

655 Mariposa Avenue

MOUNTAIN VIEW, CA



OFFERING MEMORANDUM



Marcus & Millichap
Real Estate Investment Services

655 Mariposa Avenue

MOUNTAIN VIEW, CA

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Marcus & Millichap
Real Estate Investment Services

655 Mariposa Avenue

MOUNTAIN VIEW, CA

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PROPERTY DESCRIPTION

655 Mariposa Avenue

MOUNTAIN VIEW, CA

INVESTMENT OVERVIEW

Investment Highlights

- Property on the Market for the First Time in 30+ Years!
- Covered On-Site Parking for All Units
- Close to Beautiful Downtown Mountain View
- On-Site Laundry Room
- Stabilized Rents
- Pride of Ownership Investment!
- Increasing Job Growth!
- Strong Historical Occupancy



655 Mariposa Avenue is a well-maintained two-story apartment building totaling approximately 5,788 square feet of living space situated on a 13,360 square foot lot in highly desirable Mountain View, California.

The unit mix consists of one three-bedroom/two bathroom house-style unit, and eight one-bedroom/one bathroom apartment units. The building lies on a clean concrete perimeter foundation with asphalt driveway and is constructed of wood framing with stucco exterior.

For the tenant's convenience there are ten off-street and covered parking spaces as well as an on-site coin operated laundry facility. The front owner's unit has a fenced in patio, and all units look-out on the mature landscaping, which give its tenants a quiet secluded feel. This incredibly well-maintained property will give the new owner an excellent turnkey investment opportunity with minimal maintenance. All rents have been kept slightly under market rates, providing long-term lasting tenancy with the opportunity for future upside.

The property is located in close proximity to Google Campus, and all other major employment hubs via Highway 101 & 280. Additionally, Mountain View's low housing affordability coupled with increasing jobs, should yield higher rent growth, and decreasing vacancy to under an estimated 3% by early 2015.

PROPERTY SUMMARY

The Offering

| | |
|--------------------------|--|
| Property Address | 655 Mariposa Avenue Mountain View, CA 94041 |
| Assessor's Parcel Number | 154-31-041 |
| Zoning | R3-25 |

Site Description

| | |
|----------------------|----------------|
| Number of Units | 9 |
| Number of Buildings | 1 |
| Number of Stories | 2 |
| Year Built | 1961 |
| Rentable Square Feet | 5,788 |
| Lot Size | 13,360 Sq feet |
| Type of Ownership | Fee Simple |

Utilities

| | |
|----------|--------|
| Water | Owner |
| Phone | Tenant |
| Electric | Tenant |
| Gas | Tenant |

Construction

| | |
|------------|--------------------|
| Foundation | Concrete Perimeter |
| Framing | Wood |
| Exterior | Stucco |

