



INVESTMENT OPPORTUNITY UPDATE

March 22, 2008

FULFILLING OUR CLIENTS' FINANCIAL GOALS THROUGH REAL ESTATE INVESTMENTS

Overview

Crises in the mortgage and lending industries, slumps in the single-family housing and condo markets, unprecedented actions by the Federal Reserve, uncertainties in many foreign markets, troubled indices and stocks: myriad events and conditions make these uncertain times for investors. For many, it sounds like an investment doomsday when returns can no longer justify the risks.

The reality of the situation is not nearly so grim. Individual stocks rise even under the toughest conditions. Construction continues in select cities. Jobs are gained in many markets. Foreign markets continue to grow as they become less dependent upon U.S. consumption and investment.

Even in the much maligned U.S. housing market things are not as bleak as headlines lead us to believe. In 2007, according to the National Association of Realtors, median home prices slumped in 77 markets--but rose in 73. One should always approach real estate statistics with a bit of skepticism, but even after an analysis of the NAR study, of government mortgage data and of courthouse records, we can still produce a list of 60 metropolitan areas where home prices were rising at the beginning of this year.

The cities where growth is still occurring are not the cities that sell newspapers. They are not major coastal or slumping midwestern metropolises. They are secondary and tertiary markets in places like Salem, Oregon; Yakima, Washington; Austin, Texas; and Grand Forks, N.D.; and they are cities that didn't experience a rapid run-up in real estate prices.

Where there was no boom, there can be no bust.

The same can even be said of several large cities like Dallas/Fort Worth. Slow and steady growth doesn't create bubbles; it creates consistent and repeatable returns.

For Clarus, markets like DFW are our primary targets. Our business model reduces investor costs, and our investment strategy reduces investor risk. Even though we cannot eliminate the risk of an investment, our investors can rest assured the actions of Clarus serve to reduce and navigate risk within the broader market.

Growth of Foreign Investment

A falling dollar has sparked an increase in foreign direct investment which will likely continue until the dollar reaches stabilization against major foreign currencies, and multifamily housing is one of foreign investors' primary targets. Canadian investors are snapping up real estate assets in northern markets. Dutch companies are partnering with Behringer Harvard in northeastern and western markets. Israeli investors are working with Harbor Group on the east coast; the British company Dawnay, Day is investing in New York; and the Australian management group Babcock & Brown is moving into southern U.S. markets.

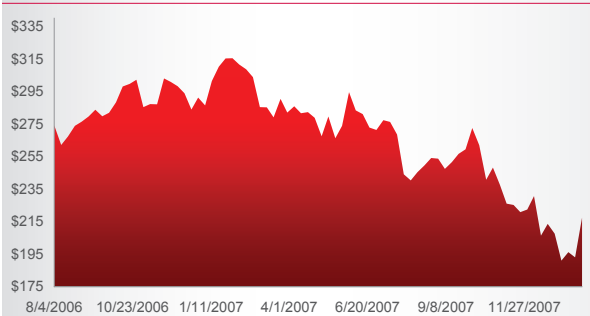
Multifamily real estate investments comprised nearly 20 percent of the U.S. portfolios of international investors at the end of 2007, nearly doubling the 12 percent of both 2005 and 2006, according to a survey of the members of the Association of Foreign Investors in Real Estate.

Our Philosophy at Work

Our investing philosophy adheres to a strategy that encourages investment when other investors have been weakened. Like foreign investors, we view the current turmoil in capital and financial markets as a much needed catalyst that will generate buying opportunities in the year ahead. In addition, our philosophy has always been to pursue only those investments that fit our acquisition criteria. For example, by the summer of 2007, Clarus no longer viewed any of our target markets as viable from an acquisition standpoint. Instead of chasing

deals that were overpriced, we opted to sit back and wait for cooler heads to prevail. During this period, we chose to develop the infrastructure of our company and poise ourselves for future potential opportunity. It is our opinion that the opportunity we have been waiting for is now starting to reveal itself. The apartment REIT price index reveals the accuracy of our prediction. In the previous year's unfavorable investment climate, apartment REITs that made investments on overpriced properties are seeing reduced returns even in today's favorable apartment market.

Bloomberg Apartment Reit Index Price History



In a broader, mid-term perspective, we view the year ahead as an excellent entry point for multifamily assets in certain markets with an expected holding period of five to seven years.

Clarus' Underwriting Approach

Clarus only pursues projects in which we identify strong potential for growth in value and cash flow. At the same time, we only approach projects that can demonstrate their returns under stringent and conservative underwriting. If a project doesn't make sense under difficult conditions, it doesn't make sense at all.

