

PREAKNESS I & II

LEXINGTON, KY

Marcus & Millichap
Real Estate Investment Services



OFFERING MEMORANDUM

PREAKNESS I & II

LEXINGTON, KY

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PREAKNESS I & II
LEXINGTON, KY



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SECTION TWO

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PREAKNESS I & II

LEXINGTON, KY

PREAKNESS I & II

LEXINGTON, KY

Investment Overview



PROPERTY DESCRIPTION

INVESTMENT HIGHLIGHTS

Individual Heat Pumps at Preakness I

New Boiler system at Preakness II

*Preakness I - 85% Occupancy;
Preakness II - 100% Occupancy*

Newer Central Water Heaters at Preakness II & Individual Water Heaters at Preakness I

Easy Commute to Downtown

Added Value through Rental rate Increases

Excellent Location; High Visibility

Marcus & Millichap is pleased to present Preakness I & II Apartments, a total of 222 unit apartment complex located on Versailles Road, a major artery of Lexington, KY. This property is located just 2 miles from downtown Lexington, 1.5 miles from the University of Kentucky, and 3.5 miles from Keeneland Horse Track.

Preakness I was built between 1968 and 1972 and includes 130 of the 222 units. The 130 units include (33) 1 Bed / 1 bath, (96) 2 Bed / 1 Bath, and (1) 3 Bed / 1 Bath. Each unit is equipped with a dishwasher, ceiling fans, individual heat pump and water heater, and sub-meter electric. The tenant is responsible for heat, air conditioning, and electric. The owner pays cold water. Preakness I also provided tenants with a on-site pool and newly remodeled laundry facility & clubhouse.

Preakness I is 2.5 story construction with brick exterior and mansard roofs. All the foundations are contract slab and block.

Preakness II includes the remaining 92 units and offers three different one bedroom and two bedroom unit styles, separated among seven buildings. The first unit-style consists of twenty-four (24) "all-electric" (heat supply), 1 Bed / 1 Bath units. The tenant is responsible for paying the electric expense which supplies all heating and air conditioning for these units. The second and third unit styles operate on a gas-supplied, boiler/chiller heating and air conditioning system. The owner is responsible for the gas expense supplying both the heat and air conditioning as well as the individual unit's electric expense. These unit's include: thirty-six(36) 1 Bed / 1 Bath and thirty-two (32) 2 Bed / 1 Bath units. All water expenses are paid for by the owner.

Preakness II was constructed in 1970 with the exterior of the buildings being of brick veneer construction and gabled roofs. All the foundations are of concrete slab and block construction.

Preakness I is in the final stages of repositioning and a new investor is provided with the opportunity of decreasing loss to lease and pushing rents. Preakness II has a strong occupancy history and provides an investor with the opportunity to add value to an already stabilized asset by: decreasing loss to lease, increasing rental rates, and by "passing back" utility expenses via the use of a RUBS company or mechanical sub metering.

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PREAKNESS I & II

LEXINGTON, KY

Property Summary



PROPERTY DESCRIPTION

THE OFFERING

Property	Preakness I & II
Property Address	1718 Versailles Road Lexington, KY 40504
Assessor's Parcel Number	14874500-14874475
Zoning	R-3-Low Density Apartments

SITE DESCRIPTION

Number of Units	222
Number of Buildings	19
Number of Stories	2.5
Rentable Square Feet	187,600
Lot Size	5
Type of Ownership	Fee Simple
Parking	Off-Street Parking Lot(s)
Parking Ratio	3.5 spaces/unit
Landscaping	Grass, Trees, Mature Shrubs
Topography	Predominately Flat, Slightly Sloping

UTILITIES

Water	City - Owner Paid
Electric	Kentucky Utilities Co.
Gas	Columbia Gas

CONSTRUCTION

Foundation	Concrete Slab and Block
Framing	Wooden Stud
Exterior	Brick Veneer
Parking Surface	Asphalt
Roof	Asphalt Composite Shingle, Rubber

MECHANICAL

HVAC	Boiler/Chiller Sys & Heat Pumps Sys
Wiring	Copper Wiring
Fire Protection	Smoke Alarm

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PREAKNESS I & II

LEXINGTON, KY

Preakness I Amenities



COMMON AREA AMENITIES

Pool & Clubhouse

Off-Street Parking

On-Site Laundry Facility

PROPERTY DESCRIPTION

UNIT AMENITIES

Tenant Paid Heat & A/C

Dishwashers

Walk-In Closets

Ceiling Fans



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PREAKNESS I & II

LEXINGTON, KY

Preakness II Amenities



COMMON AREA AMENITIES

On-Sight Laundry Facility

Off-Street Parking

Vending Machine

PROPERTY DESCRIPTION

UNIT AMENITIES

Patios/Balconies

Dishwashers in Two Bedroom Units

Walk-In Closets

Ceiling Fans



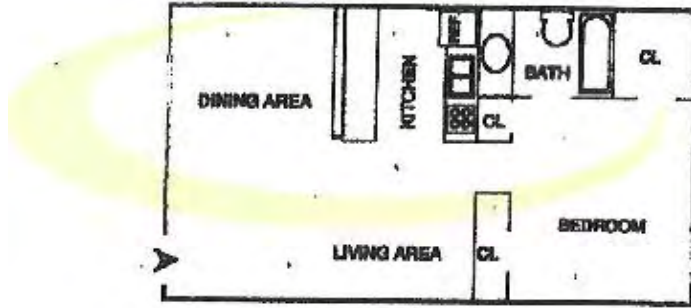
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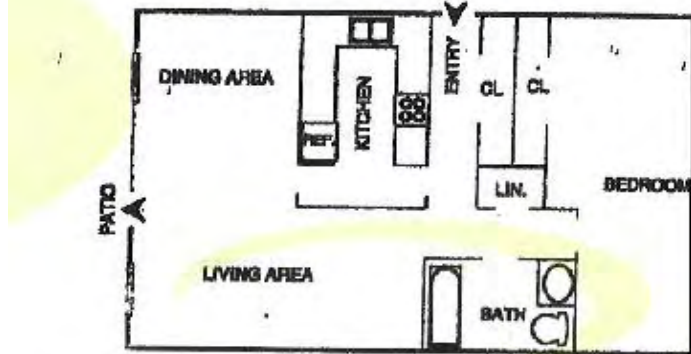
Preakness II Floor Plans

Preakness II

One Bedroom



Deluxe One Bed-



Deluxe Two Bed-



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PREAKNESS I & II

LEXINGTON, KY

Preakness I Photos



PROPERTY DESCRIPTION

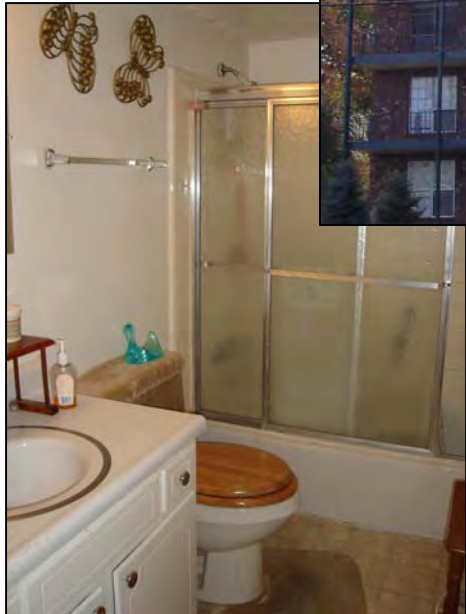
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PREAKNESS I & II
LEXINGTON, KY

Preakness II Photos

PROPERTY DESCRIPTION



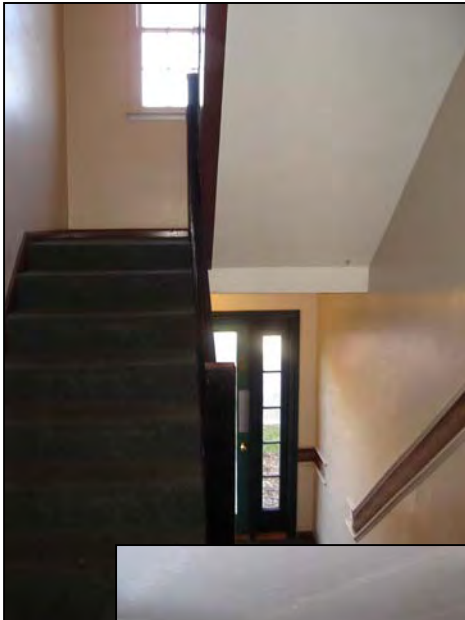
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PREAKNESS I & II
LEXINGTON, KY

Preakness II Photos

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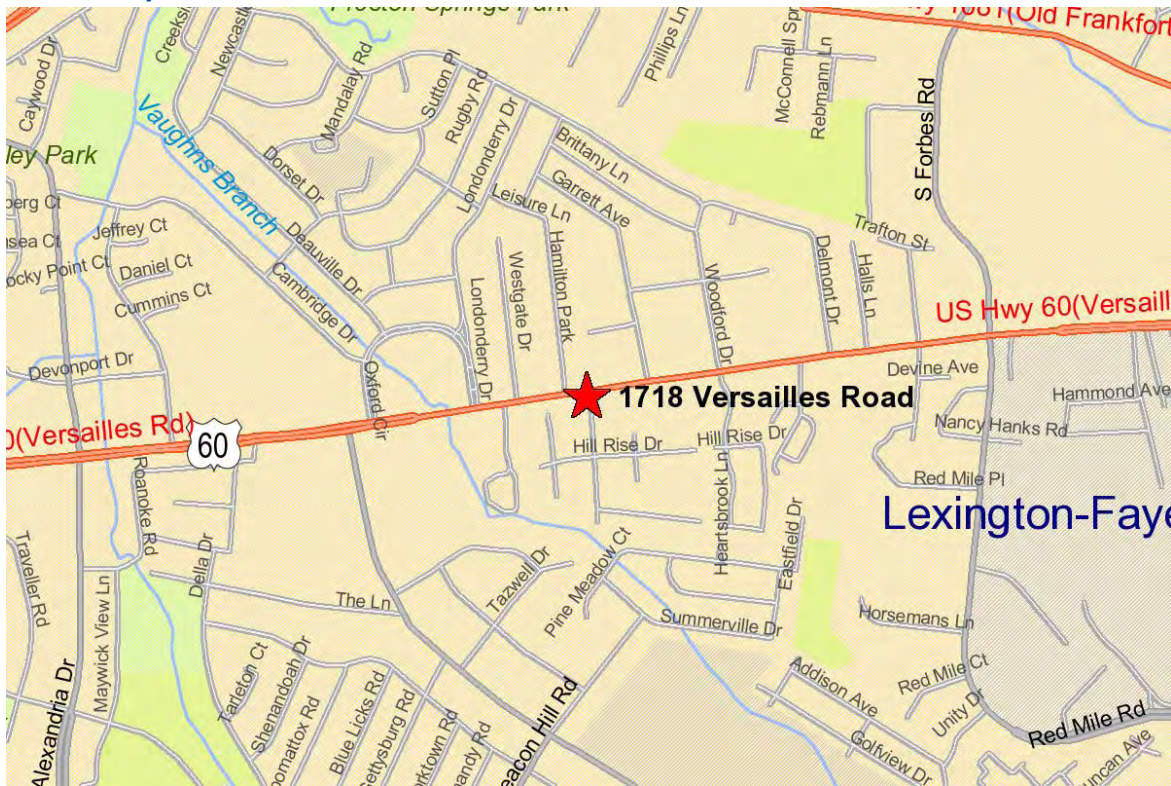
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PREAKNESS I & II

