Name_____

Copy No._____

$20,000,000

APEX REAL ESTATE OPPORTUNITY FUND, 1 LP

A DELAWARE LIMITED PARTNERSHIP

CONFIDENTIAL OFFERING MEMORANDUM

March 31, 2024

GENERAL PARTNER:

APEX REAL ESTATE PARTNERS, LLC
Real Estate Fund Sponsor/General Partner

IMPORTANT GENERAL CONSIDERATIONS

A prospective investor (an "Investor"), in Apex Real Estate Opportunity Fund I, LP, (the "Partnership"), should not construe the contents of this Confidential Offering Memorandum, as amended orrestated from time to time (this "Memorandum"), as legal, tax or investment advice and, if an Investor desires to acquire a limited partnership interest in the Partnership (an "Interest"), and agrees to be become a limited partner in the Partnership (a "Limited Partner"), such Investor will be required to make a representation to that effect. Each Investor should review the proposed investment and the legal, tax and other consequences thereof with its own professional advisors.The purchase of an Interest involves certain risks and conflicts of interest between the General Partner and the Partnership. (See "RISK FACTORS AND CONFLICTS OF INTEREST."). The General Partner reserves the right to refuse any subscription for any or no reason.

In making an investment decision, an Investor must rely on its own examination of the Partnership and the terms of the offering of Interests, including the merits and risks involved.Each Investor and its representative(s), if any, are invited to ask questions and obtain additional information from the General Partner concerning the terms and conditions of the offering, the Partnership, and any other relevant matters to the extent the General Partner possesses such information or can acquire it without unreasonable effort or expense.

Neither the SEC nor any state securities commission has passed upon the merits of participating in the Partnership, nor has the SEC or any state securities commission passed upon the adequacy or accuracy of this Memorandum. Any representation to the contrary is a criminal offense. The General Partner anticipates that: (i) the offer and sale of the Interests will be exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and the various state securities laws and (ii) the Partnership will not be registered as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"), pursuant to an exemption provided by Section 3(c)(1) thereunder. The Investment Manager is not registered as an investment adviser.

A Limited Partner may not withdraw from the Partnership unless such withdrawal is pursuant to the provisions specified in the Limited Partnership Agreement of the Partnership (the "Partnership Agreement"), which should be read in full prior to subscription.

The offering of Interests is made only by delivery of a copy of this Memorandum to the person whose name appears hereon. The offering is made only to "accredited investors." This Memorandum may not be reproduced, either in whole or in part, without the prior express written consent of the General Partner. By accepting delivery of this Memorandum, an Investor agrees not to reproduce or divulge its contents and, if an Investor does not purchase any Interests, to return this Memorandum to the General Partner.

There is no public market for the Interests nor is any expected to develop. Even if such a market develops, no distribution, resale or transfer of an Interest will be permitted except in accordance with the provisions of the Securities Act, the rules and regulations promulgated thereunder, any applicable state securities laws and the terms and conditions of the Partnership Agreement. Any transfer of an Interest by a Limited Partner, public or private, will require the consent of the General Partner.

Accordingly, if an Investor purchases an Interest, he, she, or it will be required to represent and warrant that he, she, or it has read this Memorandum and is aware of and can afford the risks of an investment in the Partnership for an indefinite period of time. An Investor will also be required to represent that he, she, or it is acquiring the Interest for its own account, for investment purposes only, and not with any intention to resell or transfer all or any part of the Interest. This investment is suitable for an Investor who has adequate means of providing for its current and future needs, has no need for liquidity in this investment and can afford to lose the entire amount of its investment.

Although this Memorandum contains summaries of certain terms of certain documents, an Investor should refer to the actual documents (copies of which are attached hereto or are available from the General Partner) for complete information concerning the rights and obligations of the parties thereto. All such summaries are qualified in their entirety by the terms of the actual documents. No person has been authorized to make any representations or furnish any information with respect to the Partnership or the Interests, other than the representations and information set forth in this Memorandum or other documents or information furnished by the General Partner upon request, as described above.

No rulings have been sought from the U.S. Internal Revenue Service ("IRS"), or any state or other taxing authorities with respect to any tax matters discussed in this Memorandum. Each Investor is cautioned that the views contained herein are subject to material qualifications and subject to possible changes to, or revised interpretations of, applicable statutes and regulations by the IRS, the U.S. Congress, the courts or pursuant to other legislative or administrative action with respect to such existing tax statutes or regulations.

The information contained herein is current only as of the date hereof and Investors should not, under any circumstances, assume that there has not been any change in the matters discussed herein since the date hereof.

NASAA UNIFORM DISCLOSURE

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINALOFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

Florida Residents:

IF SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, AND YOU PURCHASE SECURITIES HEREUNDER, THEN YOU MAY VOID SUCH PURCHASE EITHER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATIONIS MADE BY YOU TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THIS PRIVILEGE IS COMMUNICATED TO YOU, WHICHEVER OCCURS LATER.

PRIVACY NOTICE

Current regulations require financial institutions (including investment funds) to provide their investors with initial and annual privacy notices describing the institution's policies regarding the sharing of information about their investors. In connection with this requirement, we are providing this Privacy Notice to each of our Investors.

We do not disclose nonpublic personal information about our Investors or former Investors to third parties other than as described below.

We collect information about you (such as name, address, social security number, assets, and income) from our discussions with you, from documents that you may deliver to us (such as subscription documents) and in the course of providing services to you. In order to service your account and effect your transactions, we may provide your personal information to our affiliates and to firms that assist us in servicing your account and have a need for such information, such as the Investment Manager, fund administrator, auditors, or accountants. We do not otherwise provide information about you to outside firms, organizations, or individuals except as required or permitted by law. Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation and is not permitted to share or use this information for any other purpose.

FORWARD LOOKING STATEMENTS

Certain information included in this Offering (as well as information included in oral statements or other written statements made or to be made by us) contains or may contain forward-looking statements. This Offering also contains "forward-looking statements." For this purpose, any statements contained in this Offering except for historical information may be deemed to be forward-looking statements that involve risks and uncertainties, many of which are beyond the Company's control. In light of the significant uncertainties inherent to the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation or warranty by the Company or any other person that the objectives and plans of the Company will be achieved in any specified time frame, if at all. Except to the extent required by applicable laws or rules, the Company does not undertake any obligation to update any forward-looking statements or to announce revisions to any of the forward-looking statements. Prospective investors are cautioned that there also can be no assurance that the forward-looking statements included in this Offering will prove to be accurate. The Company's actual results could differ materially and adversely from those anticipated in such forward-looking statements as a result of certain factors, including those set forth below and elsewhere in this Offering.

All statements, other than statements of historical facts, included in this Offering regarding the Company's strategy, future operations, financial position, estimated revenue or losses, projected costs, prospects and plans and objectives of management are forward-looking statements. When used in this Offering, the words "may," "believe," "anticipate," "intend," "estimate," "expect," "project," "plan" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date of this Offering.