PROPERTY PHOTOS



PROPERTY PHOTOS



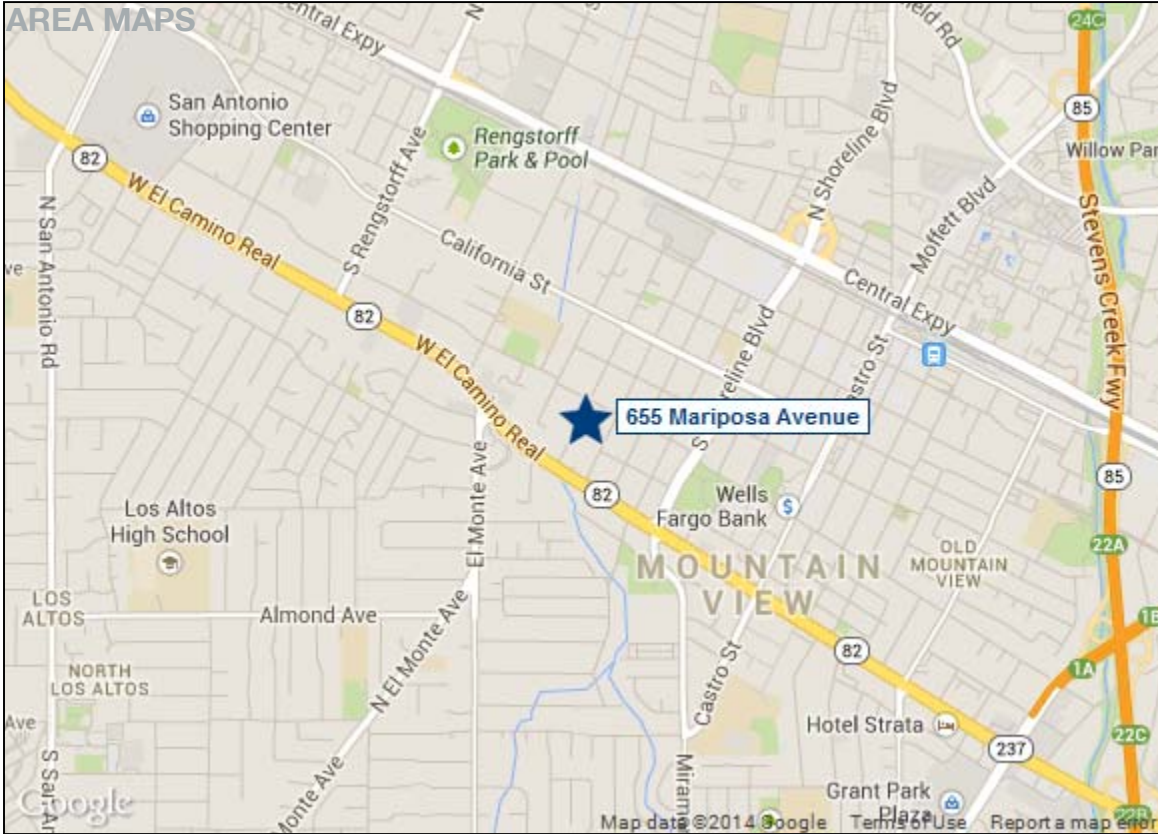
PROPERTY PHOTOS



655 Mariposa Avenue

MOUNTAIN VIEW, CA

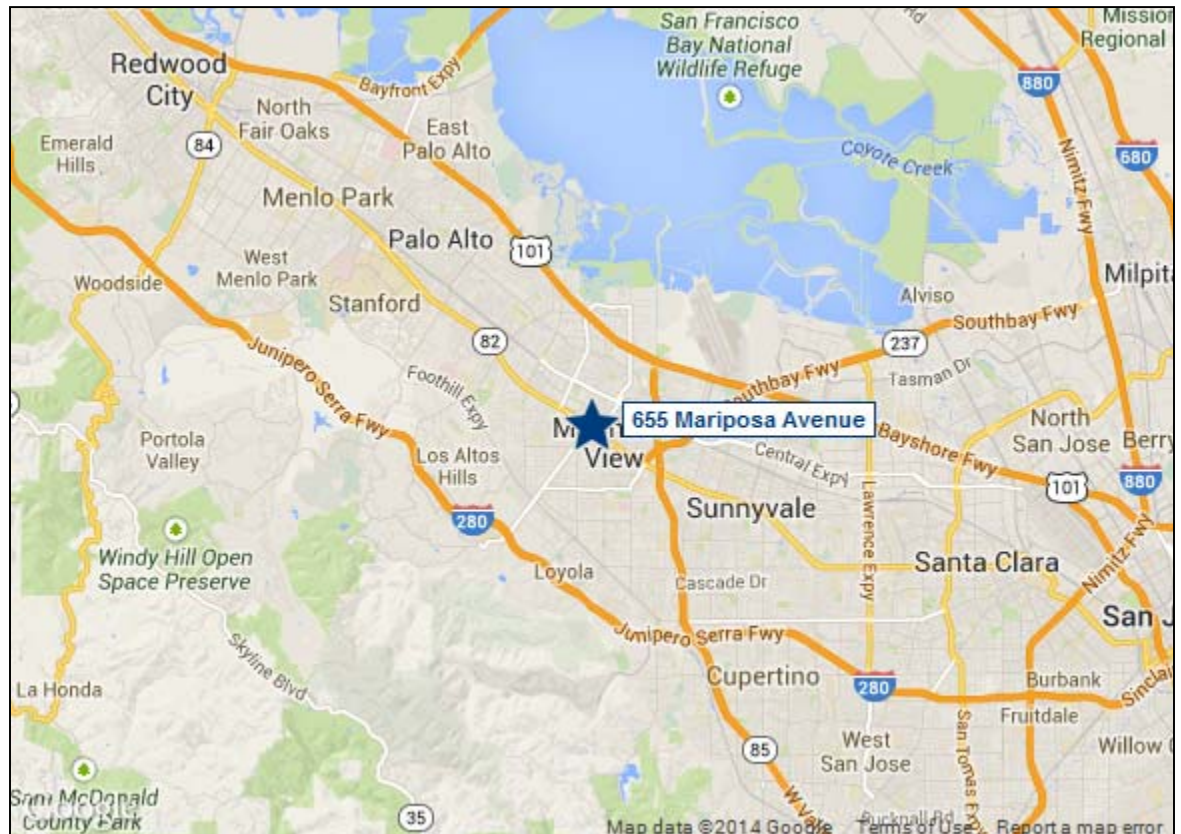
PROPERTY DESCRIPTION



Local Map

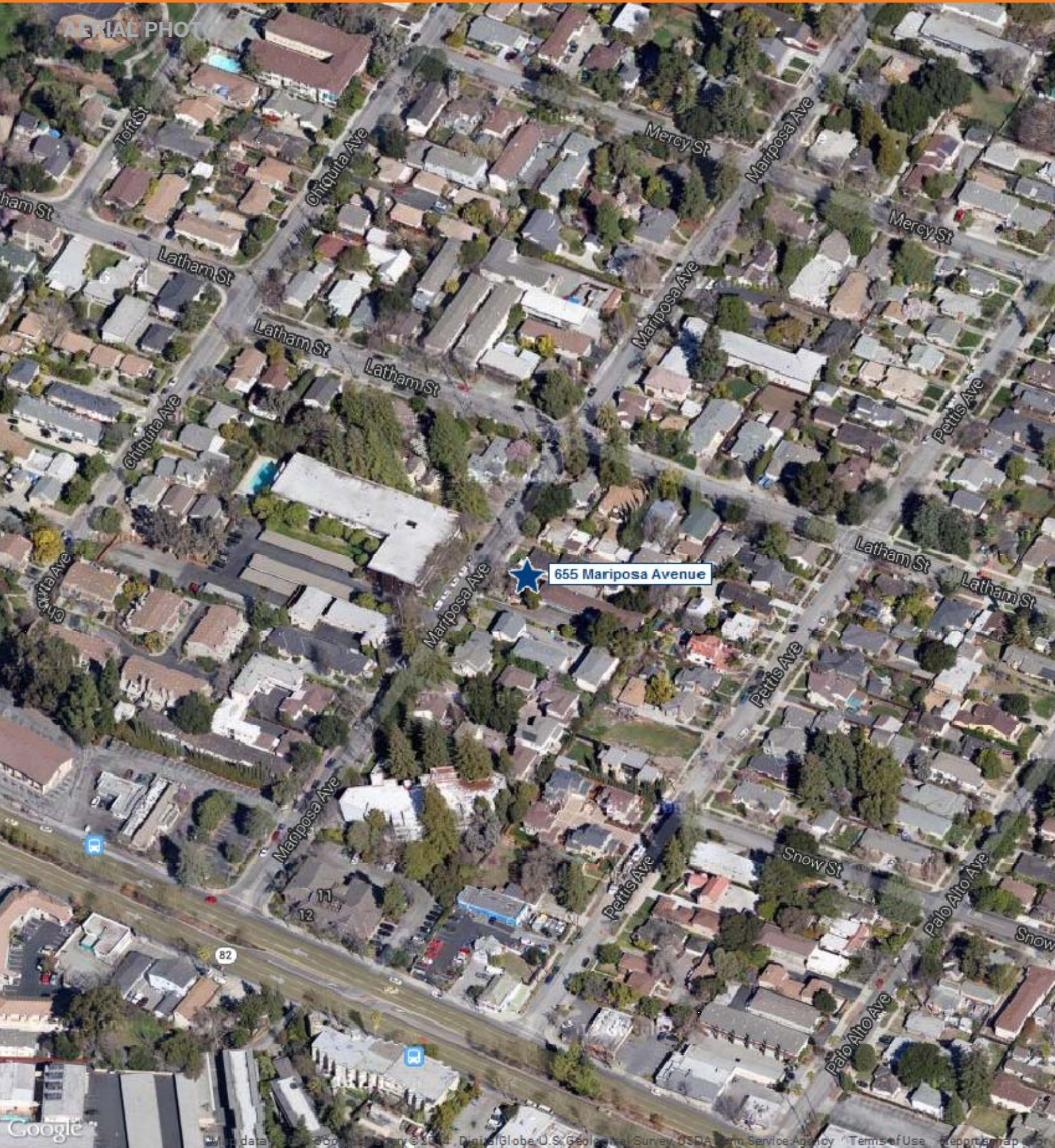


Regional Map



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SITE PLAN

OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

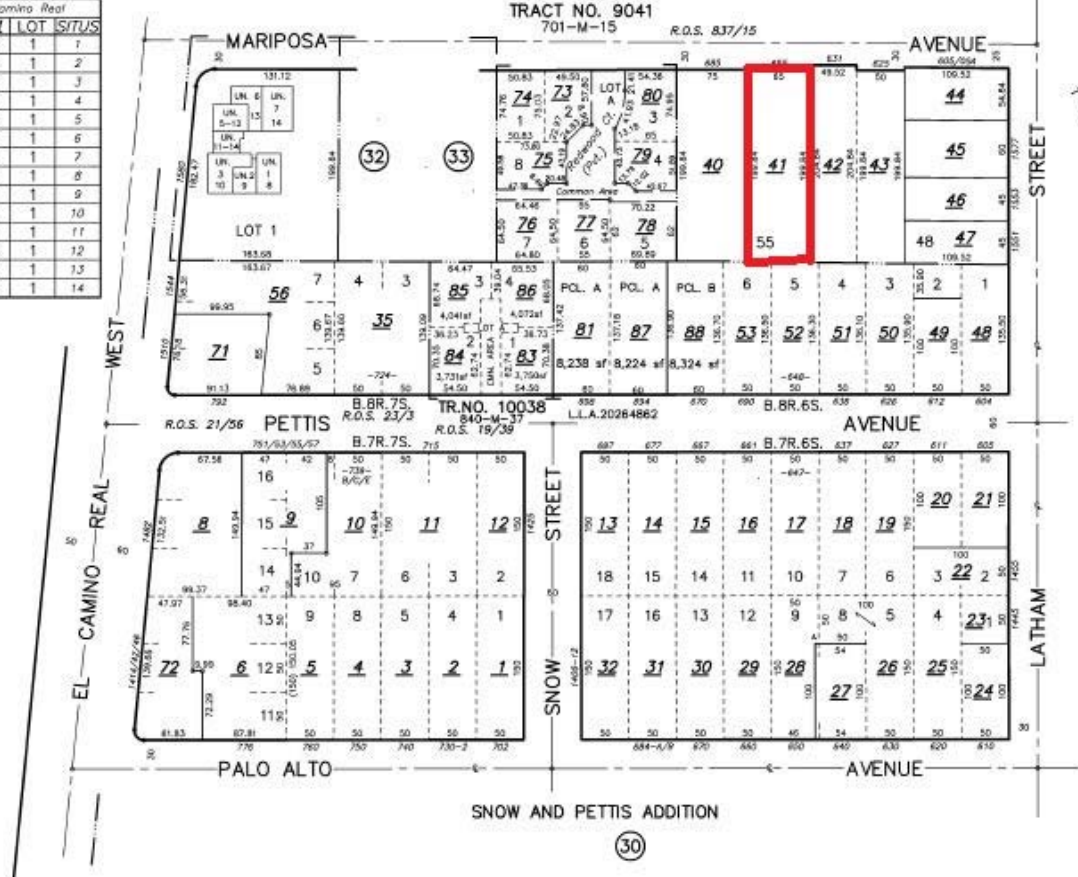
BOOK 154 PAGE 31

TRACT NO. 7103
493 - M - 2
NEW HORIZON OFFICE CONDO

| UNIT | APN | LOT | SITUS |
|------|-----|-----|-------|
| 1 | 52 | 1 | 7 |
| 2 | 58 | 1 | 2 |
| 3 | 59 | 1 | 3 |
| 4 | 60 | 1 | 4 |
| 5 | 61 | 1 | 5 |
| 6 | 62 | 1 | 6 |
| 7 | 63 | 1 | 7 |
| 8 | 64 | 1 | 8 |
| 9 | 65 | 1 | 9 |
| 10 | 66 | 1 | 10 |
| 11 | 67 | 1 | 11 |
| 12 | 68 | 1 | 12 |
| 13 | 69 | 1 | 13 |
| 14 | 70 | 1 | 14 |

BUENA VISTA SUBD.

TRACT NO. 9041
701-M-15 R.O.S. 837/15



BOOK 189

24

700 OFF. MAP 22
LAWRENCE E. STONE - ASSESSOR
Cadastral map for assessment purposes only.
Compiled under R. & T. Code, Sec. 527.
Effective Roll Year 2011-2012.