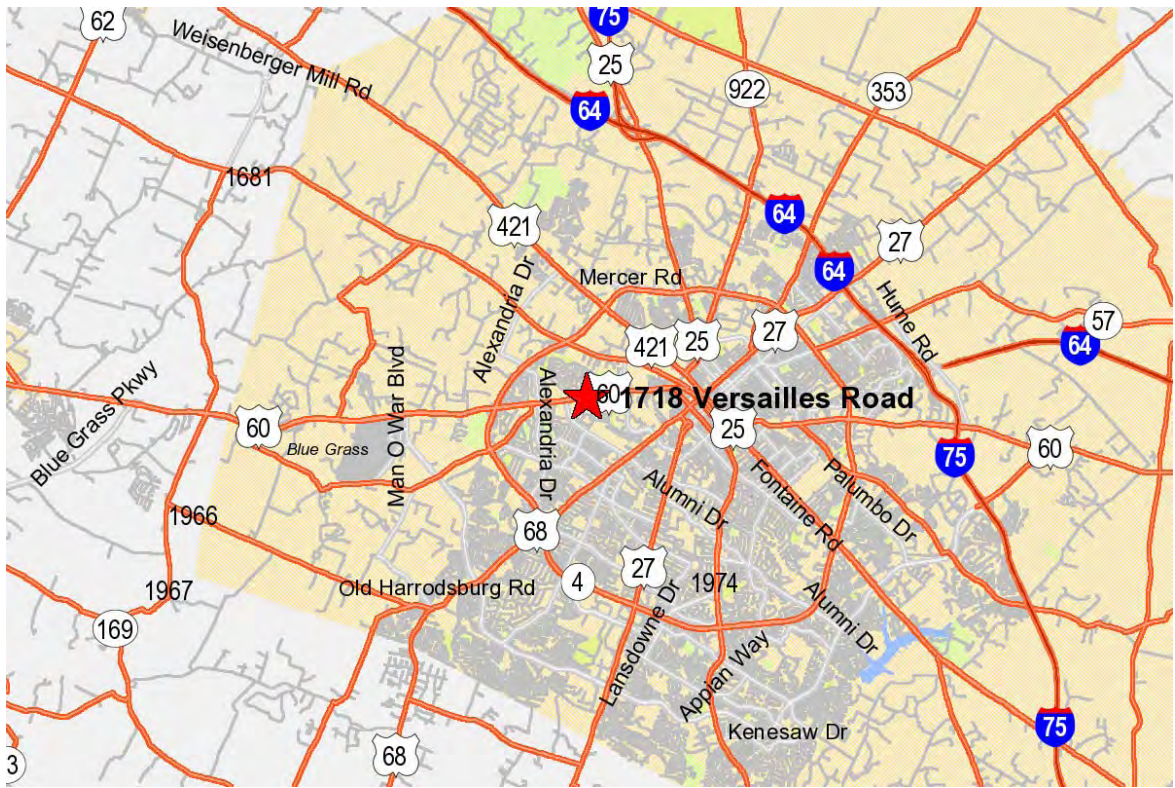
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PROPERTY DESCRIPTION

Area Maps



LOCAL MAP



REGIONAL MAP

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Site Photo

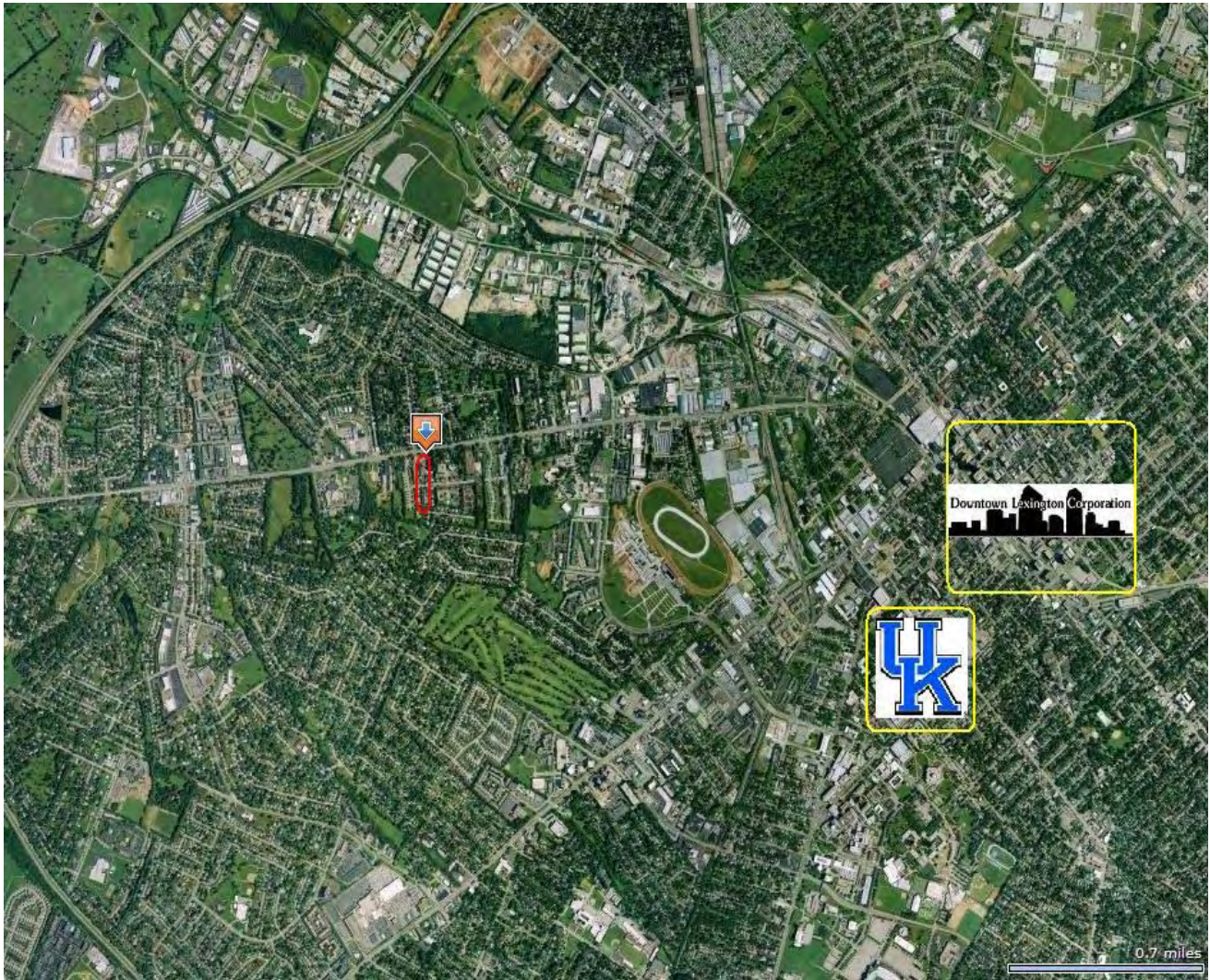


**** Preakness I (Red Outline) & Preakness II (Yellow Outline) ****

PREAKNESS I & II
LEXINGTON, KY

Area Photo

PROPERTY DESCRIPTION



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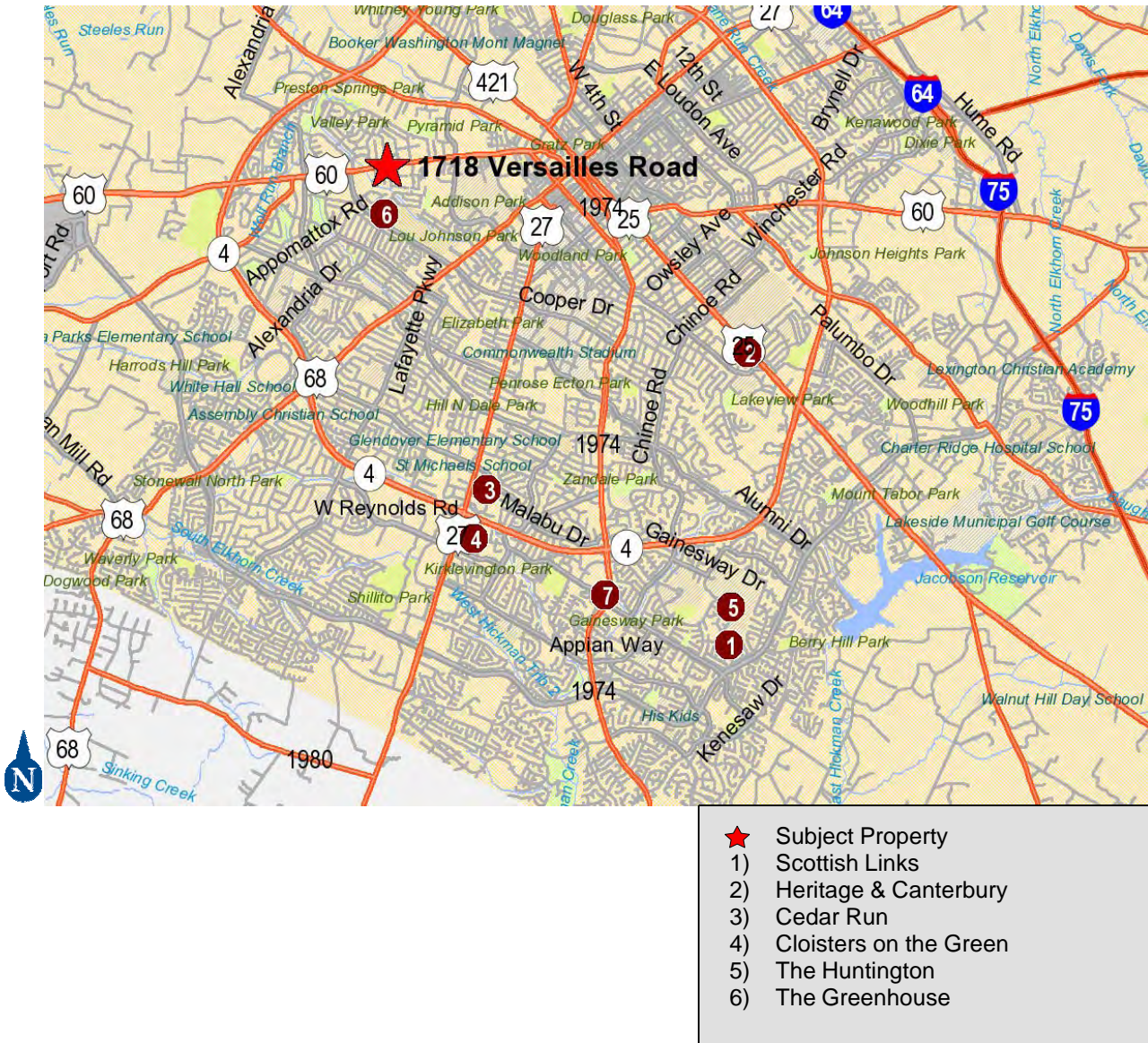
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PREAKNESS I & II

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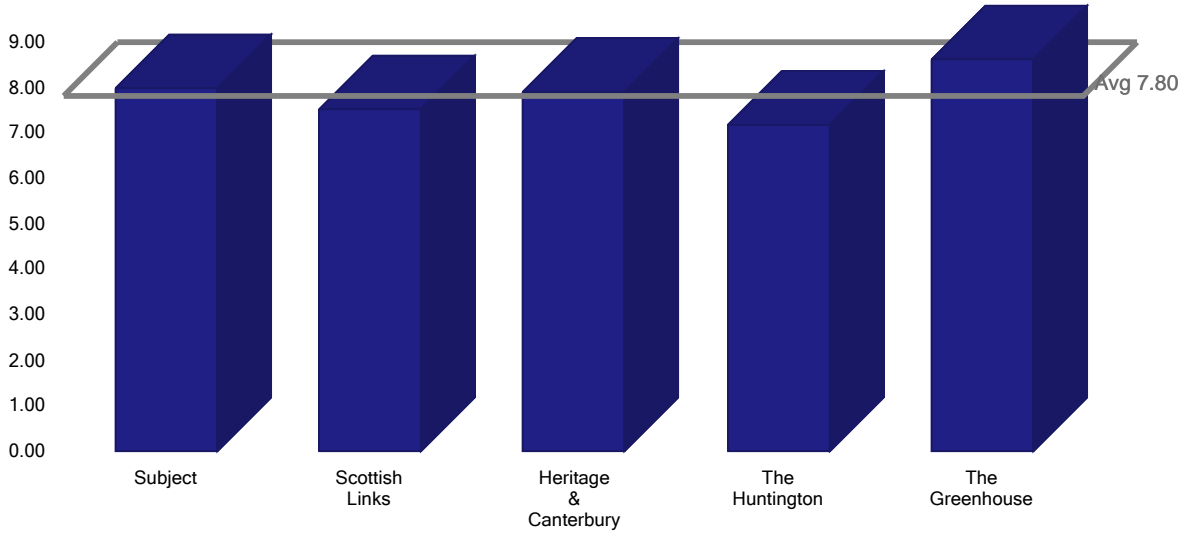
Recent Sales Map



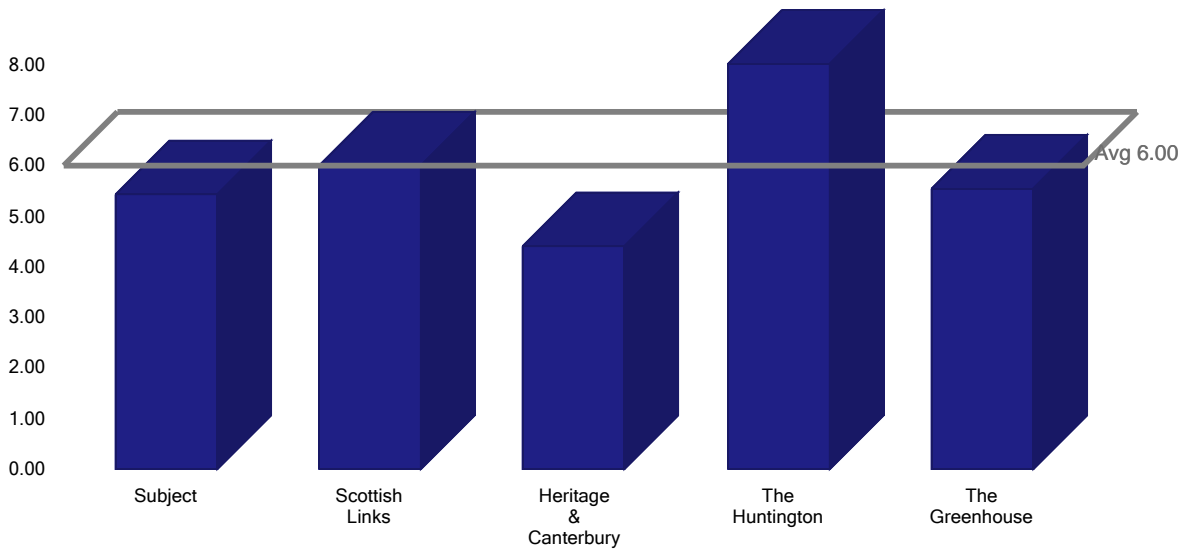
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CAP Rate & GRM
AVERAGE CAP RATE



