To: Jeff[jeevacation@gmail.com]
From: "Second City Capital Partners" [redacted] on behalf of Second City Capital Partners [redacted]
Sent: Thur 3/29/2012 11:03:42 AM
Subject: Second City Capital - Real Estate Fund (CITY II): 4th Quarter Report

Title: Second City Capital - Real Estate Fund (CITY II): 4th Quarter Report

For the Investor Site log in and password email Kyle Dunn, **kdunn@secondcitycapital.com**.

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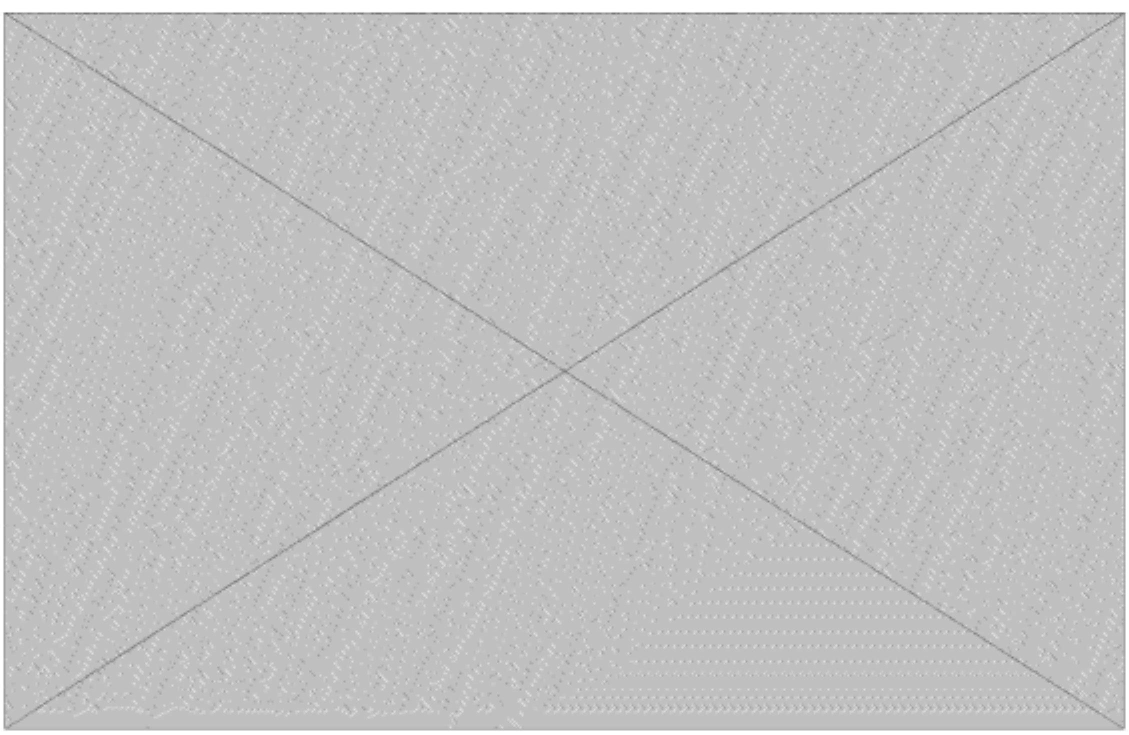
[redacted]

- **6.3% annualized profit distribution to date.**
- **Cherry Creek: Executed sales agreement on the development parcel for $11.1 million.**
- **City Center: 24% of the building leased in the first year of ownership - three years ahead of plan.**



City II SUMMARY - DECEMBER 31, 2011

Opportunistic real estate investment vehicle.

Initial fund closing on May 31, 2011 for $63,250,000.

Completed/secured four acquisitions, 34% of initial capital invested within the first 9 months of operations.

- June 29, 2011 - City Center Acquisition - St. Petersburg, Florida
- July 20, 2011 - Cherry Creek Acquisition - Denver, Colorado
- December 15, 2011 - Thunderbird Acquisition - Phoenix, Arizona
- Secured Acquisition: Bedford Condominium - Brooklyn, New York (estimated closing in April/12)
- **New Acquistion:** Orlando, Florida, CBD Office Building (estimated closing in May/12.)

