

MARKET OVERVIEW

Employment growth on a year-to-year basis in San Antonio continues to be above that for the U.S. as a whole, with gains spread across almost all sectors. Even the volatile manufacturing and construction industries, which have been in decline throughout much of the nation, are up year to year, and the overall unemployment rate of 4.2% has remained below that for the U.S., as a whole. Production at the new Toyota Tundra plant, which opened in 2006, continued to expand steadily through 2007. The relocation of the patient medical function of the 59th Medical Wing to Brooke Army Medical Center at Fort Sam Houston and the conversion of Wilford Hall Medical Center at Lackland Air Force Base to an ambulatory care center are among the major projects, which in total will generate \$1 billion in new construction in San Antonio, a 50% boost in local nonresidential activity over the next couple of years. Additionally, San Antonio remains in the running to become the permanent home for two other defense installations. The first is the Air Force Cyberspace Operational Command, whose mission is to defend against hacker attacks on Air Force data networks. The second is the National Bio and Agro-Defense Facility, which performs basic research on biological threats including animal-to-human diseases. The site will occupy more than 30 acres, will cost \$500 million to build, and will provide at least 250 high-paying jobs.

The Blue Swan Apartments are located along Parliament Drive, just west of Blanco Road, in the suburban north central San Antonio submarket, approximately 8 miles north of the San Antonio central business district and approximately 1.5 miles northwest of the San Antonio International Airport. Land uses within the immediate vicinity of the property consist primarily of multi-family developments built in the 1980s and 1990s, and middle income single family residential developments. Within a three-mile radius of the property, single-family residential homes generally range in price from \$100,000 to \$300,000, with a median price of \$148,722. The area consists of a middle-income demographic profile with median and average household income levels of \$47,578 and \$70,360. Public transportation is available through Via Metropolitan Transit, with the nearest bus stop at the corner of West Avenue and

Blanco Road, walking distance from the property.

Retail developments are mostly located along primary roadways such as US Highway 281 (San Pedro Avenue), Loop 1604, Blanco Road, Bitters Road, NW Military Highway and Thousand Oaks Drive. Recently, significant retail development has taken place along Loop 1604 at or near the intersections with US Highway 281, Stone Oak Parkway, and Blanco Road, north of the property. Office/warehouse, flex space, and low-rise office space are located nearby, along Jones Maltsberger Road, Starcrest Drive, Arion Parkway, Nakoma Road, Interpark Boulevard, Central Parkway, and Northbrook Drive. The most notable land use in the area is the San Antonio International Airport. This 2,600 acre facility features two air carrier runways and one general aviation runway. The airport includes two terminals, with Terminal One having been recently renovated. Construction is currently in progress on a new terminal. Once this new terminal is complete, the existing Terminal Two will be replaced with a third, newer terminal. SAT is serviced by the

following 16 air-carriers: Aerolitoral, American Airlines, America West, Continental, Continental Express, Delta, and Delta Connection Carriers (ASA, Comair and Skywest), Frontier, Mexicana, Midwest, Northwest, Southwest, Sky West and United. These airlines collectively offer non-stop service to 31 different markets. The airport has over 250 daily arrivals and departures and serves over 7,000,000 passengers annually.

According to Marcus & Millichap's First Quarter 2008 Apartment Research Market Update, employers, for the second straight year, are set to add approximately 16,000 jobs to the San Antonio metro, a 1.9% increase, one of the strongest growth rates in the nation. Major employers within or accessible from the subject neighborhood include H.E.B. Foods, North Central Baptist Hospital, Methodist Stone Oak Hospital, the South Texas Medical Center, Kelly USA, Lackland Air Force Base, Fort Sam Houston, USAA, Sea World, and Fiesta Texas, along with major retailers, and the San Antonio International Airport.

BLUE SWAN APARTMENT HOMES

285 Unit Multifamily Property
San Antonio, Texas



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AERIAL MAP



REGIONAL MAP



This is not an offer to sell or a solicitation of an offer to buy securities. A private placement offering memorandum ("Memorandum") will only make this offer of Tenant in Common Interests to potential investors. This information herein is qualified in its entirety by the Memorandum. All potential investors must read the Memorandum in its entirety and no person may invest in Tenant in Common Interests without acknowledging receipt and complete review of the Memorandum.