AVERAGE GRM



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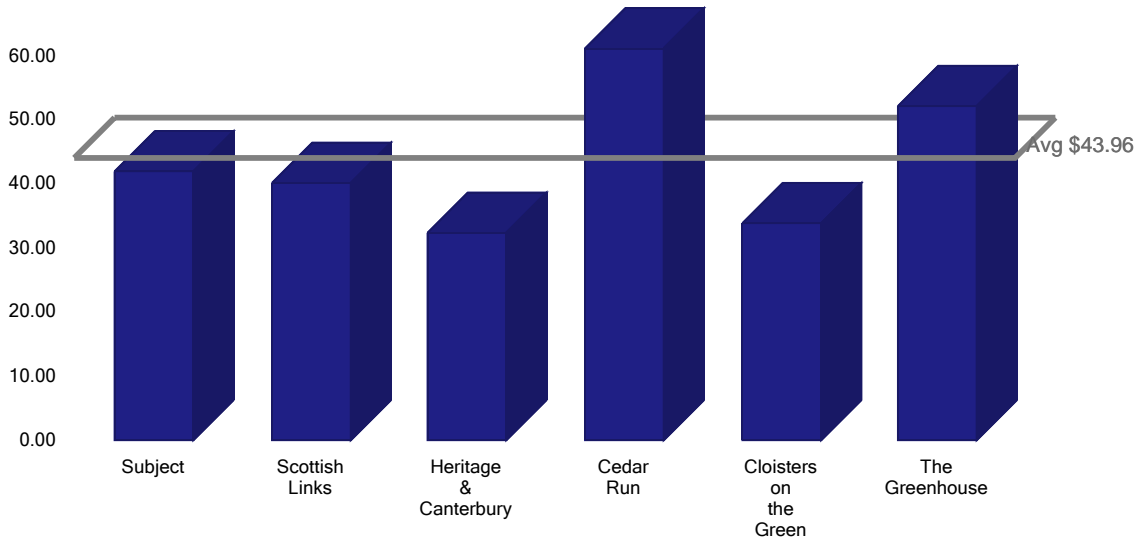
PREAKNESS I & II

LEXINGTON, KY

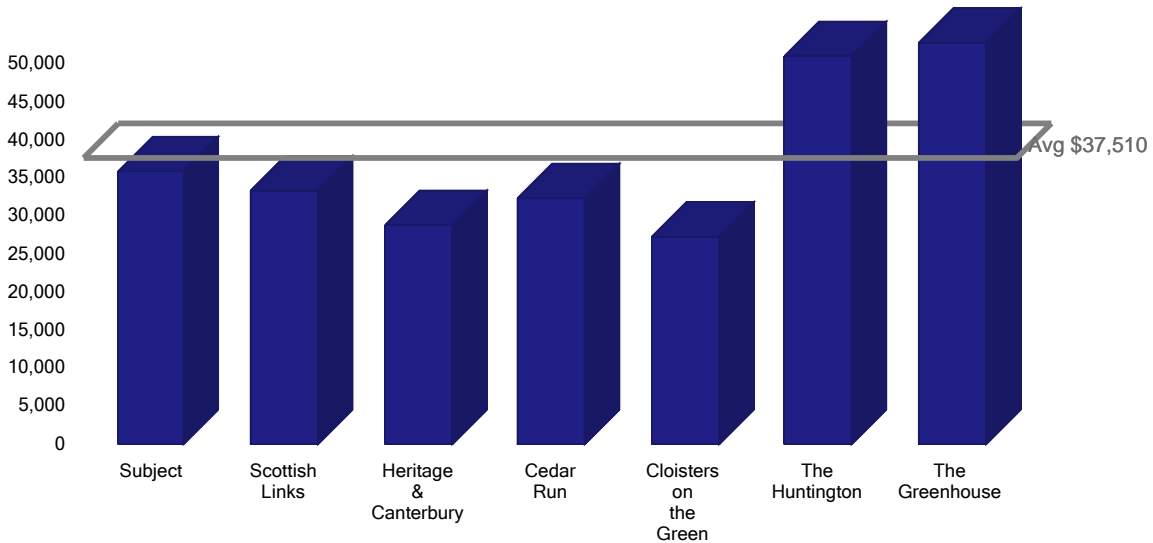
Price/SF & Price/Unit

AVERAGE PRICE/SF

RECENT SALES



AVERAGE PRICE/UNIT



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PREAKNESS I & II

LEXINGTON, KY

Recent Sales



SUBJECT PROPERTY

PREAKNESS I & II

1718 Versailles Road
Lexington, KY 40504

No. of Units:	222	No. of Units	Unit Type
Year Built:		33	1 Bdr 1 Bath I
Sale Price:	\$7,940,000	24	1 Bdr 1 Bath II
Price/Unit:	\$35,766	36	1 Bdr 1 Bath Deluxe
Price/SF:	\$42.32	96	2 Bdr 1 Bath I
CAP Rate:	8.00%	32	2 Bdr 1 Bath II
GRM:	5.42	1	3 Bdr 2 Bath

RECENT SALES

1



Close of Escrow 8/13/2007

SCOTTISH LINKS

3640 Bold Bidder Drive
Lexington, KY 40517

No. of Units:	124	No. of Units	Unit Type
Year Built:	1979	24	Studio 1 Bath Flat
Sale Price:	\$4,125,000	64	1 Bdr 1 Bath Flat
Price/Unit:	\$33,266	36	2 Bdr 1 Bath Flat
Price/SF:	\$40.05		
CAP Rate:	7.50%		
GRM:	5.99		

2



Close of Escrow 9/16/2007

HERITAGE & CANTERBURY

100 Lakeshore Drive
Lexington, KY 40502

No. of Units:	244	No. of Units	Unit Type
Year Built:	1970	64	1 Bdr 1 Bath Flat
Sale Price:	\$7,010,000	16	1 Bdr 1 Bath Flat
Price/Unit:	\$28,730	148	2 Bdr 1 Bath Flat
Price/SF:	\$32.36	16	3 Bdr 1 Bath Flat
CAP Rate:	7.90%		
GRM:	4.40		

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PREAKNESS I & II

LEXINGTON, KY

Recent Sales

3



Close of Escrow 2/27/2007

CEDAR RUN

3200 Loch Ness Drive
Lexington, KY 40517

No. of Units:	152	No. of Units	Unit Type
Year Built:	1976	96	1 Bdr 1 Bath Flat
Sale Price:	\$4,900,000	56	2 Bdr 1 Bath Flat
Price/Unit:	\$32,237		
Price/SF:	\$61.25		
CAP Rate:	N/A		
GRM:	N/A		

4



Close of Escrow 8/27/2007

CLOISTERS ON THE GREEN

3501 Pimlico Pky
Lexington, KY 40517

No. of Units:	228	No. of	Unit Type
Year Built:	1972	60	1 Bdr 1 Bath Flat
Sale Price:	\$6,196,838	132	2 Bdr 2 Bath Flat
Price/Unit:	\$27,179	36	3 Bdr 2 Bath Flat
Price/SF:	\$33.97		
CAP Rate:	N/A		
GRM:	N/A		

5



Close of Escrow 6/8/2007

THE HUNTINGTON

951 Red Mile Rrd
Lexington, KY 40504

No. of Units:	132	No. of Units	Unit Type
Year Built:	1985		1 Bdr 1 Bath Flat
Sale Price:	\$6,715,000		2 Bdr 1 Bath Flat
Price/Unit:	\$50,871		
Price/SF:	N/A		
CAP Rate:	7.20%		
GRM:	8.04		

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PREAKNESS I & II

LEXINGTON, KY

Recent Sales

6



Close of Escrow 1/31/2007

THE GREENHOUSE

3543 Tates Creek Rd
Lexington, KY 40517

No. of Units: 180
Year Built: 1977
Sale Price: \$9,500,000
Price/Unit: \$52,778
Price/SF: \$52.16
CAP Rate: 8.60%
GRM: 5.57

No. of Units Unit Type

RECENT SALES

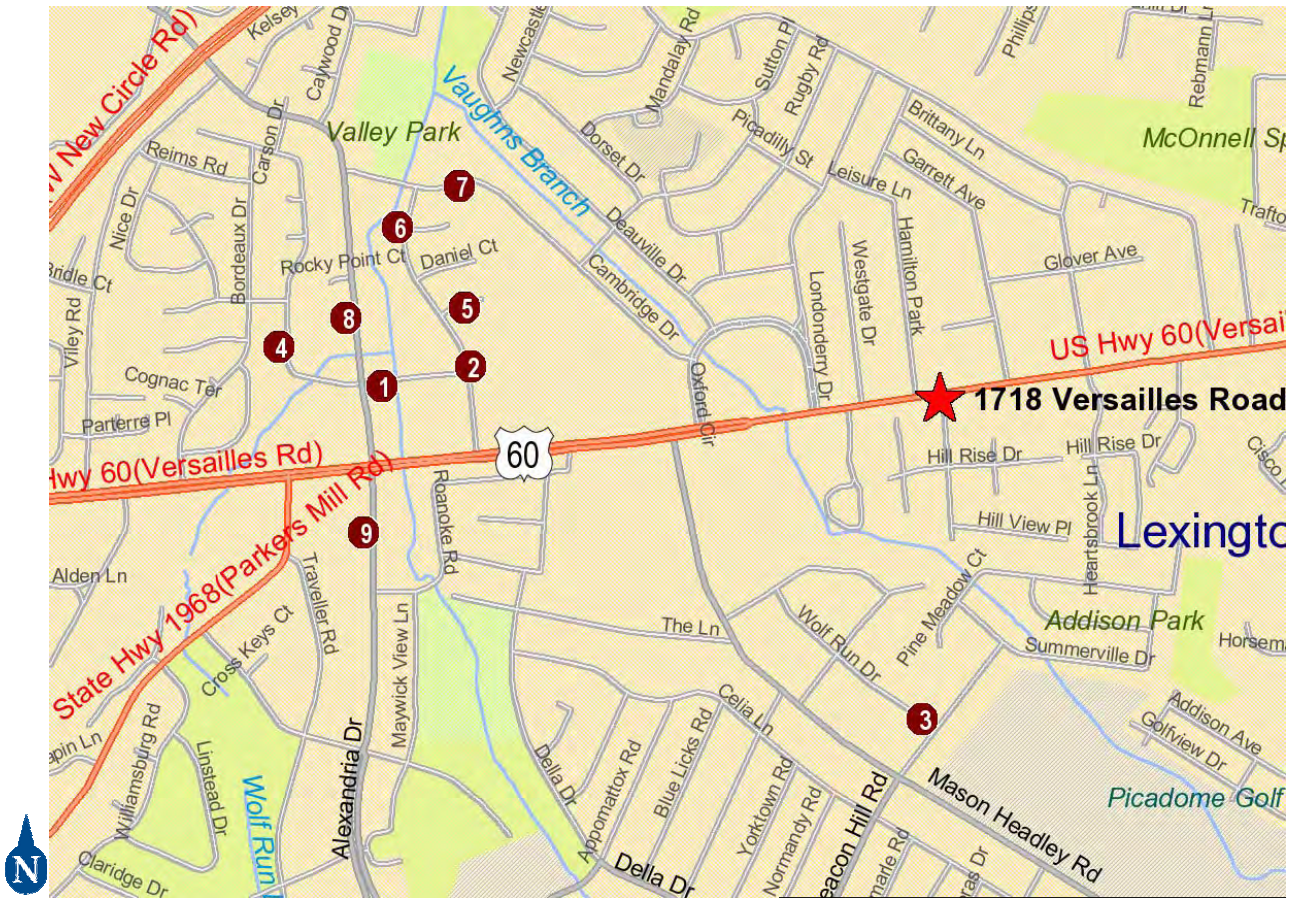
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PREAKNESS I & II

LEXINGTON, KY

Rent Comparables Map



- ★ Subject Property
- 1) Creekside South
- 2) Village Square
- 3) Creekside North
- 4) Country Lane
- 5) Bradford
- 6) Stonebridge
- 7) Cambridge Place
- 8) Crystal Springs
- 9) Woodbridge

