately.

We are now able to provide you with your pro rata share of the profit from the sale. Information regarding your



share of the profit is included with this newsletter. We estimate that the annual compounded return on your investment in Meadows, including the preferred distributions and the profit from the sale, is approximately 12%. We trust that we have met your expectations and provided you with good stewardship of your investment.

Your confidence in our ability to represent you and your investment is valuable to us. We also know that there are those of you who wish to remain invested in real estate as part of your investment strategy going forward. We are currently working hard to identify additional real estate investments in not only the Phoenix area, but in Tucson and other locations as well. Currently we have made an offer on an opportunity in Tucson, Arizona, which we feel is an excellent project, is well located, and offers significant upside possibilities. Should we be successful in our bid for this property, we hope you will consider investing with us again in this exciting opportunity.

Again, our sincere thanks to all our Meadows investors on a very successful project and we look forward to working with you again in the very near future.

Property Location:

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