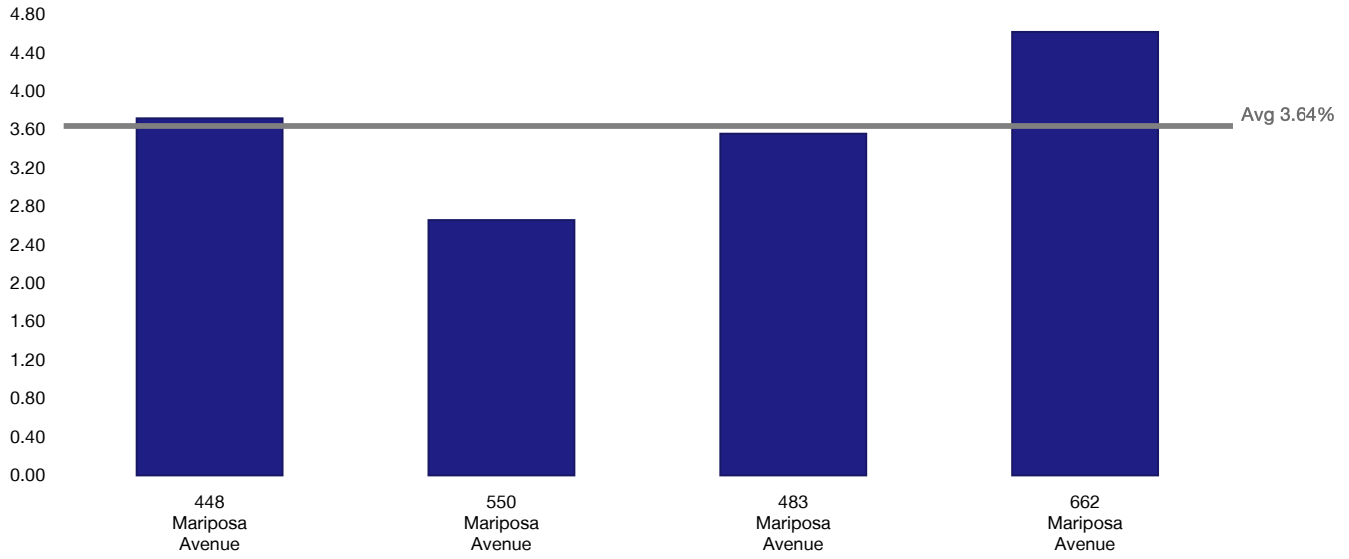
RECENT SALES

655 Mariposa Avenue

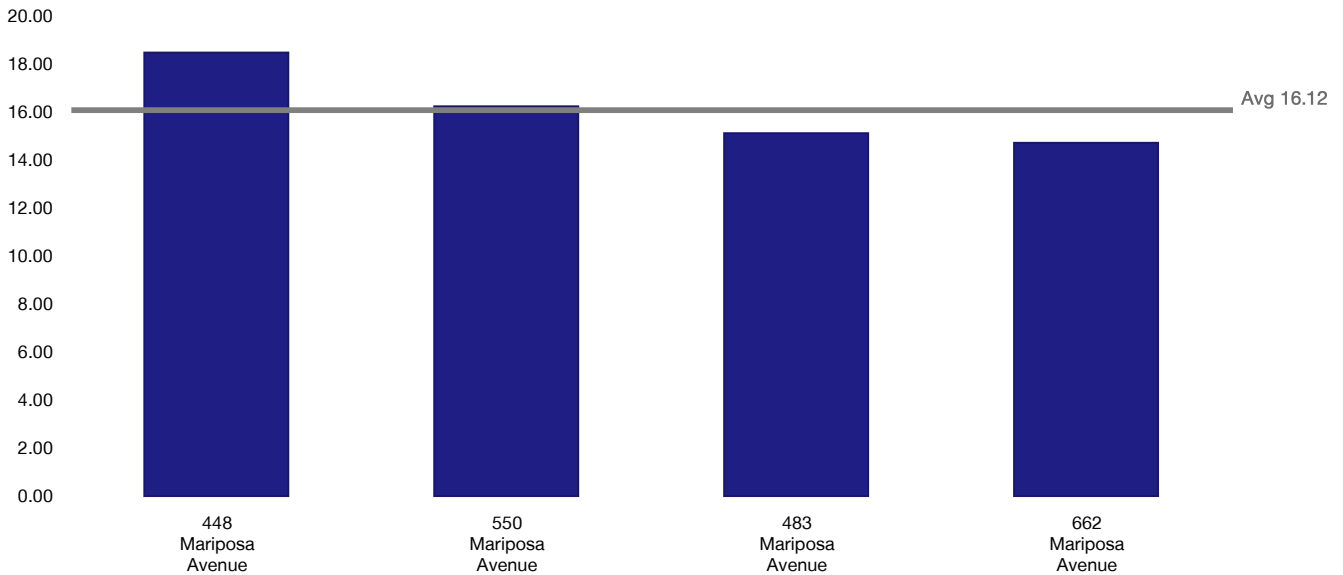
MOUNTAIN VIEW, CA

CAP RATE AND GRM

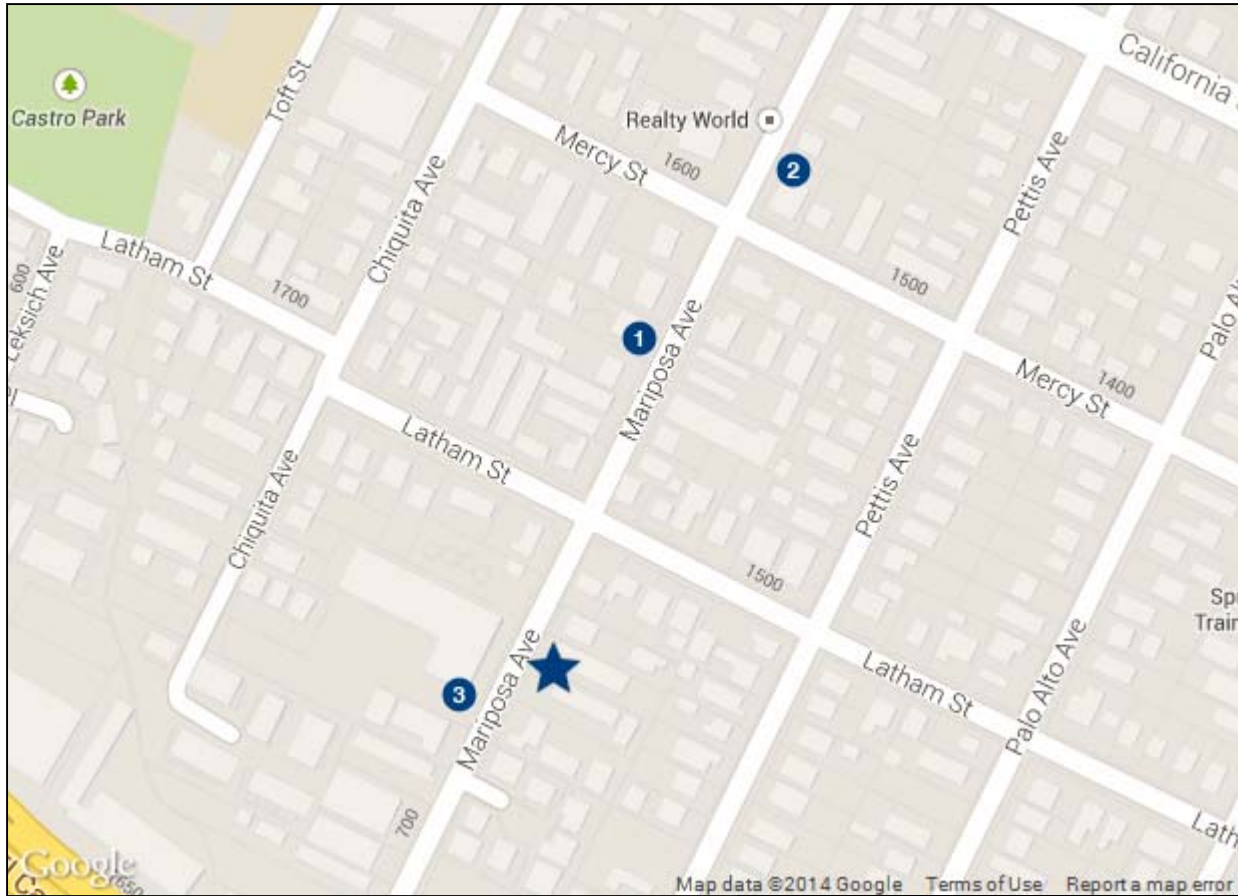
Average Cap Rate



Average GRM



RECENT SALES MAP



- ★ 655 Mariposa Avenue
- 1) 448 Mariposa Avenue
- 2) 550 Mariposa Avenue
- 3) 483 Mariposa Avenue
- 4) 662 Mariposa Avenue

RECENT SALES

1



Close of Escrow: 8/15/2014

448 Mariposa Avenue
Mountain View, CA 94041

No. of Units: 7
Year Built: 1963
Sale Price: \$3,125,000
Price/Unit: \$446,429
Price/SF: \$480.00
CAP Rate: 3.72%
GRM: 18.49

| Units | Unit Type |
|-------|--------------|
| 1 | 3 Bdr 2 Bath |
| 6 | 1 Bdr 1 Bath |

Comments

Sold by Adam Levin of Marcus & Millichap above list price.-- Property had significant upgrades to 3/2 house in front completed in 2006.

2



Close of Escrow: 5/8/2013

550 Mariposa Avenue
Mountain View, CA 94041

No. of Units: 7
Year Built: 1964
Sale Price: \$1,730,000
Price/Unit: \$247,143
Price/SF: \$365.00
CAP Rate: 2.65%
GRM: 16.20

| Units | Unit Type |
|-------|--------------|
| 1 | 2 Bdr 1 Bath |
| 6 | 1 Bdr 1 Bath |

Comments

Sold by Nate Gustavson & Adam Levin @ Marcus & Millichap. Below market rents by roughly 25%.

3



Close of Escrow: 4/18/2013

483 Mariposa Avenue
Mountain View, CA 94041

No. of Units: 8
Year Built: 1960
Sale Price: \$2,076,000
Price/Unit: \$259,500
Price/SF: \$312.00
CAP Rate: 3.56%
GRM: 15.08

| Units | Unit Type |
|-------|--------------------|
| 1 | 2 Bdr 2 Bath House |
| 7 | 2 Bdr 1 Bath Flat |

Comments

Sold by Nate Gustavson & Adam Levin of Marcus & Millichap to cash buyer who is pushing rents and renovating.

RECENT SALES

4



662 Mariposa Avenue
Mountain View, CA 94041

No. of Units: 9
Year Built: 1959
Sale Price: \$2,535,000
Price/Unit: \$281,667
Price/SF: \$515.00
CAP Rate: 4.61%
GRM: 14.69

| Units | Unit Type |
|-------|--------------|
| 1 | 2 Bdr 1 Bath |
| 7 | 1 Bdr 1 Bath |
| 1 | Studio |

Comments

Sold by Nate Gustavson & Adam Levin of Marcus & Millichap. Renovated property in good shape.