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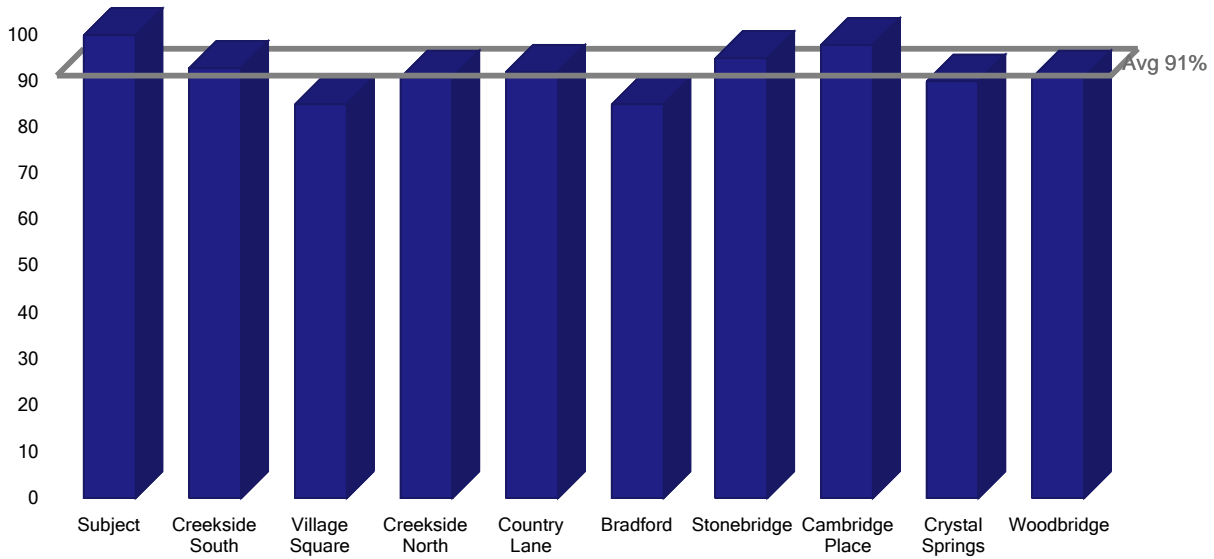
PREAKNESS I & II

LEXINGTON, KY

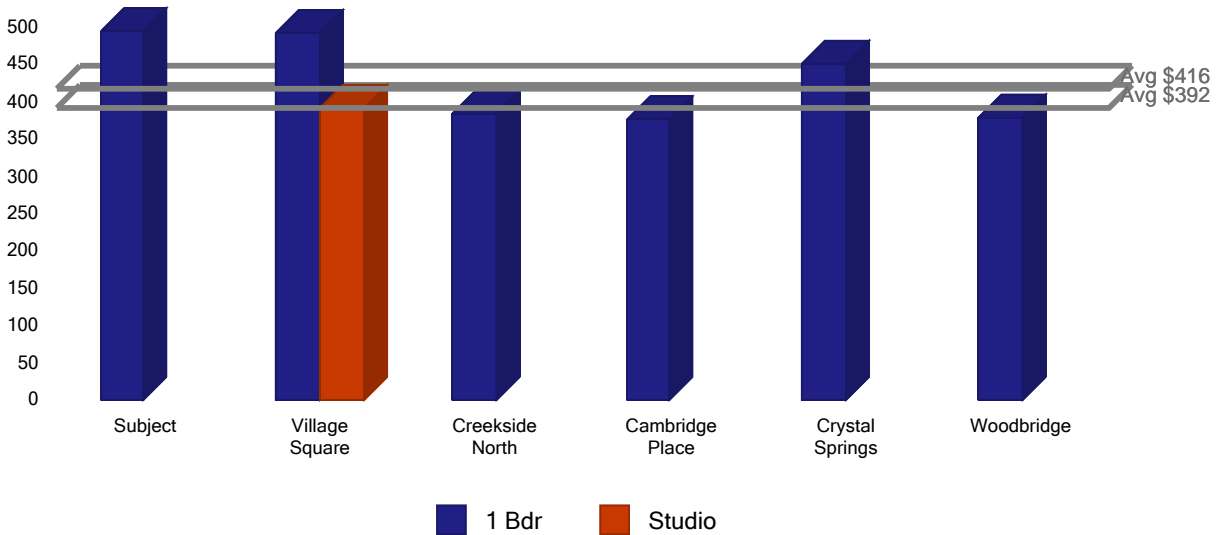
RENT COMPARABLES

Occupancy & Average Rents

AVERAGE OCCUPANCY



AVERAGE RENTS - STUDIO & 1 BEDROOM



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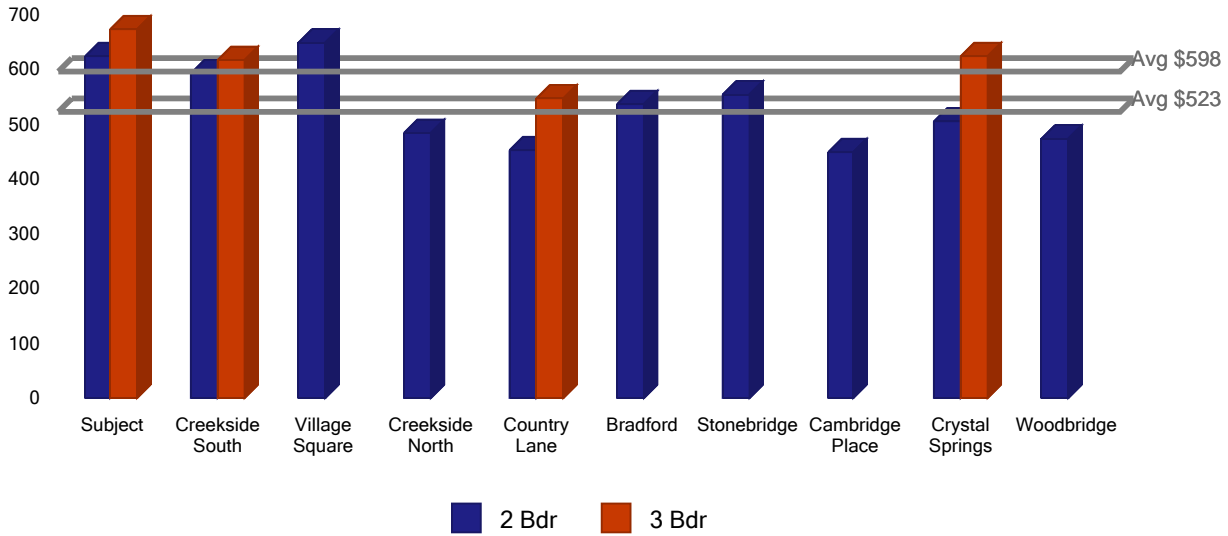
PREAKNESS I & II

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Average Rents

AVERAGE RENTS - 2 & 3 BEDROOMS

RENT COMPARABLES



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PREAKNESS I & II

LEXINGTON, KY

Rent Comparables



SUBJECT PROPERTY

No. of Units: 222
 Occupancy: 100%
 Year Built:

PREAKNESS I & II

1718 Versailles Road
 Lexington, KY 40504

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath I	33	550	\$520	\$0.95
1 Bdr 1 Bath II	24	600	\$435	\$0.73
1 Bdr 1 Bath Deluxe	36	850	\$535	\$0.63
2 Bdr 1 Bath I	96	950	\$620	\$0.65
2 Bdr 1 Bath II	32	1,000	\$635	\$0.64
3 Bdr 2 Bath	1	1,250	\$675	\$0.54
Total/Wtd. Avg.	222	187,600	\$570	\$0.68

RENT COMPARABLES

1



No. of Units: 96
 Occupancy: 93%
 Year Built: 1970

COMMENTS

Tenant Paid Utilities, Except Water

CREEKSIDE SOUTH

2220 Devonport Drive
 Lexington, KY 40504

Unit Type	No. of Units	SF	Rent	Rent/SF
2 Bdr 1.5 Bath Flat	74	850	\$595	\$0.70
3 Bdr 2 Bath Flat	22	1,100	\$620	\$0.56
Total/Wtd. Avg.	96	87,100	\$607	\$0.63

2



No. of Units: 120
 Occupancy: 85%
 Year Built: 1964

COMMENTS

Utilities Included.

VILLAGE SQUARE

1346 Village Drive
 Lexington, KY 40504

Unit Type	No. of Units	SF	Rent	Rent/SF
Studio 1 Bath Flat	48	400	\$375 - \$410	\$0.98
1 Bdr 1 Bath Flat		500 - 800	\$425 - \$560	\$0.76
2 Bdr 1 Bath Flat		845 - 890	\$650	\$0.75
Total/ Avg.	48		\$511	\$0.83

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LEXINGTON, KY

Rent Comparables



3

CREEKSIDE NORTH
2223 Devonport Drvie
Lexington, KY 40504

Unit Type	No. of Units	Rent
1 Bdr 1 Bath Flat	96	\$375 - \$395
2 Bdr 2 Bath Flat	56	\$475 - \$495

No. of Units: 152
Occupancy: 91%
Year Built: 1968

COMMENTS

Tenant Paid Utilities.

Total/ Avg.	152	\$435
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4

COUNTRY LANE
1329 Devonoport Drive
Lexington, KY 40504

Unit Type	No. of Units	SF	Rent	Rent/SF
2 Bdr 1 Bath Flat	48	770	\$450 - \$460	\$0.59
3 Bdr 2 Bath Flat	32	943	\$540 - \$560	\$0.58

No. of Units: 80
Occupancy: 92%
Year Built: 1969

COMMENTS

Tenant Paid Heat (Electric). Owner Paid Water.

Total/ Avg.	80	\$502	\$0.59
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5

BRADFORD
2034 Cummins Court
Lexington, KY 40504

Unit Type	No. of Units	SF	Rent	Rent/SF
2 Bdr 1 Bath Flat	50	850 - 900	\$525 - \$550	\$0.61

No. of Units: 50
Occupancy: 85%
Year Built: 1970

COMMENTS

Utilities Included

Total/ Avg.	50	\$537	\$0.61
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PREAKNESS I & II

LEXINGTON, KY

Rent Comparables



6

STONEBRIDGE
1261 Village Drive
Lexington, KY 40504

Unit Type	No. of Units	SF	Rent	Rent/SF
2 Bdr 1 Bath Flat	113	750	\$490 - \$620	\$0.74

No. of Units: 132
Occupancy: 95%
Year Built: 1970

Total/ Avg.	113		\$555	\$0.74
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COMMENTS

Tenant/Owner Paid Utilities. Utilities can be include into the rent.



7

CAMBRIDGE PLACE
2020 Cambridge Drive
Lexington, KY 40504

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	48	690	\$375	\$0.54
2 Bdr 1 Bath Flat	72	980	\$450	\$0.46

No. of Units: 120
Occupancy: 98%
Year Built: 1978

Total/Wtd. Avg.	120		\$412	\$0.50
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COMMENTS

Tenants Pay Electric. All Electric Units.



8

CRYSTAL SPRINGS
1321 Alexandria Drive
Lexington, KY 40504

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	16	650	\$450	\$0.69
2 Bdr 1 Bath Flat	72	890	\$505	\$0.57
3 Bdr 1 Bath Flat	16	980	\$625	\$0.64

No. of Units: 104
Occupancy: 90%
Year Built: 1969

Total/Wtd. Avg.	104		\$526	\$0.63
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COMMENTS

Owner Paid Utilities

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PREAKNESS I & II

LEXINGTON, KY

Rent Comparables

RENT COMPARABLES



WOODBIDGE

1553 Alexandria Drive
Lexington, KY 40504

Unit Type	No. of Units	SF	Rent	Rent/SF
1 Bdr 1 Bath Flat	60	750	\$380	\$0.51
2 Bdr 1 Bath Flat	61	925	\$475	\$0.51

No. of Units	121
Occupancy:	91%
Year Built:	1964

Total/Wtd. Avg.	121		\$427	\$0.51
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COMMENTS

Tenant Paid Utilities.