Forward-looking statements include, without limitation, all statements as to expectation or belief and statements as to our future results of operations, the progress of our research, product development and clinical programs, the need for, and timing of, additional capital and capital expenditures, partnering prospects, costs for development of products, the protection of and the need for additional intellectual property rights, effects of regulations, the need for additional facilities and potential market opportunities. Our actual results may vary materially from those contained in such forward-looking statements because of the risks to which we are subject, including those listed above.

Information regarding market and industry statistics, to the extent contained in this Offering, is based on information available to the Company that it believes is accurate. Such data is generally sourced from academic and other publications that are not produced for purposes of securities offerings or economic analysis. The Company has not reviewed or included data from all sources, and the Company cannot assure prospective investors of the accuracy or completeness of the third-party data included in this Offering. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. The Company has no obligation to update forward-looking information to reflect actual results or changes in assumptions or other factors that could affect those statements. See "Risk Factors" for a more detailed discussion of uncertainties and risks that may have an impact on future results.

In addition, forward-looking statements represent our estimates and assumptions only as of the date of this Offering. You should read this Offering and the documents incorporated by reference herein completely and with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

SUMMARY OF OFFERING AND PARTNERSHIP TERMS

The following summary is qualified in its entirety by the more detailed information contained elsewhere in this Memorandum and by the terms and conditions of the Partnership Agreement and other referenced documents. An Investor should read this entire Memorandum and the Partnership Agreement carefully before making any investment decision regarding the Partnership and should pay particular attention to the information under the heading "RISK FACTORS AND CONFLICTS OF INTEREST." In addition, an Investor should consult its own advisors in order to understand fully the consequences of an investment in the Partnership. Unless specifically noted otherwise, references throughout this Memorandum to the Partnership will include the General Partner (as defined below) and any agent authorized to act on the Partnership's behalf.

The Partnership: **Apex Real Estate Opportunity Fund I, L.P.,** (the "**Partnership**"), is a Delaware limited partnership formed on October 14, 2021, and will be funded with an initial Capital Commitments (as defined below) from the General Partner (defined below). The Partnership operates as a pooled investment vehicle through which the assets of the General Partner and Limited Partners (the"**Partners**"), are invested in a wide variety of multi-family, mixed use real estate properties.

General Partner: Apex Real Estate Partners, LLC, is a limited liability company registered in the State of Florida on October 8, 2021, and is the general partner of the Partnership (the "**General Partner**" or **"Sponsor"**). The General Partner is responsible for all management decisions of the Partnership.

Management: Apex Real Estate Advisors, LLC is a limited liability company registered in the State of Florida on October 14, 2021 (the "**Investment Manager**" **"Manager"** or **"Advisor"**). The Investment Manager is responsible for all investment decisions of the Partnership. The Investment Manager is not registered as an investment adviser. The Investment Manager is responsible for the investment selection and positioning of the Partnership. (See "*Management*.")

Investment Strategy: The Investment Manager will direct the Partnership's investment strategy, decisions, and selection of real estate investments. The Partnership was formed to provide investors with long-term risk-adjusted investment returns. The Investment Manager intends to use its previous commercial and residential mix-use and multifamily experience to achieve above-average investor returns by: (i) investing in attractively priced "off the radar" mix-use, commercial and residential properties across the nation; (ii) investing in mortgage products and (iii) implementing innovative programs to improve operating efficiency.

As its investment strategy, the Partnership will use proprietary investment selection criteria and methodologies developed by the Investment Manager to invest in multifamily real estate.

The Partnership will attempt to execute consistent programs of implementing this methodology to maximize investment income for the Partnership while at the same time minimizing the downside risk to the extent possible.

In summary, the Partnership seeks to provide its Investors with comparatively reasonable returns. This general summary does not constitute a complete description of the investment strategies or the securities that may be employed by the Investment Manager or the Partnership. The Investment Manager is not restricted to any investment strategy whatsoever.

The Partnership will use financial leverage in its investment based on the amount of capital actually contributed by Investors.

The Partnership reserves the right to convert into a U.S. feeder fund that implements its investment program and other activities through an offshore master-feeder fund and to amend its Limited Partnership Agreement in connection therewith to reflect such master-feeder fund structure without the consent of the Limited Partners.

Investment Risks: The Partnership's investment program is speculative and entails substantial risks, including, among others: dependency on key individuals, risks associated with real estate investing, litigation risk, risks arising from the use of leverage, and the risk that exit strategies from positions may be unavailable and have limited liquidity. An Investor should not invest in the Partnership unless: (1) it is fully able to bear the financial risks of its investment for an indefinite period of time; and (2) it can sustain the loss of all or a significant part of its investment and any related realized

or unrealized profits. A Limited Partner could lose some or all of its investment in the Partnership. There can be no assurance that the investment objectives of the Partnership will be achieved or that the Investment Manager's investment strategy will be successful. Past results of the Partnership, the Investment Manager or their principals, affiliated entities, funds, or clients, if any, are not necessarily indicative of the future performance of the Partnership.

The Offering:

The Partnership is offering limited partnership interests (the "**Interests**"), through a private placement on a continuous basis to persons who are "accredited investors" (as such term is defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"). Each Interest represents a percentage interest in the Partnership determined by reference to the Capital Account (as defined below) of each Partner in relation to the aggregate Capital Accounts of all Partners.

Marketing Fees and Sales Charges. The General Partner may sell Interests in the Partnership through Franklin Ogele and Ray Watts and other junior partners/members of the General Partner pursuant to Rule 3a4-1 under the Securities Exchange Act of 1934 and through broker-dealers and placement agents. In certain cases, the General Partner reserves the right to charge an Investor a one-time fee or salescharge, on a fully disclosed basis, which fee is paid to a broker-dealer or placement agent based upon the Capital Commitment (as defined below) of the Investor introduced to the Partnership by such broker-dealer or agent. Any such sales charge would be assessed against the referred Investor and would reduce the amount actually invested by the Investor in the Partnership. An Investor affected by such charge will be asked to consent to such arrangement.

General Partner's Commitment:

The General Partner as a Limited Partner will commit to contribute $10,000.00 in the Partnership equity capital.

The General Partner will also have the right, but not the obligation, to invest in transactions alongside the Partnership in any amount, provided that any such co-investment shall not be on terms more favorable to the General Partner than to the Partnership. The General Partner's Affiliates and Limited Partners shall also have the right, but not the obligation, to invest in Real Property Portfolio Investments along with the Partnership in any amount, provided that any such co-investment will not be on terms more favorable to the General Partner's Affiliates and Limited Partners than to the Partnership.

Subsequent Funds:

The Investment Manager, its principals, and their affiliates may organize and be associated with other investment funds with objectives similar to those of the Partnership without consent of the Limited Partners and at their sole discretion, may invite a Limited Partner to join such partnership. The Limited Partners agree to waive any conflict of interests arising out of the operation of other funds by the Investment Manager, its principals, or their affiliates.