Clarus seeks numerous factors in its markets and submarkets, some of which are absolutely necessary before Clarus even begins to consider a particular project: definable, guaranteed job growth; consistent and strong projected population growth; high apartment absorption rates; constricted apartment supply; high occupancy rates; large numbers of jobs in

the creative class; strong infrastructure and transportation networks; and proven returns. Of the hundreds of projects we review each month, only one or maybe even none fit all of our criteria.

The projects we like best are projects with a proven ability to create cash flow. Our projects also have the opportunity to increase cash flow because of improved Clarus management and submarket conditions that bolster our efforts. If, after we run a worst-case scenario, a project still demonstrates its ability to outperform similar properties, we move to the next stage of underwriting and due diligence. When we bring a project to our investors, we bring confidence, too.

Diversifying Risk

Multifamily apartment investing is an essential element of every portfolio. Not only does it provide the security of owning real property, but as the recent turmoil in single-family housing and the projected tumult in the office and commercial sectors have proven, it historically outperforms other real estate classes.

In order to meet the needs and further diversify the risk to its investors, Clarus has and will continue to offer unique opportunities for real estate investment.

We have provided a brief overview below of several opportunities in and outside the multifamily market that Clarus is actively pursuing and currently researching for potential investment over the next year.

Fielder Crossing Condominiums

Located in the Central Arlington submarket of the Dallas/Forth Worth metropolitan statistical area, Fielder Crossing Condominiums is a Class B, 119-unit property near the University of Texas at Arlington.

The property itself is esthetically pleasing and features amenities such as a tiled roof, a pool and jacuzzi, attached garages and carports, covered parking, and a campus-

style organization. Because of its quality, appearance and excellent floor plans, the property draws credit-worthy tenants and compares favorably to newer, Class A properties.

DFW has avoided the economic troubles facing many large urban centers because of a low cost of living coupled with exceptional population and job growth. Texas, for example, is projected to grow 40 percent by 2040; DFW is projected to grow 40 percent by 2030, and job growth in the region is high. Indeed, DFW is one of the top-ten job-growth centers in the country.

Within the MSA, the Central Arlington submarket experiences higher than average rent growth, and within the submarket, occupancy is highest in the area surrounding Fielder Crossing. Arlington's current moratorium on new apartment projects adds further value to Fielder Crossing, as does our ability to exercise multiple exit strategies with this project.

Lima Condominium Project

As part of Clarus' agenda to further diversify risk, we have targeted Lima, Peru, as a prime candidate for condo development. With low building costs and quick turnaround times, condo development in Lima allows investors to enter and exit the market quickly while exposing themselves to minimal risk. Coupled with rigorous Peruvian banking and finance criteria, Lima's strong market fundamentals shield investors further.

Over 350,000 Lima residents are pre-approved for home financing, and with a housing shortage of 1.2 million dwellings and with one of the lowest mortgage debt to GDP ratios in the world, it is literally impossible to meet the demand for condos in the short-term as the middle class grows.

Peru is also one of the most stable investment climates in South America, consistently outperforming the rest of the continent and doing so with less volatility. A

study done by the University of Munich's Center for Economic Research and the Getulio Vargas Foundation in Brazil found Peru to be the second best investment option in Latin America, ahead of Mexico, Costa Rica, Brazil, Chile and Argentina. Clarus is in its final stages of due diligence on this project and we anticipate formally presenting the opportunity to our investors shortly.

Tractor Supply Company Projects

Clarus is currently researching a long-term commercial retail investment opportunity in select markets across the southeast anchored by Tractor Supply Company (TSCO). If we are able to negotiate terms that render this investment viable, we may be able to bring this opportunity to our investor community later this year.

TSCO, the largest retail farming supplier in the U.S., is a stable tenant with a high credit rating and strong growth prospects. The company has opened an average of 75 stores during each of the last four years and plans to open more than 100 in 2008.

All projects with TSCO are double net and feature 15-year leases with 10 percent rent steps every five years. Because of a growing Clarus relationship with a TSCO developer, we would be able to purchase these projects upon completion at cap rates significantly higher than market rates.

Returns are projected as moderate while risk is nominal, thanks in part to the caliber of the tenant as well as to leasing terms. With multiple exit windows, Clarus anticipates that it will be able to deliver a stable investment opportunity that maximizes investor IRRs and generates exceptional and growing cash flows.

Conclusion

We feel that a stable and sober approach to acquisition in 2008 will yield real estate assets that will prove themselves to be excellent investment opportunities over the next five years.

While the overall investment climate is riskier now than it was several years ago, that risk is not spread evenly in the investment world. Astute asset managers and savvy investors can still maximize returns through solid investment basics: thorough research and sound underwriting.

These tenets have been hallmarks of Clarus since its inception and they will serve to differentiate us and empower us to excel in the current investing environment.