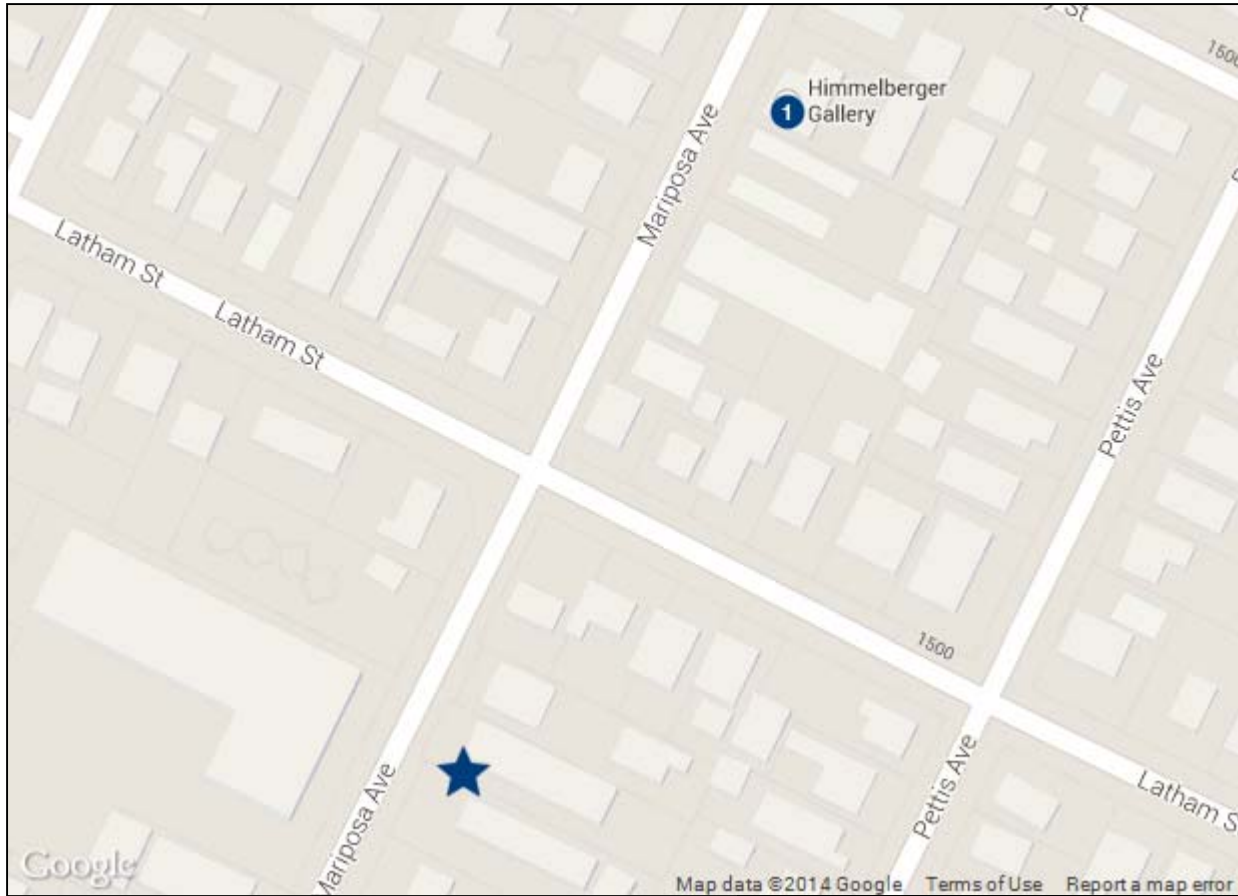
IN ESCROW COMPARABLES

655 Mariposa Avenue

MOUNTAIN VIEW, CA

Marcus & Millichap
Real Estate Investment Services

IN ESCROW COMPARABLES MAP



- ★ 655 Mariposa Avenue
- 1) 537 Mariposa Avenue

IN ESCROW COMPARABLES

1



Close of Escrow: In Escrow

537 Mariposa Avenue
Mountain View, CA 94041

No. of Units: 12
Year Built: 1952 / 2014
Sale Price: \$3,000,000
Price/Unit: \$250,000
Price/SF: \$821
CAP Rate: 3.90%
GRM:

| Units | Unit Type |
|-------|-----------|
| 12 | Studio |

Comments

Small unit size of 305 Square feet per unit

PRICING AND FINANCIAL ANALYSIS

655 Mariposa Avenue

MOUNTAIN VIEW, CA

OFFERING SUMMARY



Unit Mix

| No. of Units | Unit Type | Approx. Square |
|--------------|-------------------------|----------------|
| 1 | 3 Bdr 2 Bath House | 1,200 |
| 8 | 1 Bdr 1 Bath Apartments | 575 |
| 9 | Total | 5,788 |

Major Employers

| Company | Local Employees |
|------------------------------------|-----------------|
| Google | 25,250 |
| Stanford University Medical Center | 19,637 |
| Microsoft | 16,850 |
| Lockheed Martin | 11,227 |
| Cisco Systems | 8,730 |
| LinkedIn | 5,045 |
| Facebook | 2,150 |
| Apple | 2,000 |
| Boeing | 1,496 |
| Idea Travel Company | 1,100 |
| Wilson Sonsini Goodrich & Rosa | 1,100 |
| Safeway | 1,067 |

| | |
|----------------------|--------------------|
| Price | \$2,998,000 |
| Down Payment | 100% / \$2,998,000 |
| Price/Unit | \$333,111 |
| Price/SF | \$517.97 |
| Number of Units | 9 |
| Rentable Square Feet | 5,788 |
| Number of Buildings | 1 |
| Number of Stories | 2 |
| Year Built | 1961 |
| Lot Size | 13,360 Sq feet |

Vital Data

| | |
|----------------------------------|--------------|
| CAP Rate - Current | 4.24% |
| GRM - Current | 16.14 |
| Net Operating Income - Current | \$127,003 |
| CAP Rate - Pro Forma | 5.96% |
| GRM - Pro Forma | 12.71 |
| Net Operating Income - Pro Forma | \$178,570 |

RENT ROLL

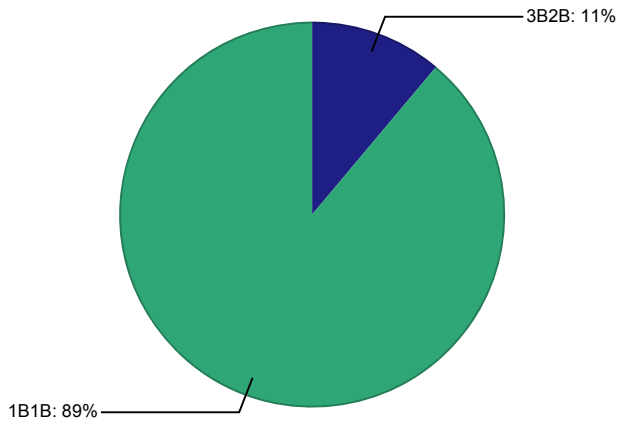
| Unit Number | Unit Type | Unit SF | Current Rent | Rent/SF | Asking Rent | Rent/SF | Parking | Lease Term | |
|-------------|--------------|---------|--------------|-----------------|-------------|-----------------|---------|-----------------|----------------|
| 1 | 3 Bdr | 2 Bath | 1,200 | \$3,295 | \$2.75 | \$3,695 | \$3.08 | On-site Covered | 5/20/2015 |
| 2 | 1 Bdr | 1 Bath | 575 | \$1,525 | \$2.65 | \$1,995 | \$3.47 | On-site Covered | Month-to-Month |
| 3 | 1 Bdr | 1 Bath | 575 | \$1,350 | \$2.35 | \$1,995 | \$3.47 | On-site Covered | Month-to-Month |
| 4 | 1 Bdr | 1 Bath | 575 | \$1,425 | \$2.48 | \$1,995 | \$3.47 | On-site Covered | Month-to-Month |
| 5 | 1 Bdr | 1 Bath | 575 | \$1,550 | \$2.70 | \$1,995 | \$3.47 | On-site Covered | Month-to-Month |
| 6 | 1 Bdr | 1 Bath | 575 | \$1,550 | \$2.70 | \$1,995 | \$3.47 | On-site Covered | Month-to-Month |
| 7 | 1 Bdr | 1 Bath | 575 | \$1,595 | \$2.77 | \$1,995 | \$3.47 | On-site Covered | 10/11/2014 |
| 8 | 1 Bdr | 1 Bath | 575 | \$1,595 | \$2.77 | \$1,995 | \$3.47 | On-site Covered | Month-to-Month |
| 9 | 1 Bdr | 1 Bath | 575 | \$1,595 | \$2.77 | \$1,995 | \$3.47 | On-site Covered | 9/19/2014 |
| TOTAL | | | \$0 | | \$0 | | | | |
| 9 | TOTAL | | 5,800 | \$15,480 | | \$19,655 | | | |
| 9 | TOTAL | | 5,800 | \$15,480 | | \$19,655 | | | |

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UNIT MIX

| No. of Units | Unit Type | Approx. Square Feet | Monthly Income | Pro Forma Rents | Rent/SF | Monthly Income |
|--------------|-------------------------|---------------------|-----------------|-----------------|---------|-----------------|
| 1 | 3 Bdr 2 Bath House | 1,200 | \$3,295 | \$3,695 | \$3.07 | \$3,695 |
| 8 | 1 Bdr 1 Bath Apartments | 575 | \$12,185 | \$1,995 | \$3.47 | \$15,960 |
| 9 | TOTAL | 5,788 | \$15,480 | | | \$19,655 |