Special Tax or Regulatory Parallel Funds: The General Partner may, in its discretion, create additional partnerships or other vehicles ("**Parallel Funds**"), for Investors with special investment needs, including Investors with special legal, regulatory, tax or other requirements. The Parallel Funds generally will invest side-by-side with the Partnership (except to be in proportion to unfunded Capital Commitments available to make a particular investment) on substantially the same terms and conditions as the Partnership, including the sharing of organizational and other Partnership expenses. The Parallel Funds may contain different terms and conditions than the Partnership. Votes of Limited Partners of the Partnership generally will require comparable votes of investors in Parallel Funds to be effective and changes in the Partnership generally will entail comparable changes in the Parallel Funds.

Fund Size: The Partnership is seeking Capital Commitments in an amount of $20,000,000.

The Initial Closing: The General Partner may choose to have one or series of Initial Closings at any time upon receiving any amount of Capital Commitments.

Subsequent Closings: Additional Limited Partners may be admitted at any time after the Initial Closing at the sole discretion of the General Partner at such terms and conditions as determined ed by the General Partner.

Commitment Period: Capital Commitments will generally expire on the third anniversary of the Final Closing (the "**Commitment Period**"). At the end of the Commitment Period, all Partners will be released from further obligation with respect to their undrawn Capital Commitments, except to the extent necessary to: (i) pay amounts owing or which may become due under any existing or replacement credit facility; (ii) complete investments by the Partnership in transactions which were in progress as of the end of the Commitment Period; (iii) pay Partnership expenses and (iv) effect follow-on or additional investments, including funding of operating deficits, in existing Partnership Real Estate Portfolio Investments up to a maximum of 10% of aggregate Capital Commitments.

Minimum Investment Commitment: The minimum commitment period is one (1) year.

Term: The term of the Partnership will be ten years from the Final Closing but may be extended for up to a maximum of two consecutive one-year periods with the approval of a majority interest of Limited Partners (excluding the interestheld by the General Partner as a Limited Partner), in order to permit orderly dissolution.

Property Information Package: The Partnership may offer for investment in a specific property as shall be provided in "*Property Information Package"* subject to specific annualized, but non-guaranteed return and terms and conditions applicable solely to the property. In that event, the interest of the investor and related Limited Partnership Agreement terminates upon

the retirement and/or return of the investment to the Limited Partner. If a Limited Partner invests specifically in a Property accompanied by Property Information Package, then obligation of the Partnership and the rights of such Limited Partner is limited solely to terms and conditions provided in the Property Information Package which terminates upon the retirement and/or return of the principal and interest, albeit, non-guaranteed to the Limited Partner.

Reinvestment: Realized gains and proceeds from the sale of Real Estate Portfolio Investments may be reinvested during the Commitment Period. During the Commitment Period, gains or proceeds from the sale of a Real Estate Portfolio Investment that are distributed to Limited Partners will be added back to unfunded Capital Commitments and may be drawn down again bythe Partnership during the Commitment Period.

Drawdowns: Commitments generally will be drawn down *pro rata* on an as needed basis during the Commitment Period to fund investments and to meet Organizational Expenses, Partnership Expenses and Management Fees. A minimum of ten business days' written notice (a "**Funding Notice**"), will be given by the General Partner specifying the Partnership date, amount, and proposed use of proceeds for each drawdown, as well as provide appropriate payment instructions. An initial drawdown shall occur in connection with the Initial Closing and shall be in an amount equal to at least ten percent (10%) of the total committed capital.

Diversification: The Partnership does not have fixed guidelines for diversification and may concentrate its investments in particular types of real estate investments and may utilize different investment strategies, depending on the Investment Manager's assessment of the available investment opportunities.

Co-Investment Policy: The Investment Manager may, but will be under no obligation to, provide co-investment opportunities to Limited Partners. Co-investment opportunities will only be offered to the Limited Partners if the Investment Manager determines in its sole, but good faith, discretion that reducing the size or risk of the direct investment in a Real Estate Portfolio Investment by the Partnership is in the Partnership's best interest. The terms of any co-investment opportunity must be mutually acceptable to the General Partner and the Limited Partners making such a co-investment. Partners will have no obligation to make any co-investments. Notwithstanding the foregoing, the Partnership may invest side-by-side with a Limited Partner without providingco-investment opportunities to other Limited Partners in instances where such Limited Partner provides investment opportunities, operating capabilities or other strategic or competitive opportunities or advantages. However, nothing shall preclude the Partnership from entering into joint ventures with third parties. The managers of the Investment (the "**Principals**"), may have an extensive network of investment interests and may invest in other entities, including real estate investment companies. Therefore, the Investment Manager may manage other entities and may offer Limited Partners investment opportunities that may compete with the Partnership.

Capital Accounts: The Partnership will establish and maintain on its books a capital account ("**Capital Account**"), for each Limited Partner and the General Partner, into which their capital contribution(s) (each a "**Capital Contribution**"), will be credited and in which certain other transactions will be reflected. (See "*Allocation of Income, Gain or Loss*," below).

Distributions and Carried Interest: Limited Partners may not voluntarily withdraw any capital from the Partnership. In certain circumstances, however, a Limited Partner may be required to withdraw from the Partnership if the General Partner reasonably determines, in its sole discretion, that such Limited Partner's continued participation in the Partnership would result in a violation of the applicable laws or could otherwise be expected to have a material adverse effect on the Partnership and/or the General Partner. Notwithstanding the foregoing, and subject to the Limited Partnership Agreement, the Partnership will generally make distributions to the Partners after the Partnership receives cash proceeds from each Partnership investment (the "***Distribution Proceeds***"), subject to the capital needs of the Partnership as determined in the sole discretion of the General Partner. All Distribution Proceeds from the Partnership will be apportioned among all Partners participating in the Partnership in accordance with their percentage participation (based on actual Capital Contributions) in the Partnership, except for the amount apportioned to the General Partner, all as set forth in this Memoranda.

RISK FACTORS AND CONFLICTS OF INTEREST

An investment in the Partnership involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that: (i) the Partnership's investment objectives will prove successful; or (ii) Limited Partners will not lose all or a portion of their investment in the Partnership.

An Investor should regard an investment in the Partnership as a supplement to an overall investment program and should only invest if it is willing to undertake the risks involved. In addition, Investors who are subject to income tax should be aware that an investment in the Partnership is likely (if the Partnership is successful) to create taxable income or tax liabilities in excess of cash distributions to pay such liabilities. An Investor should therefore bear in mind the following risk factors and conflicts of interest before purchasing an Interest:

Commercial and Residential Real Estate Industry Risks

As used herein "Property" refers to the property in which we may invest.

Our performance and the value of our Interests are subject to risks associated with the real estate industry.

If our assets do not generate income sufficient to pay our expenses and maintain our Portfolio Investments, we may not be able to make expected distributions to our security holders. Several factors may adversely affect the economic performance and value of our Portfolio Investments. These factors include changes in the national, regional, and local economic climate, local conditions such as an oversupply of multi-family properties or a reduction in demand for such properties, the attractiveness of our Portfolio Investments to tenants, competition from other available real estate properties, changes in market rental rates and the need to periodically repair,

renovate and re-rent space. Our performance also depends on our ability to collect rent from tenants and to pay for adequate maintenance, insurance, and other operating costs (including real estate taxes), which could increase over time. In addition, the expenses of owning and operating a property are not necessarily reduced when circumstances such as market factors and competition cause a reduction in income from the property. If a property is mortgaged and we are unable to meet the mortgage payments, the lender could foreclose on the mortgage and take the property. In addition, interest rate levels, the availability of financing, changes in laws and governmental regulations (including those governing usage, zoning, and taxes) and the possibility of bankruptcies of tenants may adversely affect our financial condition and results of operations.

