

Performance Report

as of 12/31/11

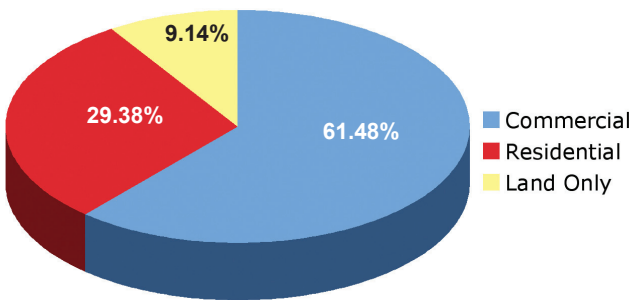
- Last Month's Annualized Return: 7.2%
- Year to date: 7.2%
- Number of loans: 111
- Gross loan portfolio dollars: \$38,354,917
(70% in 1st and 30% in 2nd position)
- Average loan-to-value: 44.95%*
- Average loan amount: \$345,540

*calculated when loans are initially funded

Past 12 Month's Annualized Returns:

<u>Month</u>	<u>Income Partner</u>	<u>Growth Partner</u>
Jan '11	7.2%	7.4%
Feb '11	7.2%	7.4%
Mar '11	7.2%	7.4%
April '11	7.2%	7.4%
May '11	7.2%	7.4%
June '11	7.2%	7.4%
July '11	7.2%	7.4%
Aug '11	7.2%	7.4%
Sept '11	7.2%	7.4%
Oct '11	7.2%	7.4%
Nov '11	7.2%	7.4%
Dec '11	7.2%	7.4%

Property Types



Featured Properties:

San Bruno & Los Altos, CA



We have two featured properties this month, both owned by our borrower. The first property is a 2,980sqft retail building built in 1940 and located at 501-509 San Mateo Avenue, in San Bruno, CA. This multitenant retail building, anchored by Starbucks and Lovely Bump, is located on the main street in downtown San Bruno and features 125 feet of street frontage. Starbucks leases approximately 1,400 square feet of the building and pays a monthly rent of \$4,830. Lovely Bump is currently paying \$1,169 per month in rent. The second property is a 49,658sqft single family residential lot located at 13686 Page Mill Rd, in the Los Altos Hills area. It is a wonderful flat acre with a creek-side setting.

Our borrower is a very high net worth individual with great credit who needed some additional liquidity from his real estate portfolio. Stonecrest was able to provide a second deed of trust for \$345K behind a \$368K 1st on the income producing commercial property valued at \$1million; and also crossed in 2nd position on the Los Altos Hills lot valued at \$1.9million with a 1st of \$380K. The combined loan-to-value is less than 38%. The strength of the borrower and the good location of the properties makes this a solid deal for the fund. 