Unit Mix



Unit Rent & Rent/SF



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INCOME & EXPENSES

Total Number of Units: 9
Total Rentable Area: 5,788 SF

| Income | Current | Per Unit | Pro Forma | Per Unit |
|------------------------------------|------------------|-----------------|------------------|-----------------|
| GROSS POTENTIAL RENT | \$185,760 | \$20,640 | \$235,860 | \$26,207 |
| Other Income | | | | |
| Laundry Income | | | \$2,700 | \$300 |
| Miscellaneous | \$835 | \$93 | \$835 | \$93 |
| Total Other Income | \$835 | \$93 | \$3,535 | \$393 |
| GROSS POTENTIAL INCOME | \$186,595 | \$20,733 | \$239,395 | \$26,599 |
| Vacancy/Collection Allowance (GPR) | 3.0% / \$5,573 | \$619 | 3.0% / \$7,076 | \$786 |
| EFFECTIVE GROSS INCOME | \$181,022 | \$20,114 | \$232,319 | \$25,813 |
| Expenses | | | | |
| Real Estate Taxes (1.1665%) | \$34,971 | \$3,886 | \$34,971 | \$3,886 |
| Insurance | \$3,225 | \$358 | \$3,225 | \$358 |
| Utilities | \$7,415 | \$824 | \$7,145 | \$794 |
| Landscaping | \$1,800 | \$200 | \$1,800 | \$200 |
| Repairs & Maintenance | \$5,350 | \$594 | \$5,350 | \$594 |
| Special Assessments | \$452 | \$50 | \$452 | \$50 |
| General & Administrative | \$806 | \$90 | \$806 | \$90 |
| TOTAL EXPENSES | \$54,019 | \$6,002 | \$53,749 | \$5,972 |
| Expenses per SF | \$9.33 | | \$9.29 | |
| % of EGI | 29.8% | | 23.1% | |
| NET OPERATING INCOME | \$127,003 | \$14,111 | \$178,570 | \$19,841 |

FINANCIAL OVERVIEW

Location

655 Mariposa Avenue
Mountain View, CA 94041

| | |
|----------------------------|-----------------------|
| Price | \$2,998,000 |
| Down Payment | 100% / \$2,998,000 |
| Number of Units | 9 |
| Price/Unit | \$333,111 |
| Rentable Square Feet | 5,788 |
| Price/SF | \$517.97 |
| CAP Rate - Current | 4.24% |
| CAP Rate- Pro Forma | 5.96% |
| GRM - Current | 16.14 |
| GRM- Pro Forma | 12.71 |
| Year Built | 1961 |
| Lot Size | 13,360 Sq feet |
| Type of Ownership | Fee Simple |

Annualized Operating Data

| Income | Current | Pro Forma |
|-----------------------------------|------------------|------------------|
| Gross Potential Rent | \$185,760 | \$235,860 |
| Other Income | \$835 | \$3,535 |
| Gross Potential Income | \$186,595 | \$239,395 |
| Less: Vacancy/Deductions (GPR) | 3.0% / \$5,573 | 3.0% / \$7,076 |
| Effective Gross Income | \$181,022 | \$232,319 |
| Less: Expenses | \$54,019 | \$53,749 |
| Net Operating Income | \$127,003 | \$178,570 |
| Net Cash Flow Before Debt Service | \$127,003 | \$178,570 |

| Expenses | | |
|--------------------------|-----------------|-----------------|
| Real Estate Taxes | \$34,971 | \$34,971 |
| Insurance | \$3,225 | \$3,225 |
| Utilities | \$7,415 | \$7,145 |
| Landscaping | \$1,800 | \$1,800 |
| Repairs & Maintenance | \$5,350 | \$5,350 |
| Special Assessments | \$452 | \$452 |
| General & Administrative | \$806 | \$806 |
| Total Expenses | \$54,019 | \$53,749 |
| Expenses/unit | \$6,002 | \$5,972 |
| Expenses/SF | \$9.33 | \$9.29 |
| % of EGI | 29.84% | 23.14% |

Scheduled Income

| No. of Units | Unit Type | Approx. Square Feet | Monthly Income | Pro Forma Rents | Rent/SF | Monthly Income |
|--------------|-------------------------|---------------------|-----------------|-----------------|---------|-----------------|
| 1 | 3 Bdr 2 Bath House | 1,200 | \$3,295 | \$3,695 | \$3.07 | \$3,695 |
| 8 | 1 Bdr 1 Bath Apartments | 575 | \$12,185 | \$1,995 | \$3.47 | \$15,960 |
| 9 | Total/Wtd. Avg. | 5,788 | \$15,480 | | | \$19,655 |

655 Mariposa Avenue

MOUNTAIN VIEW, CA

SAN JOSE

Market Highlights

Premier high-tech center

- Silicon Valley's dense concentration of high-tech jobs is world renowned.

High incomes

- San Jose's 2013 median yearly household income was more than \$46,000 higher than

Highly educated work force

- More than 45 percent of residents have a bachelor's degree, well above the U.S. average.



Geography

The San Jose-Sunnyvale-Santa Clara metro is located at the southern end of the San Francisco Bay and encompasses Santa Clara County. The Santa Clara Valley runs the entire length of the county, flanked by the rolling hills of the Diablo Range on the east and the Santa Cruz Mountains on the west. Salt marshes and wetlands lie to the northwest, adjacent to the San Francisco Bay. A large portion of the county's 1,315 square miles is unincorporated ranch and farmland.



San Jose-Sunnyvale-Santa Clara Metro

SAN JOSE

Metro

The San Jose metro contains nearly 1.9 million inhabitants in 15 cities. Approximately half of the county’s residents are located in the city of San Jose. It is the metro’s largest city with 975,600 residents, followed by Sunnyvale and Santa Clara. An annual growth rate of 0.5 percent is projected over the next five years for the county.

Infrastructure

San Jose is serviced by an extensive freeway and expressway infrastructure and a well-developed rail system. Amtrak and Caltrain offer passenger and commuter rail service to San Francisco and Sacramento. The Altamont Commuter Express operates commuter rail to Pleasanton and Stockton, while the Santa Clara Valley Transit Authority (VTA) runs local light rail. There are more than 50 light-rail stations through which passengers can connect to VTA bus service or Caltrain.

The area is directly served by the Norman Y. Mineta San Jose International Airport and three general aviation facilities: Reid-Hillview, Palo Alto and South County. Additional air service is available at San Francisco International and Oakland International airports, each fewer than 40 miles away.



Largest Cities in Metro by Population

| | |
|---------------|---------|
| San Jose | 975,600 |
| Sunnyvale | 144,000 |
| Santa Clara | 120,300 |
| Mountain View | 76,800 |
| Milpitas | 68,700 |
| Palo Alto | 67,200 |

Sources: Marcus & Millichap Research Services, Experian

Airports

- Norman Y. Mineta San Jose International
- General Aviation - Reid-Hillview, Palo Alto, South County

Major Roadways

- Interstates 280, 680 and 880
- San Tomas, Montague and Capitol expressways
- State Routes 17, 82, 85, 87, 130 and 237

Rail

- Passenger - Amtrak
- Commuter - Caltrain, ACE
- Light rail - VTA

The San Jose Metro is:

- 45 miles from San Francisco
- 120 miles from Sacramento
- 340 miles from Los Angeles
- 690 miles from Portland

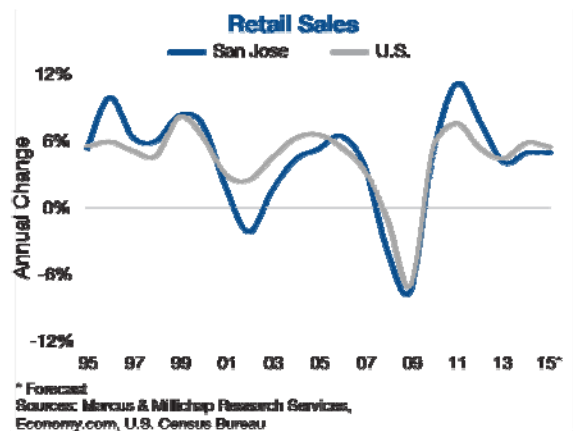
SAN JOSE

Economy

The long-term outlook for the San Jose metro economy remains positive. After temporarily stalling during the recession, inflows of venture capital have returned to the region. This will help the San Jose Gross Metro Product grow at approximately 3.5 percent throughout 2014. Retail sales are expected to increase by nearly 5.0 percent during this period.

The Silicon Valley, the world's premier high-technology hub, was fueled by venture capital funds received in the 1990s. Today, there are 14 Fortune 500 companies with headquarters in San Jose. These include Intel, Cisco Systems, Apple Inc. and Google Inc. The health of the high-tech industry remains crucial to San Jose's economic landscape. Future growth in this industry will bode well for the local economy.

The number of businesses that support the high-tech industry has increased, driving professional and business services to become the largest local employment sector. The area's many colleges and universities including Stanford, San Jose State, Santa Clara and UC Berkeley, support these companies by graduating thousands of engineering and computer science students into the local work force every year.



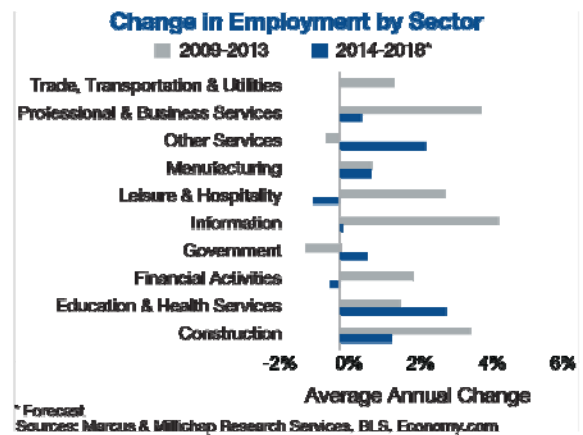
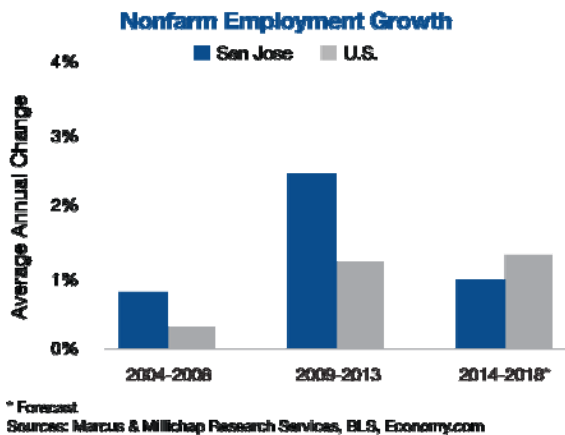
SAN JOSE

Labor

The San Jose employment base contains more than 934,400 workers, ranking the metro as one of the top-30 largest job markets in the nation. Employment growth is forecast to average 0.9 percent annually through the next five years with gains in most segments. The area’s concentration of jobs in the information sector is more than twice the U.S. average, comprising 6.0 percent of total metro employment.