Demand for real estate investments and favorable market conditions may change.

We believe that an imbalance currently exists between the level of demand for investments in real estate and the supply of capacity from adequately capitalized real estate investment funds, resulting in an attractive pricing environment. Historically, real estate investment funds have experienced significant fluctuations in operating results due to competition, levels of capacity, general economic conditions, and other factors. There can be no assurance that attractive pricing will be available to us or to the industry generally, nor can there be any assurance that if such pricing exists for us initially, it will continue.

Real estate generally is illiquid, and the Property may not be easily sold or refinanced.

Real estate is not readily marketable and capital markets can tighten. There can be no assurance a property will be able to sell or refinance the Property at a price that will enable the Property to meet its payment obligations to the Partnership under our investment, including any priority return due thereon. Interest in private companies, including ones pursuing real estate ventures, are highly illiquid, and this lackof liquidity may limit the Property's ability to react promptly to changes in economic or other conditions. There can be no assurance as to whether or when the Partnership's investments in the Property will be liquidated. If the investment is not repaid when expected, the Partnership will not be able to make the scheduled payments on the Interests. In such case, the Investors could lose all or a significant portion of their investment in Interests.

Commercial real estate investments have inherent risks.

The investment will be subject to many risks, including the failure for any reason of the Property to meet its operating expenses, debt payments or make the payments on the investment. Local market conditions may also significantly affect development patterns or viability, occupancy, and rental rates. In any such case, the value of the investment, and thus of the Interests, may be adversely affected. Other risks include:

- unfavorable trends in the national, regional or local economy, including changes in interest rates or the availability of financing as well as plant closings, industry slowdowns, a decline in household formation or employment (or lack of employment growth), conditions that could cause an increase in the operating expenses of the Property (such as increases in property taxes, utilities, compensation of on-site personnel and routine maintenance), and other factors affecting the local economy;

- adverse changes in local real estate market conditions, such as a reduction in demand for (or an oversupply of) assets such as those involved in the corresponding project investment or increased competition;

- construction or physical defects in the underlying property(ies) that could affect market value or cause the Property to make unexpected expenditures for repairs and maintenance;

- adverse use of adjacent or neighboring real estate;

- changes in real property tax rates and assessments, zoning laws or regulatory restrictions, including rent control or rent stabilization laws or other laws regulating similar properties that could limit the Property's ability to increase rents or to sell the underlying property(ies); or

- damage to or destruction of any of the properties that are the subject of the corresponding project investment, or other catastrophic or uninsurable losses.

These factors, among others, all play a part in the volatility and expectations for the investment and thus may have an adverse impact on the performance of the common equity. Small real estate businesses borrowing, or paying common returns, at higher-than-average return or interest rates maybe particularly susceptible to such factors. Such factors may from time to time contribute to an increased likelihood of a Property default on the investment.

The Property may decline in value.

The value of the Property will be subject to the risks generallyincident to the ownership of improved and unimproved real estate, including changes in general or local economic conditions, increases in interest rates for real estate financing, physical damage that is not covered by insurance, zoning, entitlements, and other risks. Many Sponsors expect to use resale proceeds to repaythe project investment. A decline in property values could result in the Property's obligations (including under the Partnership's investment) being greater in amount than the Property value, which could result in a failure of the Property to return some or all of the Partnership's investment, and thus materially adversely affect the ability of the Partnership to make its payments on the Interests.

Property valuation models used by the Partnership in determining whether to make the investment may be deficient and may increase the risk of default.

Real estate valuation is an inherently inexact process and depends on numerous factors, all of which are subject to change. Appraisals or opinions of value may prove to be insufficiently supported, and the Partnership's review of the value of the Property in determining whether to make an investment may be based on information that is incorrect or opinions that are overly optimistic. The risk of default in such situations is increased, and the risk of loss to Investors will be commensurately greater.

Projects requiring substantial construction carry substantial risk.

Investments involving properties requiring substantial construction efforts (including ground-up developments) contain additional risks relating to the nature of such licensing or construction efforts.

Construction or rehabilitation work carries a number of substantial risks involving, among other things, the timeliness of the Project's completion, the integrity of appraisal values, whether or not the completed property can be sold for the amount anticipated, and the length of the ultimate sale process. If construction work is not completed (due to contractor abandonment, unsatisfactory work performance, or various other factors) and all the investment funds have already been expended, then in the event of a default the Property may in some instances borrow significant additional funds to complete the construction work. Any such investment would need to be repaid by the Property prior to the Partnership being paid back on its investment; in such event, the ability of the Partnership to timely make payments on the Interests would be materially adversely affected. If the value of an uncompleted property is materially less than the amount of the construction loan, even if the work were completed, then upon a default the Partnership might need to invest additional funds in order to recoup all or a portion of the investment. The Property may take longer than anticipated either to construct or sell the Property, and there can be no assurance that the Property will receive sufficient proceeds from the sale to repay the investment in full.

If the Property is being developed or significantly rehabilitated, it may be that the Property will have no, or limited, cash flow during the development or rehabilitation period. In addition, there is no assurance that the development or rehabilitation will be successful or that the Property will achieve the projected salesprice, lease-up rates, or other post-

construction components of the business plan that would enable the Property to achieve success. Investments involving such development or significant rehabilitation business plans have an increased risk of failure. Investors should closely review Offering Materials as well as such other related *Property Information Package,* if any, for the specific property, and take into account the additional risks involved with such an investment. As used hereinafter, "Offering Materials*"* is this Memorandum, Limited Partnership Agreement and the Subscription Agreement and other such information relating to the Property, if any.

Because our Real Estate Portfolio Investments will be subject to the Americans with Disabilities Act, we may have additional expenses.

Apartments must comply with Title III of the Americans with Disabilities Act (the "**ADA**"), to the extent that such apartments are "public accommodations," or "commercial facilities" as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of apartment properties where such removal is readily achievable. However, noncompliance with the ADA could result in substantial capital expenditures to remove structural barriers, as well as the imposition of fines or an award of damages to private litigants that might adverselyaffect the Partnership's ability to make expected distributions to investors.

Our limited focus on mix use commercial real estate may adversely affect our performance.

Our Real Estate Portfolio Investments will be primarily focused on mix use commercial real estate, including multi-family housing. As a consequence, the Partnership's return may be substantially adversely affected by the unfavorable performance of the economy or the real estate market for apartment properties generally, or in the jurisdictions in which the properties are located.

Our Real Estate Portfolio Investments will be subject to operating risks.