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PREAKNESS I & II

LEXINGTON, KY

Market Overview

ApartmentResearch

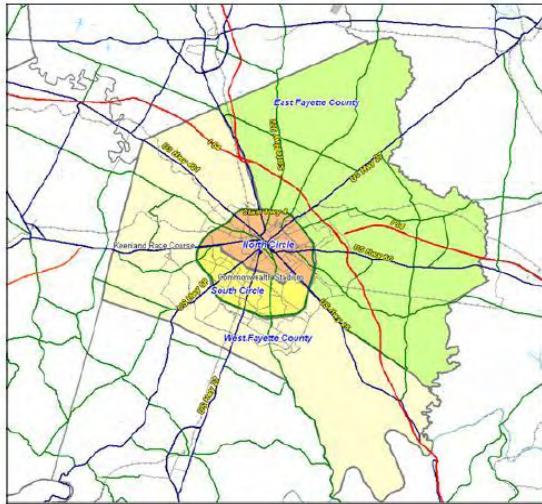
MARKET REPORT



Lexington, KY

Third Quarter 2007

Submarket Map



Market Facts

	Metro
Population	511,267
Avg. Annual Five-Year Chg.*	1.0%
Total Households	205,348
Avg. Annual Five-Year HH Chg.*	1.1%
Median Household Income	\$44,225
Median Age	35.2
Employment	255,317
Vacancy Rate (2Q 07)**	8.3%
Avg. Asking Rent (2Q 07)**	\$606

Submarket Vacancy Ranking

Submarket	2Q 07** Vacancy	2Q 07** Ask. Rent
North Circle	6.8%	\$553
West Fayette County	8.2%	\$665
South Circle	9.1%	\$582
East Fayette County	9.3%	\$573

Market Highlights

The Lexington market, which is part of Fayette County, is located in central Kentucky and is the second largest city in the state. It is home to approximately 511,267 residents, with a population density of 265 people per square mile. Of the 205,348 households in Lexington, 37 percent are renter-occupied. Twenty-one percent of Lexington's population has a bachelor's degree, and 13 percent have earned a graduate degree; however, the median household income in Lexington is \$44,225 per year, Below the U.S. average of \$48,271. Interstates 64 and 75 pass through the eastern part of the market, providing direct links to other nearby metro areas, such as Cincinnati and Louisville. The SR-4 Loop, which surrounds downtown Lexington, has helped to improve accessibility to other parts of the market. Some of the more prominent employers in the market include Lexmark International, the University of Kentucky, Jif and Amazon.com, Inc. Lexington is known as the "Horse Capital of the World" and has been selected as the location for the 2010 World Equestrian Games.

* 2006 to 2011
** 2Q Estimate

Christopher Lind
Research Associate

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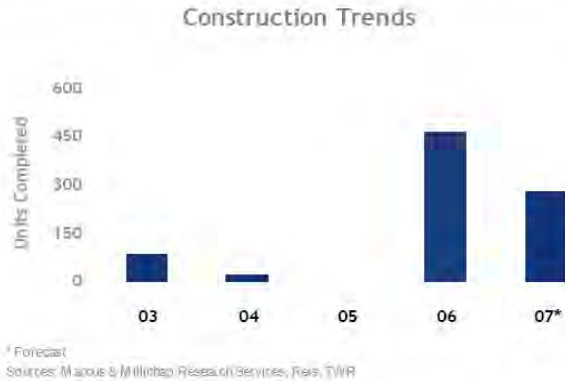
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Market Overview

Lexington, KY

Apartment Submarket Report
Third Quarter 2007

Construction Trends



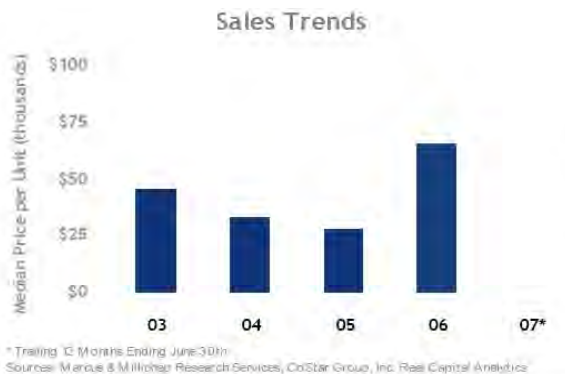
- Apartment development in Lexington has been minimal over the past few years, as developers have concentrated on for-sale housing. Recently, however, developers have ramped up construction efforts.
- The 96-unit Wyndemere apartment complex was completed in the second quarter of this year, and Gleneagle Apartments is scheduled to bring an additional 184 units to market in the third quarter.
- Currently, Lexington has very minimal activity in the planning stages. The majority of planned projects are either subsidized housing or for-sale units.

Rent and Vacancy Trends



- With a lack of units being added to inventory, vacancy has steadily declined over the past few years, sliding 60 basis points between 2003 and 2006.
- Even with the addition of over 450 units to inventory in 2006, vacancy remained constant at 8.3 percent last year; however, an increase of 30 basis points is forecast for the second quarter of 2007.
- Asking rents have steadily increased, averaging around one percent per year. In 2006, asking rents advanced 1.3 percent to \$605 per month and is forecast to increase 1.5 percent in the second quarter.

Sales Trends



- Transaction velocity of sales over \$5 million has fluctuated over the last several years, increasing 100 percent in 2006 on light deal volume.
- Overall, sales velocity has fluctuated over the last several years, ranging from one to seven sales per year.
- There has been only one sale reported thus far in 2007. The 332-unit Newtown Crossing complex was purchased for \$45,762,162, with an average price of \$137,838 per unit.

Christopher Lind
Research Associate

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Source: Marcus & Millichap Research Services, BOC, CoStar Group Inc., RCA, Reis, ERC, TWR
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Research Associate

www.MarcusMillichap.com



PREAKNESS I & II

LEXINGTON, KY

PREAKNESS I & II

LEXINGTON, KY

Demographic Report

	1 Miles:	3 Miles:	5 Miles:
Population			
1990 Population	12,607	74,878	159,086
2000 Population	13,930	76,877	168,894
2006 Population	14,502	79,338	172,916
2011 Population	14,962	81,202	176,085
Households			
1990 Households	5,348	30,033	63,786
2000 Households	5,888	31,942	71,022
2006 Households	6,130	32,930	72,813
2011 Households	6,335	33,730	74,313
2006 Average Household Size	2.28	2.14	2.22
Employment			
2006 Daytime Population	6,893	80,515	133,814
Summary Housing Information			
1990 Median Housing Value	\$65,863	\$68,263	\$73,613
2000 Median Housing Value	\$88,404	\$96,532	\$106,077
2000 Owner Occupied Housing Units	36.9%	42.3%	49.7%
2000 Renter Occupied Housing Units	57.1%	49.8%	43.4%
2000 Vacant	5.98%	7.88%	6.94%
2006 Owner Occupied Housing Units	32.9%	38.0%	44.9%
2006 Renter Occupied Housing Units	54.4%	47.6%	41.6%
2006 Vacant	12.71%	14.45%	13.59%
2011 Owner Occupied Housing Units	30.2%	35.1%	41.6%
2011 Renter Occupied Housing Units	52.4%	45.9%	40.2%
2011 Vacant	17.33%	18.97%	18.16%
2006 Households by Income			
\$ 0 - \$ 14,999	24.7%	23.8%	18.2%
\$ 15,000 - \$24,999	15.4%	16.1%	13.7%
\$ 25,000 - \$34,999	16.8%	13.8%	12.7%
\$ 35,000 - \$49,999	17.0%	14.2%	14.3%
\$ 50,000 - \$74,999	13.7%	15.2%	17.3%
\$ 75,000 - \$99,999	7.0%	7.8%	9.8%
\$100,000 - \$124,999	3.1%	4.0%	5.7%
\$125,000 - \$149,999	1.1%	1.9%	2.8%
\$150,000 - \$200,000	0.3%	1.2%	2.4%
\$200,000 to \$249,999	0.1%	0.4%	0.9%
\$250,000 +	1.0%	1.6%	2.2%
2006 Income			
Median Household Income	\$30,733	\$32,073	\$39,894
Per Capita Income	\$17,866	\$20,993	\$24,384
Average Household Income	\$39,494	\$46,125	\$55,467

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Marcus & Millichap
Real Estate Investment Services

PREAKNESS I & II

LEXINGTON, KY

Summary Report

Geography: 5 Miles

Population

In 2006, the population in your selected geography is 172,916. The population has changed by 2.38% since 2000. It is estimated that the population in your area will be 176,085 five years from now, which represents a change of 1.83% from the current year. The current population is 49.96% male and 50.04% female. The median age of the population in your area is 36.3, compare this to the US average which is 36.5. The population density in your area is 2,201.64 people per square mile.

Households

There are currently 72,813 households in your selected geography. The number of households has changed by 2.52% since 2000. It is estimated that the number of households in your area will be 74,313 five years from now, which represents a change of 2.06% from the current year. The average household size in your area is 2.22 persons.

Income

In 2006, the median household income for your selected geography is \$39,894, compare this to the US average which is currently \$48,271. The median household income for your area has changed by 11.45% since 2000. It is estimated that the median household income in your area will be \$43,337 five years from now, which represents a change of 8.63% from the current year.

The current year per capita income in your area is \$24,384, compare this to the US average, which is \$24,529. The current year average household income in your area is \$55,467, compare this to the US average which is \$63,629.

Race & Ethnicity

The current year racial makeup of your selected area is as follows: 79.36% White, 14.07% Black, 0.23% Native American and 3.03% Asian/Pacific Islander. Compare these to US averages which are: 75.86% White, 12.07% Black, 0.71% Native American and 4.51% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 6.40% of the current year population in your selected area. Compare this to the US average of 14.94%.

Housing

The median housing value in your area was \$106,077 in 2000, compare this to the US average of \$115,194 for the same year. In 2000, there were 37,921 owner occupied housing units in your area and there were 33,101 renter occupied housing units in your area. The median rent at the time was \$440.

Employment

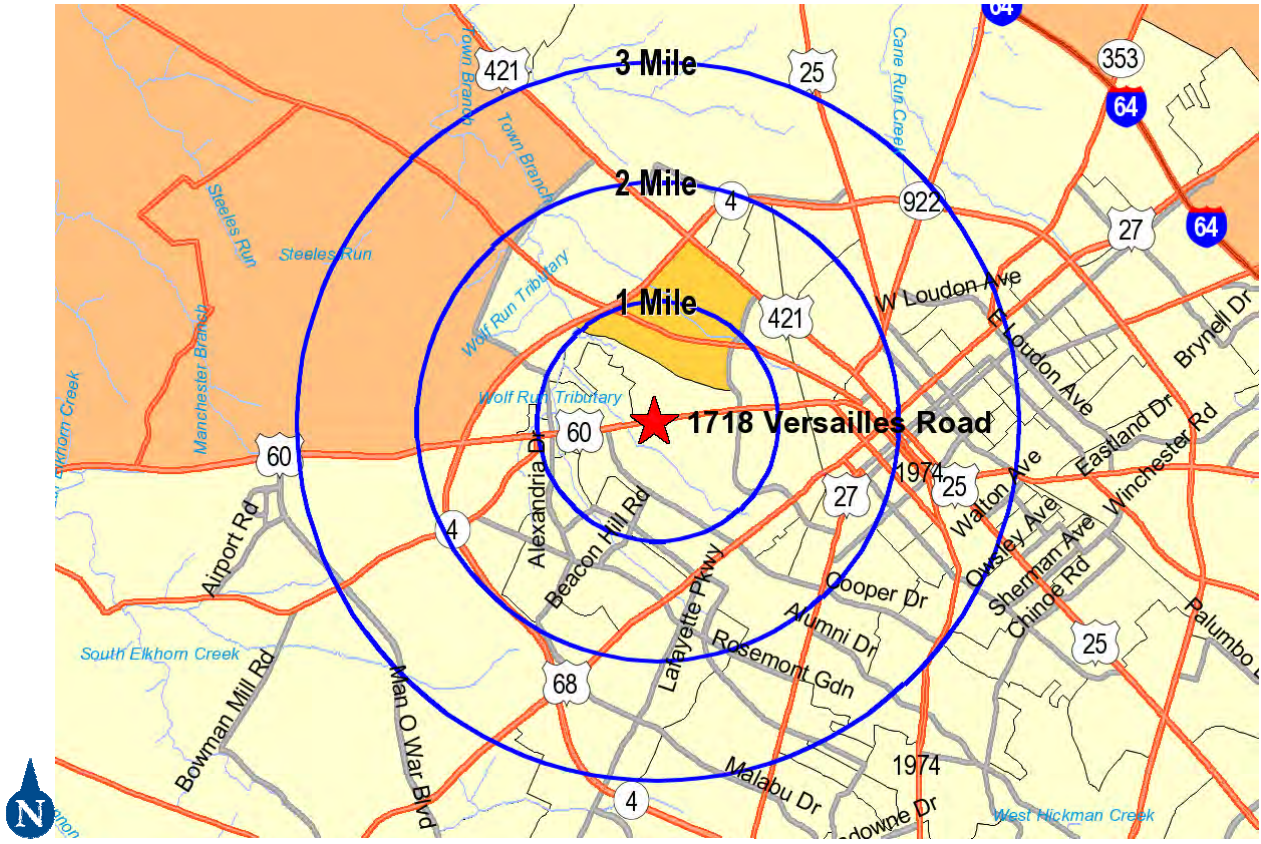
In 2006, there are 133,814 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 64.2% of employees are employed in white-collar occupations in this geography, and 35.8% are employed in blue-collar occupations. In 2006, unemployment in this area is 3.84%. In 2000, the median time traveled to work was 17.1 minutes.