The Silicon Valley has evolved into a center for the design and support of high-tech systems, with the actual manufacturing processes of these products now occurring in low-cost areas elsewhere. As a result, professional and business services has become the largest employment sector in the metro, accounting for 21 percent of all jobs, while manufacturing makes up only 17 percent. After rapid growth in the professional and business services over the previous five years, the sector is now expected to expand at a more modest 0.6 percent through 2018.

The education and health services segment will post the largest gains of metro employment in the coming five years. Currently making up 13 percent of area jobs, the industry is forecast to increase at an average 3.0 percent annually. As the San Jose population rises, demand for these services will continue to grow.



SAN JOSE

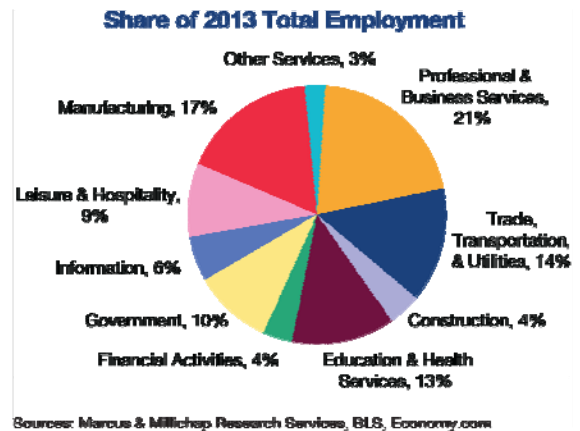
Employers

Large employers in the San Jose metro include high-tech industry giants Cisco Systems, Apple, eBay, Google and Hewlett-Packard. Many of these large-scale employers are among the top places to work.

Not all of the area's job providers are large corporations. According to 2010 census data, San Jose has more than 67,100 businesses with an average of 13 employees, and more than 64 percent of companies have fewer than five workers. Many of these are small startups or businesses that provide support services to the tech industry.

With the return of venture capital flowing into the metro economy, San Jose offers some of the most exciting employment opportunities that the tech world has to offer. Some of today's startups will likely become tomorrow's key players in the industry, a trend that has fostered a lively enterprise culture.

Other major employers include the numerous institutions of higher education that are located in Santa Clara County, including San Jose State University, Stanford and Santa Clara State University. Tens of thousands of jobs are created by these academic institutions.



Major Employers

| |
|---------------------------------------|
| Cisco Systems |
| County of Santa Clara |
| Kaiser Permanente Northern California |
| Hewlett-Packard Co. |
| City of San Jose |
| IBM |
| eBay |
| Xilinx |
| San Jose State University |
| Apple |



SAN JOSE

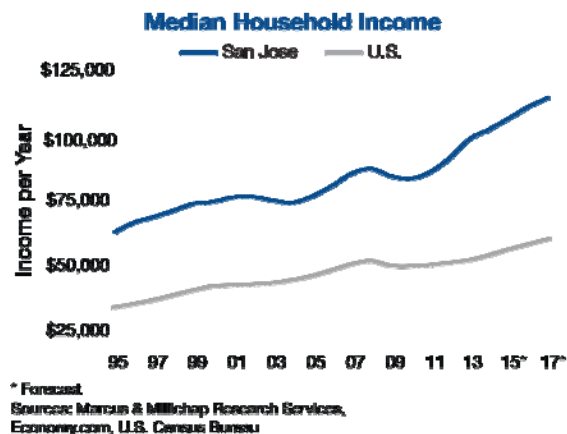
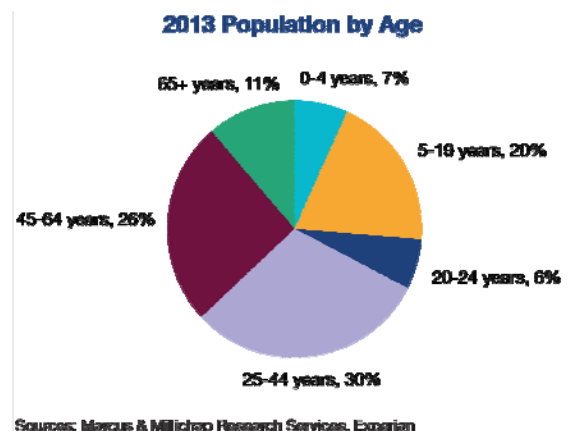
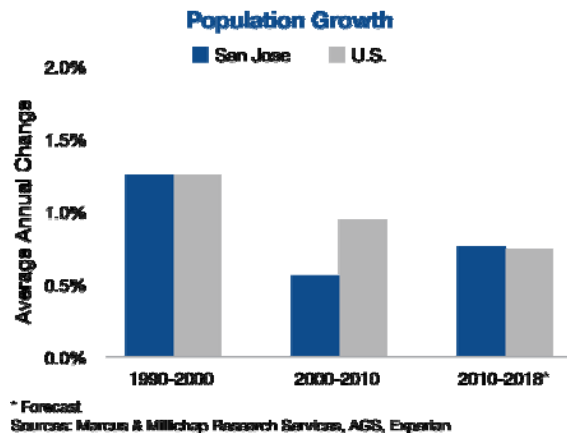
Demographics

The San Jose metro has nearly 1.9 million residents. Population growth is expected to increase slowly through the coming five years, averaging 0.5 percent annual gains. This lags slightly behind national growth projections of 0.8 percent annually.

The residents of the metro are highly educated, with more than 45 percent of adults 25 years and older having obtained a bachelor's degree. This level of education attainment is drastically higher than the U.S. average of 28.3 percent. Furthermore, 19.7 of all residents have completed a degree at the graduate level. These figures hold positive implications for the local economy, as college-educated workers typically earn more than their non-college-educated counterparts.

Growth in the share of affluent households in the metro provides striking evidence of the advantages of higher education. Between 2000 and 2010, the number of households earning \$150,000 per year or more grew by 54 percent and will continue to expand by another 24 percent over the next five years.

The median household income remains high at nearly \$98,900 annually, far above the U.S. median of just over \$52,400 per year. The local median household income will increase at an annual pace of 2.8 percent through 2018. Even though incomes are above the national average, high home prices make housing affordability very difficult for many residents, sustaining demand for rental housing.



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SAN JOSE

Quality Of Life

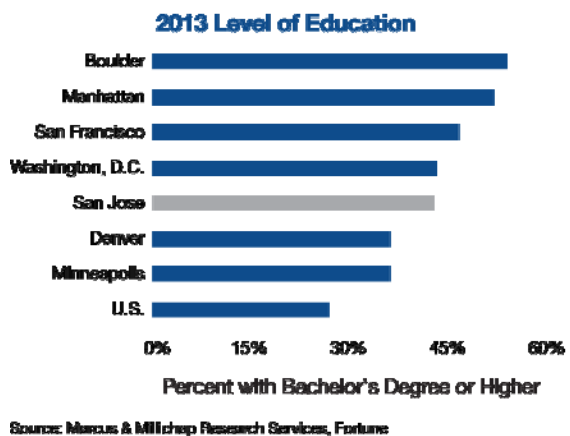
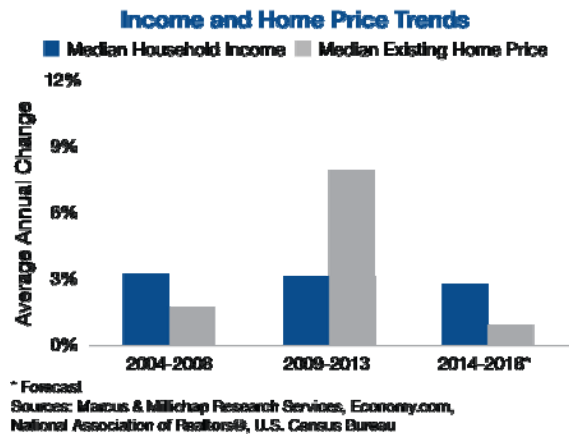
The San Jose metro has an enviable combination of major universities that produce a highly educated work force, cutting-edge firms and exceptional affluence. The metro enjoys a Mediterranean climate and a lifestyle considered fast-paced yet uniquely “California casual.”

Residents of the South Bay can visit a plethora of museums, including the San Jose Museum of Art, Children’s Discovery Museum of San Jose, Rosicrucian Egyptian Museum or the Tech Museum of Innovation.

Santa Clara County is home to many performing arts companies, such as the Symphony Silicon Valley, Ballet San Jose Silicon Valley, Opera San Jose and the Children’s Musical Theater of San Jose. The city hosts the annual Cinequest Film Festival and the San Jose Jazz Festival.

The San Jose Sharks hockey team plays at the SAP Center. Other sports venues include the San Jose Municipal Stadium and Buck Shaw Stadium. The San Francisco 49ers will play at Levi’s Stadium at the beginning of the 2014 season.