The properties acquired by the Partnership will be subject to all operating risks common to the real estate industry. These risks include changes in general economic conditions; the level of demand for apartment units; cyclical over-building in the apartment industry; restrictive changes in zoning and similar land use laws and regulations or in health, safety and environmental laws, rules, and regulations; and the inability to secure property and liability insurance to fully protect against all losses or to obtain such insurance at reasonable rates. Since apartment lease terms are typically one year or less, apartment revenues are generally more susceptible to adverse economic conditions. In addition, the real estate industry is highly competitive. The Partnership's properties will compete with other properties in their geographic markets, and some competitors may have substantially greater marketing and financial resources than the Partnership.

We may be unable to renew leases or re-rent space as leases expire.

When our future tenants decide not to renew their leases upon expiration in our future Real Estate Portfolio Investments, we may be unable to re-rent the space. Even if the tenants do renew or we can re-rent the space, the terms of renewal or re-renting (including the cost of required renovations) may be less favorable than current lease terms. If we are unable to promptly renew the leases or re-rent this space, or if the rental rates upon such renewal or re-renting are significantly lower than expected rates, then our results of operations and financial condition will be adversely affected. Consequently, our cash flow and ability to make distributions to Limited Partners would be adversely affected.

We will operate in a highly competitive environment.

The real estate industry is highly competitive. We will compete with major U.S. and international real estate operating companies and real estate investment funds, many of which may have greater financial, marketing and management resources than we do. In addition, other companies may enter the real estate investment and development markets. Competition in the type of business that we will operate is based on many factors. Increased competition could result in fewer development and investment opportunities, which could adversely impact on our growth and profitability. We cannot predict the extent to which competition from new companies or existing competitors raising capital could mitigate the investment and management opportunities and favorable market conditions that we believe currently exist.

Environmental problems are possible and may be costly.

Federal, state, and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances, petroleum product releases or mold at such property. The owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with the contamination. Such laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site.

Environmental laws also govern the presence, maintenance, and removal of asbestos. Such laws require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, that they notify and train those who may come into contact with asbestos and that they undertake special precautions, including removal or other abatement, if asbestos would be disturbed during the renovation or demolition of a building. Such laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

Some potential losses may not be covered by insurance.

We plan to carry customary and reasonable insurance on all of our properties. We expect that the policy specifications and insured limits of these policies will be adequate and appropriate. There are, however, certain types of losses, such as lease and other contract claims that generally are not insured. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligation related to the property.

Suitable Real Estate Portfolio Investments may be difficult to locate.

The identification of attractive real estate investment opportunities is difficult and involves a high degree of uncertainty. There can be no assurance that the Investment Manager will be able to identify and complete investments that meet the Partnership's investment objectives or that the Investment Manager will be able fully to invest the Partnership's available committed capital. Furthermore, the General Partner may encounter competition in connection with its selection of investments from other providers of capital, some of which may have greater financial and other resources and more extensive experience than the Investment Manager.

There can be no assurance that there will be a sufficient number of suitable investments available for the Partnership or that the investments made by the Partnership will generate reasonable or expected rate of return on invested capital.

We may not be able to diversify Real Estate Portfolio Investments.

The Partnership may participate in a limited number of investments and the Partnership investments may not be widely diversified. As a consequence, the aggregate return of the Partnership may be substantially adversely affected by the unfavorable performance of even a single investment. The ability of the Partnership to diversify the risks of making investments will depend upon a variety of factors, including the size, characteristics, type, and class of the real property being developed or repositioned, and the number and quality of developers and operators in need of such financing. The Partnership may not be able to make investments that would provide a desired level of diversification.

The concentration on the multi-family real estate sector can result in disproportionate risks.

The Partnership may concentrate its investments in a particular class of real estate. Such focus may constrain the liquidity and the number of Real Estate Portfolio Investments available for investment by the Partnership. In addition, the investments of the Partnership may be disproportionately exposed to the risks associated with the industry sectors of concentration.

New acquisitions may fail to perform as expected and competition for acquisitions may result in increased prices for properties.

We may actively acquire multi-family real estate properties and under the appropriate circumstances develop multi-family properties. Newly acquired properties may fail to perform as expected. We may underestimate the costs necessary to bring an acquired property up to standards established for its intended market position. Additionally, we expect other major real estate investors with significant capital will compete with us for attractive investment opportunities. These competitors include publicly-traded REITs, private REITs, investment banking firms, real estate operating companies,private institutional investment funds and other institutions and individuals. This competition has increased prices for multi-family housing properties in the past. We expect to acquire properties with cash from secured financing and proceeds from offerings of equity and possibly debt. We may not be in a position or have the opportunity in the future to make suitable property acquisitions on favorable terms.

Our investments are geographically concentrated.

The Partnership may concentrate its investments in specific geographic regions. This focus may constrain the liquidity and the number of Real Estate Portfolio Investments available for investment by the Partnership. In addition, the investments of the Partnership will be disproportionately exposed to the risks associated with the region of concentration.

Any debt financing we obtain to finance a Real Estate Portfolio Investment presents risks to thePartnership.

The Partnership may employ leverage in connection with its operations and investments. The use of leverage involves a high degree of financial risk and may increase the exposure of the Partnership or itsinvestments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the properties underlying such investments. Principal and interest payments on any indebtedness of the Partnership would have to be made when they become due and payable regardless of whether sufficient cash is available.

If sufficient cash flow is not available, the obligation to pay principal and interest on the Partnership's debt, if any, could result in a capital call to the Limited Partners (to the extent unfunded Capital Commitments are available or capital distributions have been made and may be recalled) to pay required debt service. If such capital is not available, the Partnership's default in paying such principal and interest could result in foreclosure of any security instrument securing the debt and the complete loss of the Partnership's capital invested in the particular investment.

Any changes in interest rates could affect the amounts available for distributions.

Increases in interest rates could adversely affect the value of our investments and cause our interest expense to increase, which could result in reduced earnings or losses and negatively affect our profitability as well as the cash available for distribution to our Partners.

We may require additional capital in the future.

Future capital requirements depend on many factors, including our ability to successfully develop and manage our Real Estate Portfolio Investments. To the extent that the funds generated by this offering and our investments are insufficient to fund future operating requirements and development expenses, it may be necessary to raise additional funds through financings or, in the alternative, curtail our growth and reduce our assets. Any equity or debt financing, if available at all, may be on terms that are not favorable to us.

In the case of equity financing, dilution to our Limited Partners could result, and in any case such securities may have rights, preferences and privileges that are senior to those of the Interests offered herein. In the case of debt financing, the obligations related to such debt may restrict our operations and the operations of a Real Estate Portfolio Investment, encumber our assets, and jeopardize our ability to obtain other financing. If adequate capital cannot be obtained, our business, operating results and financial condition could be adversely affected.

Failure to qualify as a real estate operating Partnership could have serious and adverse consequences to Partners.