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Marcus & Millichap
Real Estate Investment Services

Population Density



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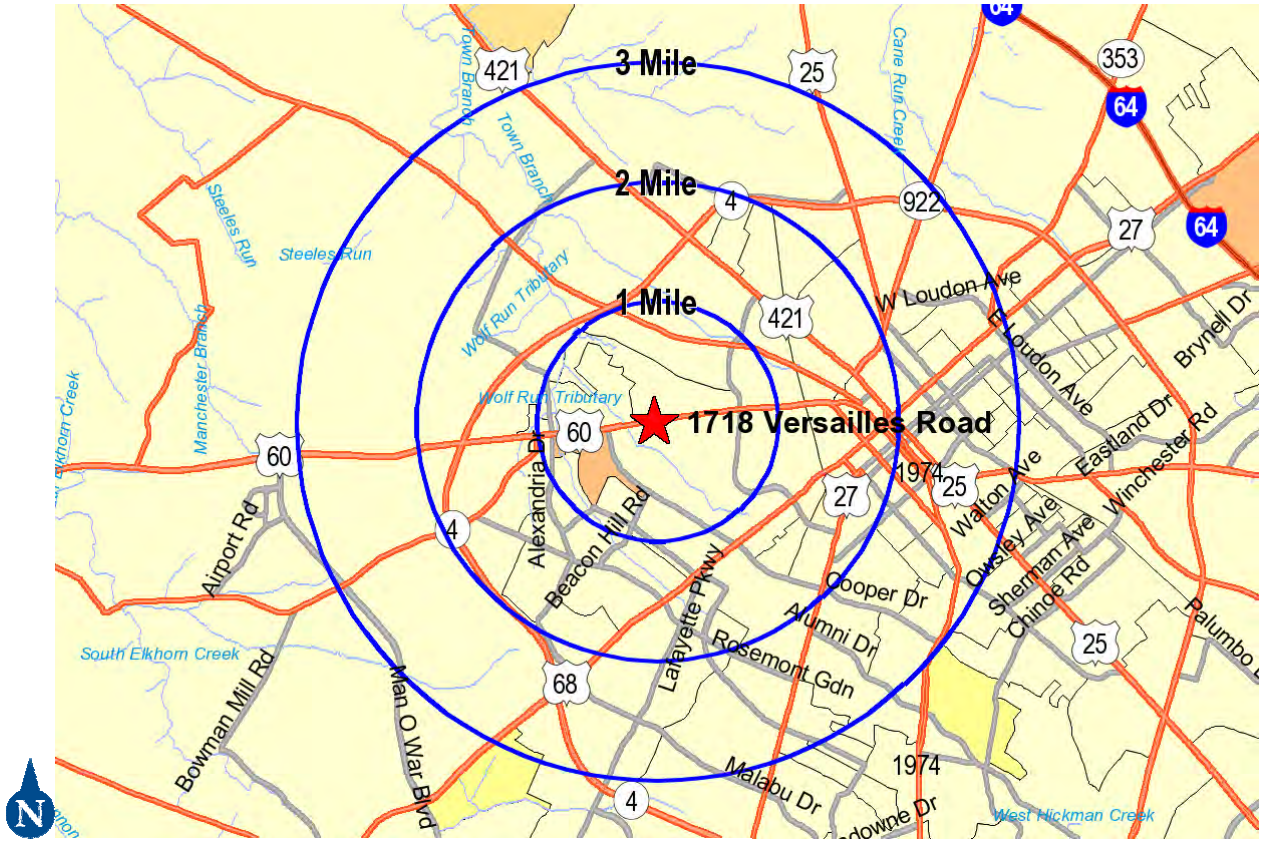
Population Density

Theme	Low	High
High	166	or more
Above Average	105	166
Average	66	105
Below Average	42	66
Low	less than	42

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

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Employment Density



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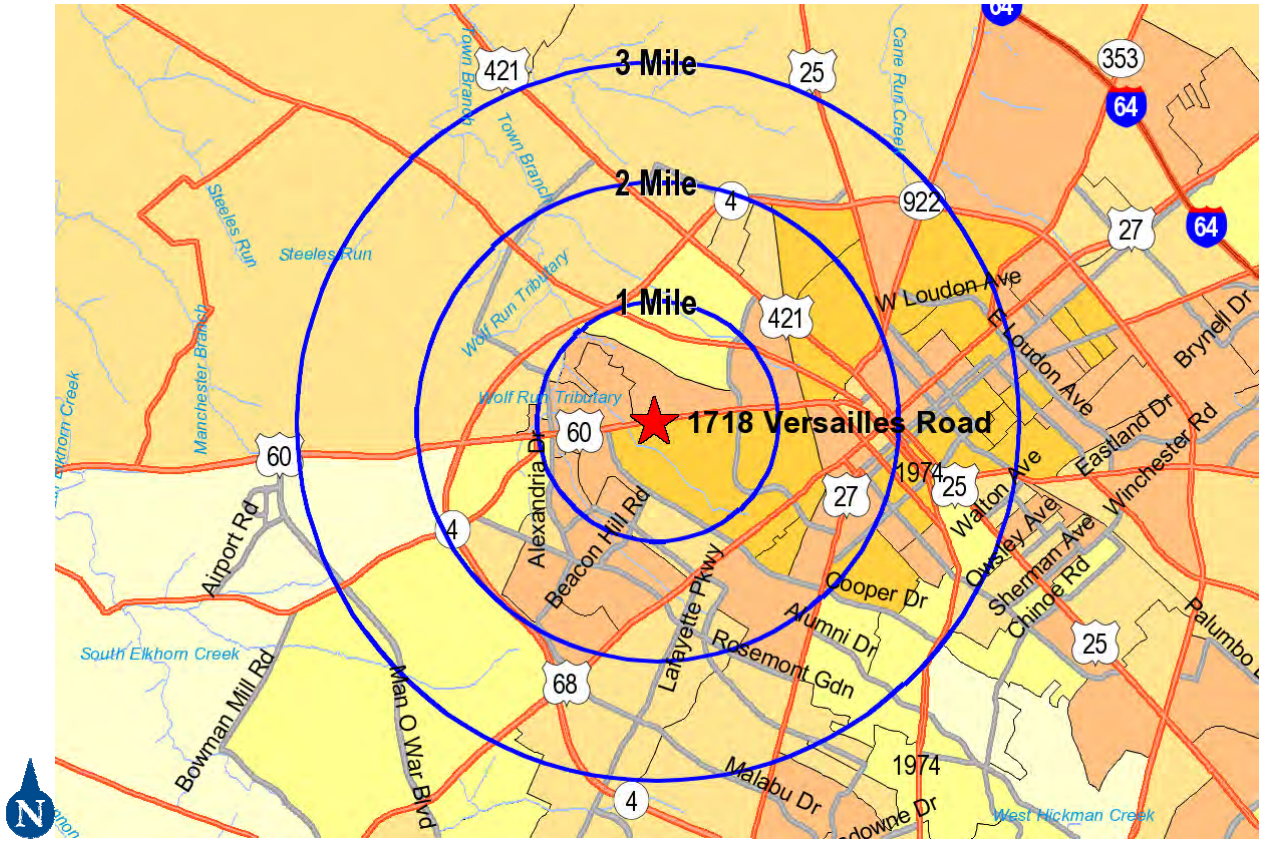
Employment Density

Theme	Low	High
High	72	or more
Above Average	45	72
Average	29	45
Below Average	18	29
Low	less than	18

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

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Average Household Income



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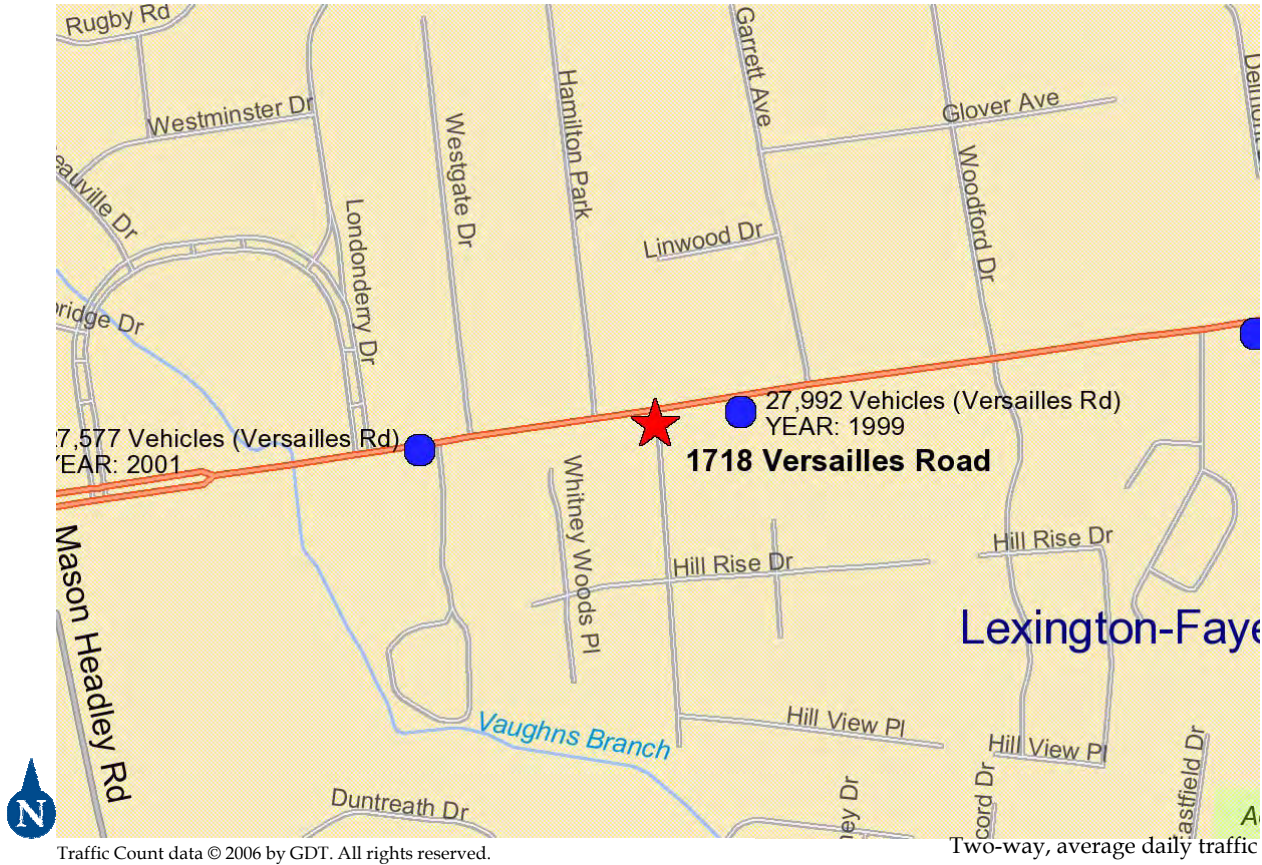
Average Household Income

Theme	Low	High
High	\$127,258	or more
Above Average	\$80,168	\$127,258
Average	\$50,502	\$80,168
Below Average	\$31,815	\$50,502
Low	less than	\$31,815

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

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Traffic Counts



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PREAKNESS I & II

LEXINGTON, KY

PREAKNESS I & II

LEXINGTON, KY

Offering Summary



Price	\$7,940,000
Down Payment	20% \$1,588,000
Price/Unit	\$35,766
Price/SF	\$42.32
Number of Units	222
Rentable Square Feet	187,600
Number of Buildings	19
Number of Stories	2.5
Lot Size	5

VITAL DATA

CAP Rate - End of Year 1	8.00%
GRM - End of Year 1	5.42
Net Operating Income - End of Year 1	\$634,998
Net Cash Flow After Debt Service - End of Year 1	8.3% \$132,172
Total Return - End of Year 1	15.2% \$241,083

Pricing Summary

List Price		\$7,940,000
Down payment	20.00%	\$1,588,000
1st Loan Amount	80.00%	\$6,352,000
Net Operating Income		\$634,998
Debt Service		\$502,826
	Rate 6.25%	
	Term 25	
Cash Flow		\$132,172
Principal Reduction		\$108,911
Total Return		\$241,083

List Price Per Unit	\$35,766
List Price Per Net Rentable SqFt.	\$42.32
Capitalization Rate	8.00%
Return on Down Payment	8.32%
Total Return on Down Payment	15.18%

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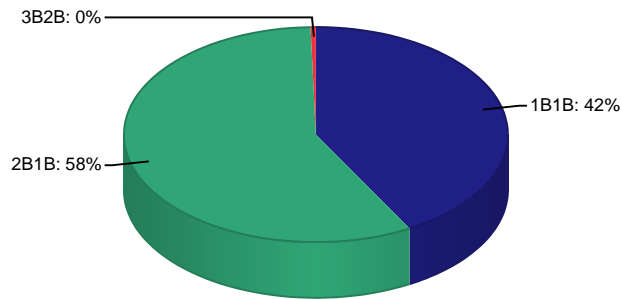
PREAKNESS I & II