For outdoor enthusiasts, Santa Clara County has an extensive park system that includes Henry W. Coe State Park, Almaden Quicksilver County Park and Vasona Park. San Jose’s ideal location is only minutes away from San Francisco and some of the world’s finest wine-producing regions, notably the Napa, Sonoma and Alexander valleys.

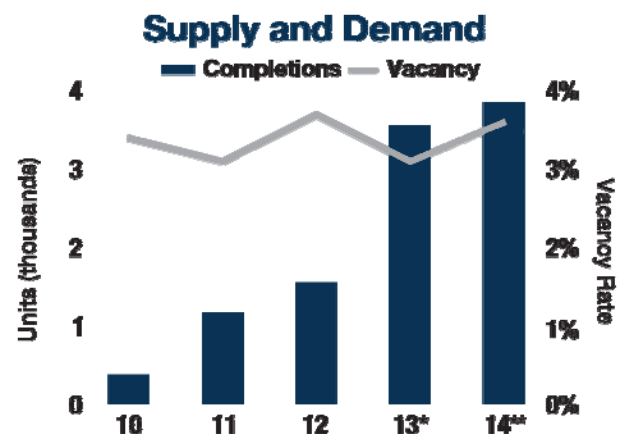
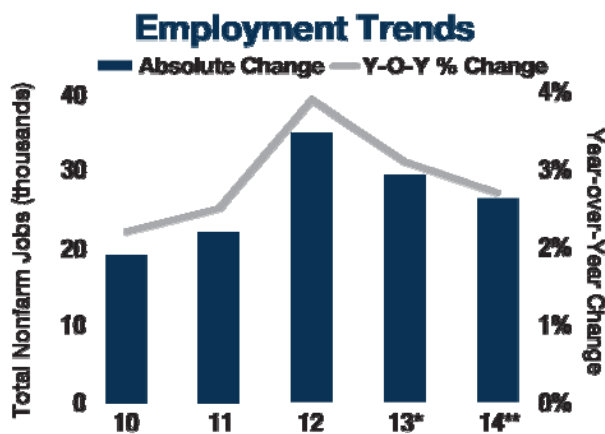


The information contained in the market overview comes from sources deemed to be reliable, however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. The most timely data available at time of production, including estimates and forecasts, were used and may be subject to revision.

SAN JOSE

New Development Pressures Vacancies, Restrains Rent Growth in Silicon Valley

Employment growth by technology firms will begin to level off this year, paving the way for more notable additions in other sectors. As lower-paying jobs are added and new developments provide greater options for top-end renters, the pace of rent growth will decelerate closer to the inflation rate. Some of the new jobs will be derived from development of Levi's Stadium, which will host the San Francisco 49ers during the 2014 season. Several nearby developments, including the mixed-use Santa Clara Centennial Gateway, could break ground by this summer, generating construction and subsequently retail and leisure and hospitality positions. Although more than 2,000 units are under construction in the North San Jose/Milpitas submarket, many of these new employees will be priced out of the area's Class A rental market. The disparity between housing needs and the composition of new supply will lift the vacancy rate in the coming months, encouraging operators to rein in rent hikes.



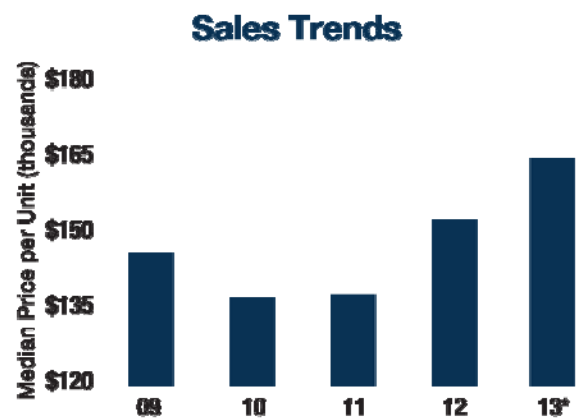
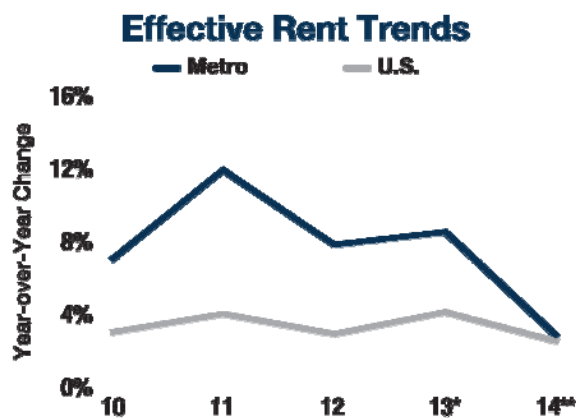
* Estimate. ** Forecast. Sources: CoStar Group, Inc., RCA

Investors' outlook on the San Jose market will remain bright during the first half of the year until lifting rents becomes more challenging. In ultra-tight submarkets, including Mountain View/Palo Alto and Santa Clara, investors with long-term hold strategies will pay high prices to secure assets. Class B properties in these areas typically change hands at a 5 percent pro-forma cap rate. The potential for higher interest rates and low first-year returns will bring cash buyers to the forefront of deals. Other buyers seeking value-add plays may find opportunities in the cities between Mountain View/Palo Alto and downtown San Jose. Older assets that have not been renovated in recent years could provide new owners strong returns after an initial capital investment to upgrade the apartments. However, buyers attempting this strategy will need to be cognizant of new development.

SAN JOSE

2014 Market Outlook

- 2014 NAI Rank: 8, Down 6 Places. A wave of construction will come online this year, dragging down San Jose eight positions in the ranking.
- Employment Forecast: Employment growth will ease to 2.7 percent in 2014 as 25,700 jobs are created. Last year, 28,800 positions were added.
- Construction Forecast: Developers will complete 3,800 units this year, expanding stock by 2.5 percent.
- Vacancy Forecast: After a 60-basis point decline in 2013, vacancy will inch up 50 basis points in 2014 to 3.6 percent.
- Rent Forecast: Effective rents will advance 2.9 percent to \$2,142 per month by year-end 2014, building on last year's gain of 8.6 percent.
- Investment Forecast: Plans for Apple's Campus 2 headquarters were approved at the end of 2013. The sprawling facility in Cupertino will boost apartment demand in the area.



* Estimate. ** Forecast. Sources: CoStar Group, Inc., RCA

DEMOGRAPHIC ANALYSIS

655 Mariposa Avenue

MOUNTAIN VIEW, CA

DEMOGRAPHIC REPORT

| | 1 Mile | 3 Miles | 5 Miles |
|------------------------------------|-----------|-----------|-----------|
| 2000 Population | 30,162 | 140,798 | 281,822 |
| 2010 Population | 31,536 | 147,430 | 302,547 |
| 2013 Population | 32,729 | 152,943 | 313,318 |
| 2018 Population | 33,338 | 156,410 | 320,832 |
| 2000 Households | 12,934 | 58,957 | 114,386 |
| 2010 Households | 13,174 | 60,137 | 117,790 |
| 2013 Households | 13,726 | 62,552 | 122,396 |
| 2018 Households | 13,917 | 63,620 | 124,967 |
| 2013 Average Household Size | 2.38 | 2.43 | 2.51 |
| 2013 Daytime Population | 11,960 | 79,569 | 166,642 |
| 2000 Median Housing Value | \$538,392 | \$778,469 | \$656,993 |
| 2000 Owner Occupied Housing Units | 36.63% | 49.56% | 51.01% |
| 2000 Renter Occupied Housing Units | 61.05% | 46.96% | 46.45% |
| 2000 Vacant | 3.25% | 3.49% | 3.01% |
| 2013 Owner Occupied Housing Units | 34.20% | 50.57% | 51.03% |
| 2013 Renter Occupied Housing Units | 65.80% | 49.43% | 48.97% |
| 2013 Vacant | 2.24% | 2.71% | 2.34% |
| 2018 Owner Occupied Housing Units | 34.31% | 50.58% | 50.80% |
| 2018 Renter Occupied Housing Units | 65.69% | 49.42% | 49.20% |
| 2018 Vacant | 2.25% | 2.86% | 2.42% |
| \$ 0 - \$14,999 | 8.0% | 5.9% | 6.3% |
| \$ 15,000 - \$24,999 | 8.2% | 5.4% | 5.3% |
| \$ 25,000 - \$34,999 | 5.9% | 5.4% | 5.5% |
| \$ 35,000 - \$49,999 | 8.7% | 7.7% | 7.8% |
| \$ 50,000 - \$74,999 | 12.9% | 11.9% | 11.7% |
| \$ 75,000 - \$99,999 | 13.1% | 11.6% | 11.7% |
| \$100,000 - \$124,999 | 11.8% | 12.1% | 11.8% |
| \$125,000 - \$149,999 | 7.6% | 9.3% | 9.2% |
| \$150,000 - \$199,999 | 9.8% | 11.5% | 11.3% |
| \$200,000 - \$249,999 | 5.8% | 7.5% | 7.5% |
| \$250,000 + | 8.3% | 11.8% | 11.8% |
| 2013 Median Household Income | \$86,920 | \$104,284 | \$103,452 |
| 2013 Per Capita Income | \$52,377 | \$61,216 | \$58,560 |
| 2013 Average Household Income | \$124,781 | \$149,481 | \$149,095 |

Demographic data © 2010 by Experian/Applied Geographic Solutions.

SUMMARY REPORT

Geography: 5 miles

Population

In 2013, the population in your selected geography was 313,318. The population has changed by 11.17% since 2000. It is estimated that the population in your area will be 320,832 five years from now, which represents a change of 2.39% from the current year. The current population is 50.1% male and 49.8% female. The median age of the population in your area is 37.5, compare this to the U.S. average which is 37. The population density in your area is 3,659.03 people per square mile.