We intend to qualify and meet the requirements as a "real estate operating Partnership" pursuant to ERISA and the relevant Department of Labor regulations. Many of these requirements, however, are highly technical and complex. The determination that the Partnership is a real estate operating Partnership requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, if we receive qualified money from Limited Partners, generally, to qualify as a real estate operating Partnership, (i) at least 50% of our assets, valued at cost (other than short-term investments pending long-term commitment or distribution to investors), must be invested in real estate which is managed or developed and with respect to which we have the right to substantially participate directly in the management or development activities, or (ii) Limited Partners that are regulated by ERISA and invest qualified money must not have 25% or more of the value of any class of equity interests in the Partnership. Even a technical or inadvertent mistake could jeopardize our real estate operating Partnership status. Furthermore, Congress and the Department of Labor might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for the Partnership to remain qualified as a real estate operating Partnership. We do not believe, however, that any pending or proposed Department of Labor law changes would jeopardize our real estate operating Partnership status. If we fail to qualify as a real estate operating Partnership, then we would be subject to ERISA. This could have a significant adverse effect on the value of our securities.

Co-investors present substantial risks to the fund.

The Partnership may co-invest with third parties through consortiums of private equity investors, joint ventures, or other similar arrangements. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial, legal, or regulatory difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Partnership or may be in a position to take (or block) action in a manner contrary to the Partnership's investment objectives. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Our investment strategies may evolve over the term of the fund.

Except as described in the Summary of *Property Information Package*, above, we may not always have identified any specific investments for our portfolio and, thus, an Investor will be unable to evaluate the allocation of the net proceeds of this Offering and the concurrent private placement or the economic merits of our investments before making an investment decision with respect to the Partnership. While the General Partner intends generally to apply the investment strategy and investment process described herein to the Partnership's portfolio investments, the General Partner may pursue a wide variety of investment strategies and may modify or depart from the investment strategy and investment process described herein if it identifies investment opportunities that it believes are sufficiently attractive on a risk/reward basis.

Investments might extend longer than the term of the fund.

The Partnership may acquire Real Estate Portfolio Investments, which may not be advantageously disposed of prior to the date the Partnership will be dissolved, either by expiration of the Partnership's term or otherwise. The Partnership may have to sell, distribute, or otherwise dispose of Real Estate Portfolio Investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of the Partnership, the General Partner (or the relevant liquidator) will be required to use its reasonable best efforts to reduce to cash and cash equivalents such assets of the Partnership as the General Partner or such liquidator shall deem advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partners will occur.

Environmental issues may affect the operation of the Property.

If toxic environmental contamination is discovered to exist on the Property, it might affect the Property's ability to repay the corresponding investment and the Partnership could suffer from a devaluation of the loan corresponding project investment. To the extent that the Partnership is forced to exercise its control right remedies and/or operate the Property, potential additional liabilities would include reporting requirements, remediation costs, fines, penalties, and damages, all of which would adversely affect the likelihood that Investors would be repaid on the Interests.

Of particular concern may be those properties that are, or have been, the site of manufacturing, industrial or disposal activity. These environmental risks may give rise to a diminution in value of the Property or liability for clean-up costs or other remedial actions. This liability could exceed the value of the Property or the capital contribution balance of the investment. For this reason, the Property (or the Partnership, if it has assumed management control) may choose to take a loss on contaminated property rather than risk incurring liability for remedial actions. Under the laws of certain states, an owner's failure to perform remedial actions required under environmental laws may give rise to a lien on property to ensure the reimbursement of remedial costs.

The Partnership's investment is highly risky and speculative.

Each Investor must understand that the Partnership's investment in the Property is speculative. The Partnership can provide no assurance that its investment will be profitable, or that the Property or the Property will have operating results that will satisfy the return objectives to the Partnership.

There is no assurance that the Partnership's capital contribution to the Property will be returned to it at a particular time, or ever, and the Sponsor is not liable to repay such capital contribution. Since the Partnership's ability to pay distributions on the Interests is entirely dependent on the performance of the Partnership's investment in the Property, Investors could lose their entire investment in the Partnership (including any undistributed profits), in addition to the use of their capital contributions during the lifetime of the Partnership.

Returns to Investors are dependent upon the performance of the Partnership's investment.

The Partnership's ability to pay distributions to Investors is entirely dependent on the performance of the Partnership's investment, which is itself dependent on the performance of the Property and the Property. If the Property does not make any of the anticipated distributions with respect to the Partnership's investment, the Partnership will not have sufficient funds to make distributions on the Interests or to return the capital contributions related thereto. In such case, the Investors could lose all or a significant portion of their investment in the Interests. While the Sponsor has common equity in the Property, such capital is likely planned to be utilized in the Property's business plan, so that it has only limited value as capital that could be used to cushion any performance failures of the Property.

The Interests offered herein are highly risky and speculative. Only Investors who can bear the loss of their entire purchase price should purchase Interests.

Investment in the Partnership is highly risky and speculative, among other reasons because distributions depend entirely on the performance of the Partnership's investment in the Property. The Partnership can provide no assurance that its investment will be profitable, or that the Property or the Property will have operating results that will enable the Partnership to satisfy the return objectives to Investors. The Partnership has no "Principal Protection" feature. There can be no assurance that Investors will have their capital contribution returned to them at a particular time, or ever. The Manager is not liable to repay principal. Investors could lose their entire investment in the Partnership (including any expected distributions), in addition to the use of their investment principal during the lifetime of the Partnership. Interests are suitable purchases only for Investors of adequate financial means. If you cannot afford to lose all of the money you plan to invest, you should not purchase or invest in the Partnership.

An investment in Limited Partnership Interest may decline in value; as a result, Investors may lose part or all of their investment in the Interests. There is no assurance you will achieve the return objective or any return at all. Statements in this Memorandum related to annual return objectives are estimates only and are *not* intended to suggest that such return rates are in any way assured. Returns are subject to all of the risks set forth herein, and others.

The Limited Partnership Interest ("Interest" or "Interests") are restricted securities, will not be listed on any securities exchange, are generally not transferable, and no liquid market for the Interests is expected to develop.

The Interests are not being registered under the Securities Act, but rather are being offered in reliance on Rule 506 under the private offering exemption of Section 4(a)(2) of the Securities Act. The Interests will not be listed on any securities exchange or interdealer quotation system. There are no trading markets for the Limited Partnership Interests, and we do not expect that such a trading market will develop in the foreseeable future, nor do we intend in the near future to offer any features on our platform to facilitate or accommodate such trading.

The transferability of the Interests is restricted by their terms and by federal and state securities laws. Investors will have no right to cause the Partnership to repurchase or redeem their Interests, and the ability to make any transfer of

the Interests is limited in order to comply with application securities laws.The PATRIOT Act established certain anti-money laundering policies limiting, and the Department of theTreasury, the IRS and other governmental authorities may also from time to time require additional restrictions on the transfer of the Interests. Therefore, any investment in Interests will be highly illiquid and Investors may not be able to sell or otherwise dispose of their Interests in the open market. In general, Investors will not be able to sell, redeem, or transfer their Interests. Accordingly, Investors should be prepared to hold the Interests indefinitely.