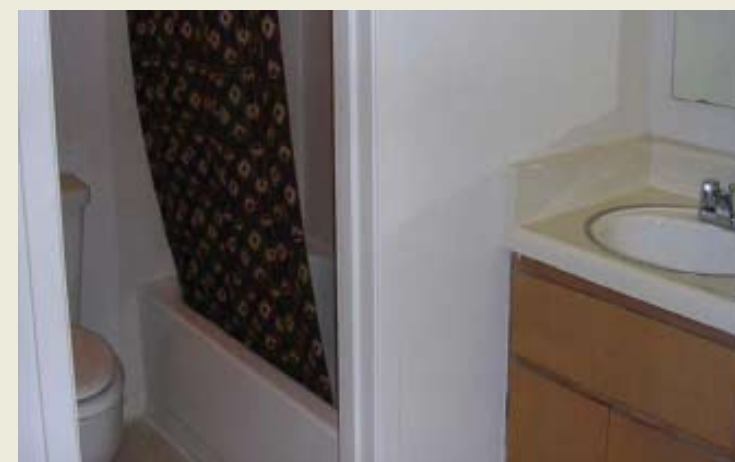


PROPERTY DESCRIPTION

- 11710 Parliament Drive, San Antonio, TX 78213
- Property consists of 285 Units in a total of 28 apartment buildings
- Class B, garden-style multifamily community built in two phases, 165 units in 1984/85 and 120 units in 1994
- The property contains a total of 11.69 acres (24.37 units/acre)
- 425 parking spaces (1.5 spaces/unit)
- Mature landscaping with a combination of grass, shrubs and trees
- Average unit size of 793 sq. ft., with well designed floor plans containing a unit mix of 71.6% one bedroom units and 28.4% two bedroom units
- Property is located just west of Blanco Road, 8 miles north of the CBD and 1.5 miles northwest of the San Antonio International Airport

KEY INVESTMENT CONSIDERATIONS

SPONSOR	COTTONWOOD CAPITAL INVESTMENTS, LLC
LOCATION	SAN ANTONIO, TX
INVESTMENT STRUCTURE	SECURITIES OFFERING: NOT A MASTER LEASE
PROPERTY TYPE	MULTIFAMILY
NUMBER OF UNITS	285
CURRENT OCCUPANCY	94.4% AS OF MAY 5, 2008
TOTAL CAPITALIZATION	\$18,568,000
INITIAL FUNDED REPLACEMENT RESERVES	\$1,895,225 (INCLUDED IN TOTAL CAPITALIZATION)
FIRST MORTGAGE LOAN	\$9,750,000
LOAN TO TOTAL CAPITALIZATION	52.51%
TOTAL EQUITY	\$8, 818, 000
MINIMUM EQUITY INVESTMENT	\$352,720
ALLOCATED DEBT PER MINIMUM EQUITY INVESTMENT	\$390,000
INITIAL ANTICIPATED YIELD TO INVESTORS	6.00%
ANTICIPATED HOLDING PERIOD	7 YEARS
PROJECTED INTERNAL RATE OF RETURN	8.45% AT A 6.6% TERMINAL CAP RATE



PROPERTY AMENITIES

- On-site Leasing/Management Office
- Two outdoor swimming pools, with hot tubs
- Picnic area with BBQ grills
- Clubhouse & Fitness Center
- Two laundry facilities
- Mail center
- Perimeter fencing, with limited controlled access

UNIT AMENITIES

- Units: average size of 793 sq. ft.
- Appliances: electric range/oven, vent-hood, refrigerator, garbage disposal, dishwasher, and built-in microwave ovens
- All units include a private patio or balcony area
- Each unit includes a ceiling fan in the bedrooms.
- Select units include fireplaces, built-in bookcases, vaulted ceilings, washer/dryer connections and exterior storage room

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