PROFIT DISTRIBUTIONS

To date, $560,000 of profit distributions have been made to City II investors which equates to an annualized yield of 6.3% since the fund's inception on May 31, 2011.

INVESTMENT HIGHLIGHTS - CURRENT PORTFOLIO

City Center - *St. Petersburg, Florida ("City Center")*

City Center is a Class A office building with a net rentable area of 242,000 square feet ("SF") and is located in St. Petersburg, Florida. City II acquired City Center for $16.5 million, equivalent to $68 per square foot.

When we acquired City Center, our underwriting assumed zero new leases in 2011, providing time to stabilize the asset, then an average of 23,000SF of net new leases during the next three years. We are pleased to report that in our first year, we have secured 58,400 SF of net new leases. This has increased occupancy to 72% today.

Cherry Creek Corporate Center - *Denver, Colorado ("Cherry Creek")*

Cherry Creek is a 594,000 SF office complex comprising three distinct assets: the Campus, 356,000 SF of fully occupied buildings with long-term credit tenants; the Tower, a 238,000 SF value-added office tower; and the Development Land, a multi-family development site. Cherry Creek was acquired in July 2011 for $62.5 million in partnership with an experienced financial partner and a highly regarded Denver based property manager.

The $36mm acquisition debt financing interest rate was fixed for two years at 2.66%. As a result, the Campus properties are presently generating a cash-on-cash return of approximately 22%. To date, we have completed 21,000SF of net new leases (47,000 SF of new leases completed less 26,000 SF of vacating tenants). In addition, we have renewed an additional 7,500 SF of space.

We are pleased to report that we have entered into a purchase and sale agreement to sell the excess development land to a sizable multi-family developer for $11 million. Finally, we are continuing to work with the City of Glendale towards securing our rezoning approvals and accessing a sizable tax incremental funding which would offset a large portion of the future development infrastructure spending.

Thunderbird Wellness Center - *Peoria, Arizona ("Thunderbird")*
Thunderbird is a value-added medical office/retail opportunity that we have acquired for $7.65 million in December 2011. The property is comprised of four buildings with a net rentable area of 55,000 SF and two development pads totaling 2.6 acres. At present, the overall occupancy is approximately 69%, with two buildings fully leased to medical related tenants. We financed the purchase with a $4.59 million five year fixed rate loan at 3.59%.

NEW INVESTMENT UPDATE
Acquisition of Bedford Condominium *- Brooklyn, New York ("Bedford")*
Bedford is a Class A condominium building located in Brooklyn, New York. Brooklyn is the most populated borough in New York City, with an estimated population of 2.6 million. Construction of the building was completed at the end of 2010, using high quality finishes that include quartz countertops and hardwood floors. All 29 residential units are currently leased at below market rents and the tenants are primarily young professionals.

We have secured Bedford under a contract for $9.8 million (a 7.2% capitalization rate). Our business plan is to gradually increase the rent to market rates and, when the market warrants, either sell the property en bloc or as condominiums. Based on the existing leases, we anticipate that Bedford will initially generate a cash-on-cash return of approximately 13% per annum.

Acquisition of Office Building - Orlando, Florida
Orlando is a well maintained Class B+ office building with a net rentable area of 170,000 square feet in the central business district of Orlando. City II has negotiated the acquisition

opportunity with our City Center partners for $14.2 million, equivalent to $84 PSF. Subject to our satisfactory due diligence, we intend to close the purchase in May with a $10 million mortgage.

While the asset currently offers a level of stability with an 81% occupancy and in-place net operating income of approximately $2 million. Our acquisition strategy incorporates a similar plan as City Center. The low cost basis of $84 PSF provides the ability to offer competitive leasing proposals to win new tenants while still generating favorable yields for our investors.

CITY II FINAL CLOSING FOR NEW INVESTMENT COMMITMENTS

City II's final closing will occur before May 31, 2012. For more information please contact Kyle Dunn, [redacted]

Yours truly,

Kyle Dunn
Vice President, Investor Relations
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