The illiquid nature of the Interests may be of particular concern for Investors who are retired or are approaching retirement. Such Investors should plan carefully to assure that their assets last throughout retirement and are not materially adversely affected by inflation, rising health care costs, nursing home care, and other key factors that may affect income over time. It is important that such Investors develop an income strategy to help outpace inflation and keep up with the increasing cost of goods and services. Such Investors must also consider the impact that a volatile market could have on their retirement assets; a sudden market downturn can have a significant impact on Investors who are not well diversified or who do not have the time frame to wait out a market recovery. If you are a retirement-age Investor, a withdrawal strategy – the rate at which you draw down savings and investment assets to pay for current living expensesin retirement – also plays a critical role in determining how long your income will last. Since an investment in Interests is illiquid and is a long-term investment, you should make sure to consider whether the remainder of your assets will allow for sufficient spending for food, medical care, housing, and travel.

The Partnership has no operating history and does not have historical performance data about investment offered herein.

We have no operating history, and, as a startup Partnership in the early stages of development, we face increased risks, uncertainties, expenses, and difficulties. We will need to raise substantial additional capital to fund operations. If we fail to obtain such additional funding, we may be unable to continue operations. There is no financial information provided herein with respect to the Partnership and Investors are subject to the risk of the overall business and financial condition of the Partnership.

In a bankruptcy or similar proceeding of the Partnership, there may be uncertainty regarding the rights of an Investor, if any, to access funds sent to the Partnership.

In the event the Partnership is an equity investor in a Property, and the Partnership was deemed a credit/debit investor by the Bankruptcy Court, the legal right to administer the Partnership funds in the Property would vest with the bankruptcy trustee or debtor in possession. In that case, Investors may have to seek a bankruptcy court order lifting the automatic stay and permitting them to withdraw their funds. Investors may suffer delays in accessing their funds in any Partnership account as a result. Moreover, U.S. bankruptcy courts have broad powers, and a bankruptcy court could determine that some or all of such funds were beneficially owned by the Partnership and therefore that they became available to the creditors of the Partnership generally.

The Partnership does not intend to provide Investors with audited financial statements.

The Partnership does not intend to make the large expenditures necessary to provide audited financial statements to Investors. There will be no independent certified public accountant reviewing the Partnership's finances.

The Interests limit your rights in some important respects.

To protect the General Partner Manager from having to respond to multiple claims by Investors in the event of an alleged breach or default with respect to the Interests, the Interests restrict Investors' rights to pursue remedies individually in connection with such breach or default. Specifically, the General Partner may be removed by Investors holding at least 75% of the Interests, but only where the General Partner did not act in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Partnership, and (a) acted (or failed to act) in a manner involving gross negligence, willful misconduct, or unlawful acts, or (b) is in a willful and material

breach of the Partnership's operating agreement that is not cured within a reasonable time after written notice signed by Investors holding at least 75% of the Interests.

In addition, the Partnership may require that any claims against it be resolved through binding arbitration rather than in the courts. The arbitration process may be less favorable to Investors than court proceedings and may limit your right to engage in discovery proceedings or to appeal an adverse decision.

There are various conflicts of interest between the Partnership and its affiliates.

The Partnership is managed, and all of its equity is held, by General Partner, which also operates the Investment Manager. In essence, the Principals of General Partner are also the Principals of the Investment Manager. The interests of the Partnership may not always align with those of Limited Partners/Investors for the following reasons: (i) the Partnership recourse to the General Partner and the Investment Manager is significantly eliminated, so there is little incentive beyond their continued receipt of their management fee compensation for them to manage us to protect your interests under the Interests; (ii) the fiduciary duty of the General Partner and the Investment Manager, along with their liability for monetary damages, have been reduced to the fullest extent allowable under law, which provides you with little leverage to impact their conduct, nor are you permitted as an Investor to effect the management of the Partnership as a matter of right; (iii) Also, the fact that the Principals of the General Partner and the Investment Manger are same and also control the Partnership coupled with the limited liability afforded in the partnership law structure may have broader implications in multiple transactions where the Principals may also have interests. This could result in a conflict of interest in connection with decisions to be made by the General Partner in connection with any default-like event by the Property under the terms of our investment, and the General Partner may not act in our best interests. In addition, it is possible for the General Partner and the Investment Manager and other of their affiliates to earn money from the Partnership's investment through fees, even if the Partnership itself does not.

INVESTOR QUALIFICATIONS

Each Investor will be required to sign a subscription agreement and to make certain representations when investing pursuant to which the Investor must represent (among other things) that the Investor is an Accredited Investor, and that the potential Investor otherwise meets certain requirements. (An investor's subscription remains subject to acceptance by the Partnership, notwithstanding the Partnership's signature on the subscription agreement, which may be applied in advance for ease of administration purposes only. An Investor's subscription will be deemed effective only upon later notification to an Investor of such acceptance.) Each Investor will also be required to represent that the Investor is purchasing the Interests for the Investor's own account, for investment purposes and not with a view to resale or distribution. Each Investor must generally be domiciled in the United States or otherwise be deemed a U.S. resident and must meet certain income and/or net worth requirements before investing in the Interests. Only Investors with adequate assets and who can afford to lose their entire investment in Interests should invest in the Interests. See "***Risk Factors.***"

The discussion contained in this Memorandum is directed to U.S. investors and assumes an investment in the Interests is being made by an investor with a domicile in the U.S. The Partnership may from time to time permit foreign investors to subscribe to Interests but recommends that any such non-U.S.investors consult with their own respective and independent legal counsel to evaluate this or any related Memorandum and the effects of any investment in the Interests from the perspective of a foreign investor.This Memorandum does not address international laws, rules, or regulations (such as, without limitation, taxation, securities and/or investment laws, rules, or regulations of any foreign jurisdiction).

THE PARTNERSHIP'S INVESTMENT

We may provide Investors with *Property Information Package* for a specific property. In that case, the *Property Information Package* would have specific terms and conditions, including annualized returns, for which returns are never guaranteed. *See Summary of Offering and Partnership Terms - Property Information Package.* However, in all other cases, we will not be under obligation to provide any such package because the Partnership must have the

flexibility to invest in a Property based on the judgment of the Investment Manager without first having the Investor review the Property. The specific features of agreement with the Property will be negotiated by the General Partner; a copy of that agreement will be made available to Investors, upon request. See "*Risk Factors*." There can be no assurance that the Partnership will have any control over the Property, and Investors should make their decision regarding an investment in the Partnership accordingly.

General

The Investment Manager will direct the Partnership's investment strategy, decisions, and selection of real estate investments. The Partnership was formed to provide investors with long-term risk-adjusted investment returns. The Investment Manager intends to use its previous commercial and residential mix-use and multifamily experience to achieve above-average investor returns by: (i) investing in attractively priced "off the radar" mix-use, commercial and residential properties across the nation; (ii) investing in mortgage products and (iii) implementing innovative programs to improve operating efficiency. In summary, the Partnership seeks to provide its Investors with comparatively reasonable returns. This general summary does not constitute a complete description of the investment strategies or the securities that may be employed by the Investment Manager or the Partnership.

The Investment Manager is not restricted to any investment strategy whatsoever. The Partnership will use financial leverage in its investment based on the amount of capital actually contributed by Investors. The Partnership reserves the right to convert into a U.S. feeder fund that implements its investment program and other activities through an offshore master-feeder fund and to amend its Limited Partnership Agreement in connection therewith to reflect such master-feeder fund structure without the consent of the Limited Partners.