LEXINGTON, KY

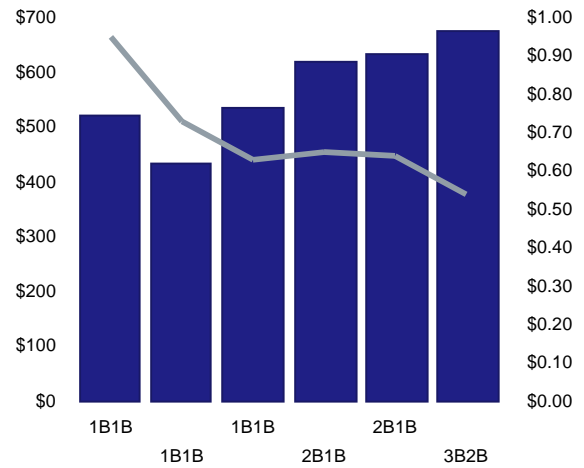
Unit Mix

No. of Units	Unit Type	Approx. Square Feet	End of Year 1 Rents	Rent/SF	Monthly Income
33	1 Bdr 1 Bath I	550	\$520	\$0.95	\$17,160
24	1 Bdr 1 Bath II	600	\$435	\$0.73	\$10,440
36	1 Bdr 1 Bath Deluxe	850	\$535	\$0.63	\$19,260
96	2 Bdr 1 Bath I	950	\$620	\$0.65	\$59,520
32	2 Bdr 1 Bath II	1,000	\$635	\$0.64	\$20,320
1	3 Bdr 2 Bath	1,250	\$675	\$0.54	\$675
222	TOTAL	187,600			\$127,375

UNIT MIX



UNIT RENT & RENT/SF



COMMENTS

24 Units (600 sf) All Electric- Tenant Paid
 68 Units (850 & 1000 sf) Gas Boilers - Owner Paid

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PREAKNESS I & II

LEXINGTON, KY

Rent Roll

Based on February 20, 2008 Rent Roll

Building	Unit	Unit Type	Sq Ft	Current Rent	Utility Fee	Status
Preakness I						
1691	1	2 Bedroom, 1 Bathroom I	950	\$620		
	2	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	3	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	4	2 Bedroom, 1 Bathroom I	950	\$620		
	5	2 Bedroom, 1 Bathroom I	950	\$620		
	6	2 Bedroom, 1 Bathroom I	950	\$620		
	7	2 Bedroom, 1 Bathroom I	950	\$475		
	8	2 Bedroom, 1 Bathroom I	950	\$490		
	9	2 Bedroom, 1 Bathroom I	950	\$620		
	10	2 Bedroom, 1 Bathroom I	950	\$620		
	11	2 Bedroom, 1 Bathroom I	950	\$620		
	12	2 Bedroom, 1 Bathroom I	950	\$475		
1692	1	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	2	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	3	2 Bedroom, 1 Bathroom I	950	\$620		
	4	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	5	2 Bedroom, 1 Bathroom I	950	\$475		
	6	2 Bedroom, 1 Bathroom I	950	\$490		
	7	2 Bedroom, 1 Bathroom I	950	\$620		
	8	2 Bedroom, 1 Bathroom I	950	\$620		
	9	2 Bedroom, 1 Bathroom I	950	\$490		
	10	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	11	2 Bedroom, 1 Bathroom I	950	\$620		
	12	2 Bedroom, 1 Bathroom I	950	\$620		
1695	1	2 Bedroom, 1 Bathroom I	950	\$490		
	2	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	3	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	4	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	5	2 Bedroom, 1 Bathroom I	950	\$475		
	6	2 Bedroom, 1 Bathroom I	950	\$620		
	7	2 Bedroom, 1 Bathroom I	950	\$620		
	8	2 Bedroom, 1 Bathroom I	950	\$620		
	9	2 Bedroom, 1 Bathroom I	950	\$620		
	10	2 Bedroom, 1 Bathroom I	950	\$490		
	11	2 Bedroom, 1 Bathroom I	950	\$620		
	12	2 Bedroom, 1 Bathroom I	950	\$620		
1696	1	2 Bedroom, 1 Bathroom I	950	\$475		
	2	2 Bedroom, 1 Bathroom I	950	\$620		
	3	2 Bedroom, 1 Bathroom I	950	\$620		
	4	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	5	2 Bedroom, 1 Bathroom I	950	\$650		
	6	2 Bedroom, 1 Bathroom I	950	\$620		
	7	2 Bedroom, 1 Bathroom I	950	\$515		
	8	2 Bedroom, 1 Bathroom I	950	\$620		
	9	2 Bedroom, 1 Bathroom I	950	\$620		
	10	2 Bedroom, 1 Bathroom I	950	\$620		
	11	2 Bedroom, 1 Bathroom I	950	\$475		
	12	2 Bedroom, 1 Bathroom I	950	\$620		

PRICING & FINANCIAL ANALYSIS

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PREAKNESS I & II

LEXINGTON, KY

Rent Roll

Building	Unit	Unit Type	Sq Ft	Current Rent	Utility Fee	Status
1700	1	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	2	2 Bedroom, 1 Bathroom I	950	\$620		
	3	2 Bedroom, 1 Bathroom I	950	\$620		
	4	2 Bedroom, 1 Bathroom I	950	\$620		
	5	2 Bedroom, 1 Bathroom I	950	\$620		
	6	2 Bedroom, 1 Bathroom I	950	\$490		
	7	2 Bedroom, 1 Bathroom I	950	\$490		
	8	2 Bedroom, 1 Bathroom I	950	\$475		
	9	2 Bedroom, 1 Bathroom I	950	\$620		
	10	2 Bedroom, 1 Bathroom I	950	\$475		
	11	2 Bedroom, 1 Bathroom I	950	\$620		
	12	2 Bedroom, 1 Bathroom I	950	\$620		
1701	1	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	2	2 Bedroom, 1 Bathroom I	950	\$620		
	3	2 Bedroom, 1 Bathroom I	950	\$620		
	4	2 Bedroom, 1 Bathroom I	950	\$620		
	5	2 Bedroom, 1 Bathroom I	950	\$495		
	6	2 Bedroom, 1 Bathroom I	950	\$475		
	7	2 Bedroom, 1 Bathroom I	950	\$620		
	8	2 Bedroom, 1 Bathroom I	950	\$630		
	9	2 Bedroom, 1 Bathroom I	950	\$620		
	10	2 Bedroom, 1 Bathroom I	950	\$475		
	11	2 Bedroom, 1 Bathroom I	950	\$525		
	12	2 Bedroom, 1 Bathroom I	950	\$475		
1706	1	2 Bedroom, 1 Bathroom I	950	\$630		VACANT
	2	2 Bedroom, 1 Bathroom I	950	\$475		
	3	2 Bedroom, 1 Bathroom I	950	\$490		
	4	2 Bedroom, 1 Bathroom I	950	\$490		
	5	2 Bedroom, 1 Bathroom I	950	\$490		
	6	2 Bedroom, 1 Bathroom I	950	\$490		
	7	2 Bedroom, 1 Bathroom I	950	\$620		
	8	2 Bedroom, 1 Bathroom I	950	\$490		
	9	2 Bedroom, 1 Bathroom I	950	\$475		
	10	2 Bedroom, 1 Bathroom I	950	\$620		
	11	2 Bedroom, 1 Bathroom I	950	\$490		
	12	2 Bedroom, 1 Bathroom I	950	\$475		
1707	1	2 Bedroom, 1 Bathroom I	950	\$620		VACANT
	2	2 Bedroom, 1 Bathroom I	950	\$620		
	3	2 Bedroom, 1 Bathroom I	950	\$414		
	4	2 Bedroom, 1 Bathroom I	950	\$620		
	5	2 Bedroom, 1 Bathroom I	950	\$620		
	6	2 Bedroom, 1 Bathroom I	950	\$620		
	7	2 Bedroom, 1 Bathroom I	950	\$620		
	8	2 Bedroom, 1 Bathroom I	950	\$620		
	9	2 Bedroom, 1 Bathroom I	950	\$620		
	10	2 Bedroom, 1 Bathroom I	950	\$490		
	11	2 Bedroom, 1 Bathroom I	950	\$490		
	12	2 Bedroom, 1 Bathroom I	950	\$620		

PRICING & FINANCIAL ANALYSIS

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PREAKNESS I & II

LEXINGTON, KY

Rent Roll

Building	Unit	Unit Type	Sq Ft	Current Rent	Utility Fee	Status	
730	1	1 Bedroom, 1 Bathroom I	550	\$520			
	2	1 Bedroom, 1 Bathroom I	550	\$520			
	3	1 Bedroom, 1 Bathroom I	550	\$520			
	4	1 Bedroom, 1 Bathroom I	550	\$520			
	5	1 Bedroom, 1 Bathroom I	550	\$520			
	6	1 Bedroom, 1 Bathroom I	550	\$520			
	7	1 Bedroom, 1 Bathroom I	550	\$570			
	8	1 Bedroom, 1 Bathroom I	550	\$520			
	9	1 Bedroom, 1 Bathroom I	550	\$520			
	10	1 Bedroom, 1 Bathroom I	550	\$520			
	11	1 Bedroom, 1 Bathroom I	550	\$520			
	12	1 Bedroom, 1 Bathroom I	550	\$420			
731	1	1 Bedroom, 1 Bathroom I	550	\$520			
	2	1 Bedroom, 1 Bathroom I	550	\$420			
	3	1 Bedroom, 1 Bathroom I	550	\$520			
	5	3 Bedroom, 2 Bathroom I	1,250	\$695			
	6	1 Bedroom, 1 Bathroom I	550	\$420			
	8	1 Bedroom, 1 Bathroom I	550	\$420			
	9	1 Bedroom, 1 Bathroom I	550	\$420			
	10	1 Bedroom, 1 Bathroom I	550	\$470			
	11	1 Bedroom, 1 Bathroom I	550	\$520			
	12	1 Bedroom, 1 Bathroom I	550	\$420			
	734	1	1 Bedroom, 1 Bathroom I	550	\$570		
		2	1 Bedroom, 1 Bathroom I	550	\$545		
3		1 Bedroom, 1 Bathroom I	550	\$545			
4		1 Bedroom, 1 Bathroom I	550	\$520			
5		1 Bedroom, 1 Bathroom I	550	\$420			
6		1 Bedroom, 1 Bathroom I	550	\$520			
7		1 Bedroom, 1 Bathroom I	550	\$520			
8		1 Bedroom, 1 Bathroom I	550	\$520		VACANT	
9		1 Bedroom, 1 Bathroom I	550	\$520			
10		1 Bedroom, 1 Bathroom I	550	\$520		VACANT	
11		1 Bedroom, 1 Bathroom I	550	\$520			
12		1 Bedroom, 1 Bathroom I	550	\$520			
Preakness II							
A	101	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
	102	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
	103	1 Bedroom, 1 Bathroom Deluxe II	850	\$550			
	104	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
	105	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
	106	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
	107	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
	108	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
	109	1 Bedroom, 1 Bathroom Deluxe II	850	\$510			
	110	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
	111	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
	112	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			

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PREAKNESS I & II

LEXINGTON, KY

Rent Roll

Building	Unit	Unit Type	Sq Ft	Current Rent	Utility Fee	Status
B	201	2 Bedroom, 1 Bathroom II	1000	\$635		OFFICE
	202	2 Bedroom, 1 Bathroom II	1000	\$620		
	203	2 Bedroom, 1 Bathroom II	1000	\$595		
	204	2 Bedroom, 1 Bathroom II	1000	\$620		
	205	2 Bedroom, 1 Bathroom II	1000	\$620		
	206	2 Bedroom, 1 Bathroom II	1000	\$620		
	207	2 Bedroom, 1 Bathroom II	1000	\$620		
	208	2 Bedroom, 1 Bathroom II	1000	\$620		
	209	2 Bedroom, 1 Bathroom II	1000	\$620		
	210	2 Bedroom, 1 Bathroom II	1000	\$620		
	211	2 Bedroom, 1 Bathroom II	1000	\$670		
	212	2 Bedroom, 1 Bathroom II	1000	\$620		
	213	2 Bedroom, 1 Bathroom II	1000	\$630		
	214	2 Bedroom, 1 Bathroom II	1000	\$620		
	215	2 Bedroom, 1 Bathroom II	1000	\$630		
	216	2 Bedroom, 1 Bathroom II	1000	\$630		
C	301	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		VACANT
	302	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	303	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	304	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	305	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	306	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	307	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	308	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	309	1 Bedroom, 1 Bathroom Deluxe II	850	\$540		
	310	1 Bedroom, 1 Bathroom Deluxe II	850	\$535		
	311	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
312	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			
D	401	2 Bedroom, 1 Bathroom II	1000	\$620		
	402	2 Bedroom, 1 Bathroom II	1000	\$620		
	403	2 Bedroom, 1 Bathroom II	1000	\$620		
	404	2 Bedroom, 1 Bathroom II	1000	\$620		
	405	2 Bedroom, 1 Bathroom II	1000	\$620		
	406	2 Bedroom, 1 Bathroom II	1000	\$620		
	407	2 Bedroom, 1 Bathroom II	1000	\$645		
	408	2 Bedroom, 1 Bathroom II	1000	\$620		
	409	2 Bedroom, 1 Bathroom II	1000	\$620		
	410	2 Bedroom, 1 Bathroom II	1000	\$620		
	411	2 Bedroom, 1 Bathroom II	1000	\$620		
	412	2 Bedroom, 1 Bathroom II	1000	\$620		
	413	2 Bedroom, 1 Bathroom II	1000	\$620		
	414	2 Bedroom, 1 Bathroom II	1000	\$620		
415	2 Bedroom, 1 Bathroom II	1000	\$620			
416	2 Bedroom, 1 Bathroom II	1000	\$620			
E	501	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	502	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	503	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	504	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	505	1 Bedroom, 1 Bathroom Deluxe II	850	\$510		
	506	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	507	1 Bedroom, 1 Bathroom Deluxe II	850	\$525		
	508	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
	509	1 Bedroom, 1 Bathroom Deluxe II	850	\$540		
	510	1 Bedroom, 1 Bathroom Deluxe II	850	\$545		
	511	1 Bedroom, 1 Bathroom Deluxe II	850	\$520		
512	1 Bedroom, 1 Bathroom Deluxe II	850	\$520			