Households

There are currently 122,396 households in your selected geography. The number of households has changed by 7.00% since 2000. It is estimated that the number of households in your area will be 124,967 five years from now, which represents a change of 2.10% from the current year. The average household size in your area is 2.50 persons.

Income

In 2013, the median household income for your selected geography is \$103,452, compare this to the U.S. average which is currently \$53,535. The median household income for your area has changed by 30.11% since 2000. It is estimated that the median household income in your area will be \$118,117 five years from now, which represents a change of 14.17% from the current year.

The current year per capita income in your area is \$58,560, compare this to the U.S. average, which is \$28,888. The current year average household income in your area is \$149,095, compare this to the U.S. average which is \$75,373.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 52.82% White, 2.18% African American, 0.38% Native American and 33.19% Asian/Pacific Islander. Compare these to U.S. averages which are: 72.20% White, 12.65% African American, 0.96% Native American and 5.01% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 15.58% of the current year population in your selected area. Compare this to the U.S. average of 16.55%.

Housing

The median housing value in your area was \$656,993 in 2000, compare this to the U.S. average of \$110,781 for the same year. In 2000, there were 60,136 owner occupied housing units in your area and there were 54,770 renter occupied housing units in your area. The median rent at the time was \$1,194.

Employment

In 2013, there are 166,642 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 83.1% of employees are employed in white-collar occupations in this geography, and 16.8% are employed in blue-collar occupations. In 2013, unemployment in this area is 3.39%. In 2000, the median time traveled to work was 20.2 minutes.

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POPULATION DENSITY



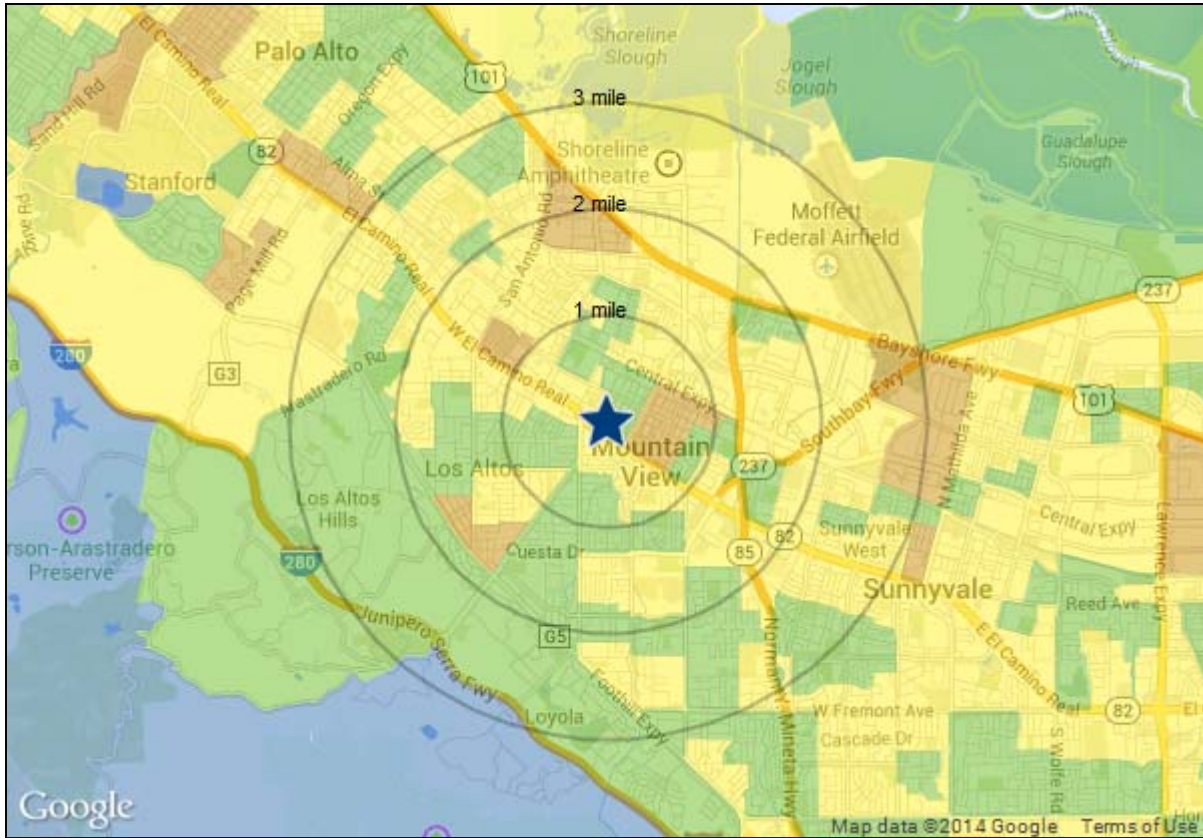
Demographic data © 2012 by Experian.

Population Density

| Theme | Low | High |
|---------------|-----------|---------|
| Low | less than | 55 |
| Below Average | 55 | 475 |
| Average | 475 | 4100 |
| Above Average | 4100 | 35000 |
| High | 35000 | or more |

Number of people living in a given area per square mile.

EMPLOYMENT DENSITY



Demographic data © 2012 by Experian.

Employment Density

| Theme | Low | High |
|---------------|-------------|---------|
| Low | less than 9 | 9 |
| Below Average | 9 | 96 |
| Average | 96 | 1025 |
| Above Average | 1025 | 10875 |
| High | 10875 | or more |

The number of people employed in a given area per square mile.

AVERAGE HOUSEHOLD INCOME



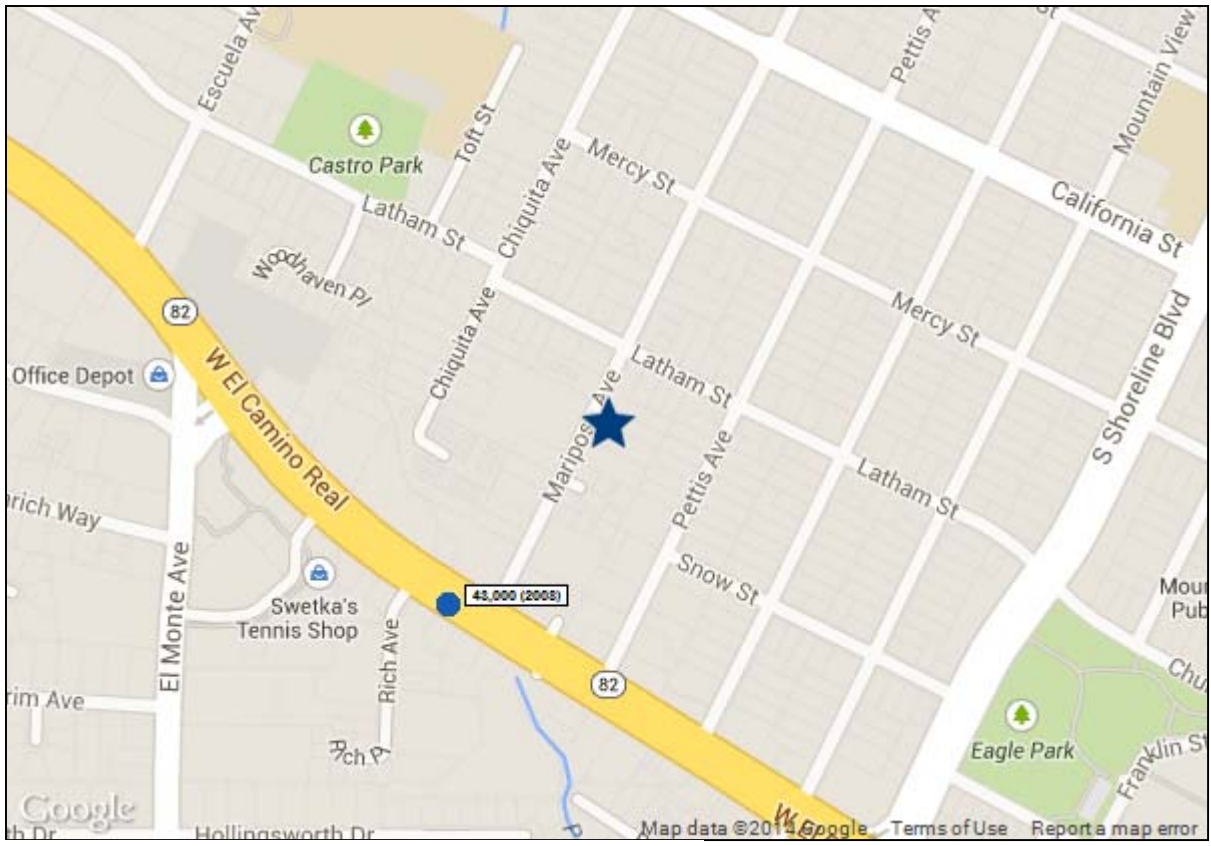
Demographic data © 2012 by Experian.

Average Household Income

| Theme | Low | High |
|---------------|-----------|-----------|
| Low | less than | \$29,500 |
| Below Average | \$29,500 | \$48,500 |
| Average | \$48,500 | \$80,000 |
| Above Average | \$80,000 | \$132,500 |
| High | \$132,500 | or more |

Average income of all the people 15 years and older occupying a single housing unit.

TRAFFIC COUNTS



Traffic Count data © 2012 by TrafficMetrix. All rights reserved.

Two-way, average daily traffic volumes.

* Traffic Count Estimate



655 Mariposa Avenue

MOUNTAIN VIEW, CA

OFFERING MEMORANDUM