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PREAKNESS I & II

LEXINGTON, KY

Rent Roll

Building	Unit	Unit Type	Sq Ft	Current Rent	Utility Fee	Status
F	001	1 Bedroom, 1 Bathroom II	600	\$420		
	002	1 Bedroom, 1 Bathroom II	600	\$520		
	003	1 Bedroom, 1 Bathroom II	600	\$420		
	004	1 Bedroom, 1 Bathroom II	600	\$420		
	005	1 Bedroom, 1 Bathroom II	600	\$420		
	006	1 Bedroom, 1 Bathroom II	600	\$430		
	007	1 Bedroom, 1 Bathroom II	600	\$468		
	008	1 Bedroom, 1 Bathroom II	600	\$445		
	009	1 Bedroom, 1 Bathroom II	600	\$520		
	010	1 Bedroom, 1 Bathroom II	600	\$420		
	011	1 Bedroom, 1 Bathroom II	600	\$520		
	012	1 Bedroom, 1 Bathroom II	600	\$420		
	013	1 Bedroom, 1 Bathroom II	600	\$420		
	014	1 Bedroom, 1 Bathroom II	600	\$520		
	015	1 Bedroom, 1 Bathroom II	600	\$545		
G	016	1 Bedroom, 1 Bathroom II	600	\$415		
	017	1 Bedroom, 1 Bathroom II	600	\$520		
	018	1 Bedroom, 1 Bathroom II	600	\$635		VACANT
	019	1 Bedroom, 1 Bathroom II	600	\$460		
	020	1 Bedroom, 1 Bathroom II	600	\$435		
	021	1 Bedroom, 1 Bathroom II	600	\$420		
	022	1 Bedroom, 1 Bathroom II	600	\$430		
	023	1 Bedroom, 1 Bathroom II	600	\$420		
	024	1 Bedroom, 1 Bathroom II	600	\$395		
				187,600	\$122,102	

VACANCIES 20

# of Units	Unit Type	Approximate Sq.Ft.	Total Sq.Ft.	Monthly Rent Per Unit	Average Rent	Scheduled Monthly Rent	Average Rent / Sq.Ft.
33	1 Bedroom, 1 Bathroom I	550	18,150	\$420 - \$570	\$502	\$16,560	\$0.91
24	1 Bedroom, 1 Bathroom II	600	14,400	\$395 - \$635	\$460	\$11,038	\$0.77
36	Bedroom, 1 Bathroom Deluxe I	850	30,600	\$510 - \$550	\$523	\$18,815	\$0.61
96	2 Bedroom, 1 Bathroom I	950	91,200	\$414 - \$650	\$574	\$55,059	\$0.60
32	2 Bedroom, 1 Bathroom II	1,000	32,000	\$595 - \$670	\$623	\$19,935	\$0.62
1	3 Bedroom, 2 Bathroom I	1,250	1,250	\$695 - \$695	\$695	\$695	\$0.56
222			187,600			\$122,102	
Average Rent						\$550.01	

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PREAKNESS I & II

LEXINGTON, KY

Income & Expenses

Broker End of Year One Operating Statement

Preakness I & Preakness II

PRICING & FINANCIAL ANALYSIS

Income & Expense Analysis

Based on February 20, 2008 Rent Roll

# of Units	Unit Type	Approximate Sq.Ft.	Total Sq.Ft.	Monthly Rent Per Unit	Market Rent	Potential Market Rent	Market Rent/Sq.Ft.
33	1 Bedroom, 1 Bathroom I	550	18,150	\$420 - \$570	\$520	\$17,160	\$0.95
24	1 Bedroom, 1 Bathroom II	600	14,400	\$395 - \$635	\$435	\$10,440	\$0.73
36	1 Bedroom, 1 Bathroom Deluxe	850	30,600	\$510 - \$550	\$535	\$19,260	\$0.63
96	2 Bedroom, 1 Bathroom I	950	91,200	\$414 - \$650	\$620	\$59,520	\$0.65
32	2 Bedroom, 1 Bathroom II	1,000	32,000	\$595 - \$670	\$635	\$20,320	\$0.64
1	3 Bedroom, 2 Bathroom I	1,250	1,250	\$695 - \$695	\$675	\$675	\$0.54

TOTALS

222			187,600			\$127,375	\$0.68
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	Monthly	Annually	Per Unit	Per Sq.Ft.	% of PGR
Potential Gross Rental Income @ Market	\$127,375	\$1,528,500	\$6,885	\$8.15	100% ¹
Loss to Lease	\$5,273	\$63,276	\$285	\$0.34	4.14%
Based on February 20, 2008 Rent Roll	\$122,102	\$1,465,224	\$6,600	\$7.81	95.86%
Vacancy / Concession Loss	\$12,210	\$146,522	\$660	\$0.78	9.59% ²
Employee Suite	\$1,775	\$21,300	\$96	\$0.11	1.39% ³
Model Suite	\$635	\$7,620	\$34	\$0.04	0.50% ⁴
Projected Net Rental Income - Apts	\$107,482	\$1,289,782	\$5,810	\$6.88	84.38%
Utility Income	\$689	\$8,268	\$37	\$0.04	0.54% ⁴
Laundry Income	\$1,192	\$14,304	\$64	\$0.08	0.94% ⁴
Vending Income	\$25	\$301	\$1	\$0.00	0.02% ⁴
Pet Income	\$248	\$2,980	\$13	\$0.02	0.19% ⁴
Misc. Income / App. Fees / Late Fees	\$2,967	\$35,600	\$160	\$0.19	2.33% ⁵
Projected Total Income	\$112,603	\$1,351,235	\$6,087	\$7.20	88.40%
EXPENSES	Monthly	Annually	Per Unit	Per Sq.Ft.	% of PTI
Real Estate Taxes	\$7,139	\$85,664	\$386	\$0.46	6.34% ⁶
Property Insurance	\$3,738	\$44,859	\$202	\$0.24	3.32% ⁴
Gas	\$5,917	\$71,008	\$320	\$0.38	5.26% ⁴
Electric	\$7,090	\$85,081	\$383	\$0.45	6.30% ⁴
Water/Sewer	\$5,315	\$63,784	\$287	\$0.34	4.72% ⁴
Payroll & Benefits	\$11,017	\$132,200	\$595	\$0.70	9.78% ⁷
Landscaping & Snow Removal	\$464	\$5,565	\$25	\$0.03	0.41% ⁴
Rubbish / Pest Control	\$966	\$11,597	\$52	\$0.06	0.86% ⁴
Pool Maintenance	\$425	\$5,096	\$23	\$0.03	0.38% ⁴
Maintenance & Repairs	\$3,439	\$41,272	\$186	\$0.22	3.05% ⁸
Decorating & Turnover	\$3,053	\$36,630	\$165	\$0.20	2.71% ⁹
Legal, Accounting, Administrative, & Office	\$1,373	\$16,481	\$74	\$0.09	1.22% ¹⁰
Advertising & Promotion	\$1,546	\$18,550	\$84	\$0.10	1.37% ¹⁰
Management	\$4,504	\$54,049	\$243	\$0.29	4.00% ¹¹
Reserves for Replacements	\$3,700	\$44,400	\$200	\$0.24	3.29% ¹²
Total Expenses of Operation	\$59,686	\$716,236	\$3,226	\$3.82	53.01%
Net Operating Income Before Debt Service	\$52,917	\$634,998	\$2,860	\$3.38	35.40%

¹ Potential Gross Rental Income @ Market is based upon current market rent for specific unit type.

² Vacancy is based upon a 10% rate. Property is currently operating @ 9.01% physical vacancy.

³ Broker Proforma, based upon employees receiving a free suite (1 @ \$535 & 2 @ \$620) per month as part of compensation.

⁴ Based on Owner's actual 2007 operations.

⁵ Broker Proforma, based upon Owner's 2006 operations plus 2%.

⁶ Real Estate Taxes are Broker's estimate which are based on list price of \$7,940,000.

⁷ Broker Proforma, based upon 1 Manager @ \$32,000; 2 Full-Time Maintenance-Techs @ \$32,000; 1 Full-Time Leasing Agent @ \$23,000;

⁸ 1 Part-Time Maintenance-Tech @ \$23,000; & 1 Part-Time Leasing Agent @ \$11,500. (3 Employee Suite Subtracted)

⁹ Broker Proforma @ \$0.22 per square foot.

¹⁰ Broker Proforma, based upon \$550 per suite turn @ 25% turnover rate.

¹¹ Combination of Owner 2007 Actual Operations & Broker Proforma.

¹² Broker Proforma, based upon 4% of Projected Total Income.

¹³ Broker Proforma @ \$200 per unit.

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Marcus & Millichap
Real Estate Investment Services

PREAKNESS I & II

LEXINGTON, KY

Financial Overview

LOCATION

1718 Versailles Road
Lexington, KY 40504

Price	\$7,940,000
Down Payment	20% \$1,588,000
Number of Units	222
Price/Unit	\$35,766
Rentable Square Feet	187,600
Price/SF	\$42.32
CAP Rate - End of Year 1	8.00%
GRM - End of Year 1	5.42
Lot Size	5
Type of Ownership	Fee Simple

FINANCING

FIRST TRUST DEED

Loan Amount	\$6,352,000
Loan Type	All Cash
Interest Rate	6.25%
Amortization	25
Program	Portfolio Loan
Loan to Value	80/20

Loan information is time sensitive and subject to change. Contact your local Marcus & Millichap Capital Corporation representative.



ANNUALIZED OPERATING DATA

INCOME

END OF YEAR 1

All Units at Current Market Rent	\$1,528,500
Less: Loss to Lease	63,276
Gross Potential Rent	\$1,465,224
Other Income	61,453
Gross Potential Income	\$1,526,677
Less: Vacancy/Deductions (GPR)	(12.0%) 175,442
Effective Gross Income	\$1,351,235
Less: Expenses	716,236
Net Operating Income	\$634,998
Debt Service	502,826
Net Cash Flow After Debt Service	8.3% \$132,172
Principal Reduction	108,911
Total Return	15.2% \$241,083

EXPENSES

Real Estate Taxes	\$85,664
Insurance	44,859
Utilities (Gas/Electric/Water&Sewer)	219,873
Payroll & Benefits	132,200
Landscaping & Snow Removal	5,565
Rubbish / Pest Control	11,597
Maintenance & Repairs	41,272
Management Fee	54,049
Decorating & Turnover	36,630
Legal / Accounting / Admin. / Office	16,481
Advertising	18,550
Elevator / Pool Maintenance	5,096
Reserves for Replacement	44,400
TOTAL EXPENSES	\$716,236
EXPENSES/UNIT	\$3,226
EXPENSES/SF	\$3.82
% of EGI	53.01%

SCHEDULED INCOME

No. of Units	Unit Type	Approx. Square Feet	End of Year 1 Rents	Rent/SF	Monthly Income
33	1 Bdr 1 Bath I	550	\$520	\$0.95	\$17,160
24	1 Bdr 1 Bath II	600	\$435	\$0.73	\$10,440
36	1 Bdr 1 Bath Deluxe	850	\$535	\$0.63	\$19,260
96	2 Bdr 1 Bath I	950	\$620	\$0.65	\$59,520
32	2 Bdr 1 Bath II	1,000	\$635	\$0.64	\$20,320
1	3 Bdr 2 Bath	1,250	\$675	\$0.54	\$675
222	Total/Wtd. Avg.	187,600			\$127,375

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Marcus & Millichap
Real Estate Investment Services

PREAKNESS I & II

LEXINGTON, KY

OFFERING MEMORANDUM

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