Structure

The material terms of the Partnership's investment in the Property are described in the Memorandum. In general, most private real estate investments similar to the Partnership's investment exhibit some common characteristics:

Except as provided in the applicable *Property Information Package*, the Net Profits will be allocated as follows: 80% to the Partnership; 18% to the General Partner; 2% to the Investment Manager.

Passive Investors (such as the Partnership):

- Provide the vast majority of the equity capital (usually 80% to 99.95%)
- Receive a preferred return on their investment (often 5% to 10% annually)
- Receive most of the remaining cash flow and profits (typically 50% to 80%)
- Receive the bulk of the potential tax benefits, if any (depreciation and interest deductions)

Sponsor:

- Provides a smaller portion of the capital (usually .05% to 10%)
- Receives the same preferred return as investors on its own invested capital.
- Receives a "promote" (carry) share of the remaining cash flow and profits.
- May receive fees relating to property acquisition, loan financing and management.
- Receives some share of the potential tax benefits.

Generally, the preferred return payable to passive investors (such as the Partnership) ensures that they will receive first priority on distributions paid by the Property before the Sponsor is compensated with any distributions not directly related to its own investment contribution. The preferred return is not a guaranteed payment, but generally accrues if it is not timely paid, and investors have a first claim (but subordinate to the claims of the Property's creditors) on such amounts when the Property is sold. Conversely, providing the Sponsor with a promote interest on excess available cash flow – a large share of the distributions to reflect its management and operational efforts – is designed to align the Sponsor's interests with that of investors. A promote interest is designed to incentivize the Sponsor to manage a Property to a performance level such that the excess cash flow rewards the Sponsor disproportionately to its own investment position.

The Property will likely be a pass-through entity, such as a partnership or a limited liability Partnership.The pass-through character of the Property and the Partnership may allow Investors to enjoy certain potential tax benefits of real estate ownership. These potential tax benefits may include depreciation, mortgage interest and other deductions that often offset the cash distributions received -- so that Investors may receive distributions throughout the year and yet, in some instances, have little or no immediate taxable income. These tax benefits (if any) are temporary in nature and can involve deferral, but not avoidance, of taxes onthe distributions received; much or all of this tax advantage is generally "recaptured" later at the time the Property is sold.

The Partnership will be in a first loss position with respect to the assets of the Property. The Partnership's recourse against the Property generally will be limited to any residual interest the Partnership may have (via its interest in the Property) in the underlying Property following any action by a lender. There can be no assurance that the Partnership will retain any such residual interest.

No Fixed Term

Except as provided in the applicable *Property Information Package*, the investment is not to be for any fixed period of time; however, the term of the Partnership will be ten (10) years but may be extended for up to a maximum of two consecutive one-year periods with the approval of a majority of the Limited Partners. ***See Term.*** Although the Sponsor may intend to complete any construction or rehabilitation work and to sell the Property within a certain time frame, there can be no assurance that such plans will be realized. There can be no assurance that the investment will be exited as scheduled; Investors must be prepared, therefore, to hold their Interest for an indefinite period.

Lack of Partnership Control over Property

If the Partnership is providing a significant portion of the Property's equity and the Partnership is able to negotiate such provisions with the Property, the Partnership (via the Manager) may have certain change-of-control rights or an ability to remove the manager of the Property for certain "bad acts" such as fraud, gross negligence, or willful misconduct. Generally, however, this is either not the case or any such rights are shared with other equity investors. There can be no assurance that the Partnership will have any control over the Property, and Investors should make their decision regarding an investment in the Partnership accordingly.

Where the Partnership is providing a significant portion of the Property's equity, the Partnership (via the Manager) will seek to have certain consent rights over certain major decisions that the Property's manager may make relating to the Property's operations and the Property (each, a "***Major Decision***"), although these rights will be in part be determined by the rights demanded by other equity holders and the lender on the Property.

While the agreed set of Major Decisions (if any) with respect to which the Partnership's consent will be required will depend on the finally negotiated operating agreement of the Sponsor (a draft of which may be made available to Investors), the Partnership may attempt to include the following as part of such Major Decisions: (i) permitting the Property to engage in any business other than expressly contemplated; (ii) admitting any new members except as provided under the Property's operating agreement; (iii) amending the Property's operating agreement in a manner materially adverse to thePartnership's interest; (iv) selling or disposing of the Property, or selling other of the Property's assets if not in the ordinary course of business; (v) permitting the Property to enter into any joint venture; (vi) merging or consolidating the Property with any other entity; (vii) dissolving the Property; (viii) filing a petition for a voluntary bankruptcy for the Property; (ix) entering into any unanticipated Property indebtedness; (x) acquiring any property other than the Property; (xi) entering into a ground lease of the Property; (xii) consenting to a judgment against the Property; (xiii) terminating or materially amending any property management agreement previously approved by the Partnership; (xiv) delegating any of the Property manager's duties; (xv) entering into contracts for certain amounts greater than anticipated by the Property's approved budget; (xv) entering into transactions with the Property not earlier approved by the Partnership; (xvi) transferring the Property manager's interest in the Property; and (xvii) holding the Property for some period beyond the expected term of the Partnership.

Where the Partnership is providing a significant portion of the Property's equity and the Partnership is able to negotiate such provisions with the Property, the Partnership (via the Manager) may also seek to have an ability to remove the manager of the Property for certain "bad acts" such as fraud, gross negligence, or willful misconduct. In many cases, any such rights will be shared with other common equity holders in the Property.

There can be no assurance that the Partnership will succeed in gaining any of the aforementioned rights with respect to the control of the Property. The agreed set of contractual rights in the event of certain breaches or "bad acts" by the Property's manager will depend on the finally negotiated operating agreement of the Sponsor; a draft of such operating agreement may be made available to Investors, although Investors will not be in a position to see the finally negotiated version. See "*Risk Factors*." If any change of control of the Property is effectuated, the Partnership (or some other designee) could be able to make key decisions regarding the Property's operations and the operation of the Property. The Partnership does not have significant experience in controlling such Projects itself, however, and may need to retain a third party to operate andmanage the Property.

The ability of the Partnership to enforce any remedies available to it may vary among its investments and as a result of state and federal law limiting special rights in non-recourse investments. Since the provisions are generally only contractually based, the Partnership will, when it is in a position to obtain such rights seek to require the Sponsor of the Property to adhere to streamlined arbitration processes with respect to any disputesco concerning the appropriateness or enforcement of that remedy. The investment documents are typically governed by the laws of the state where such Property is located, and arbitration or court proceedings mayvary among states. Any difficulty of the Partnership in enforcing any remedies available to it for its investment may limit the ability for the Partnership to timely recover the value of that investment and would adversely affect the Partnership's ability to timely make the payments due under the Interests.

The examples provided above of possible Partnership rights with respect to the Property would apply, if at all, only in those cases where the Partnership is providing a significant portion of the Property's equity and the Partnership is able to negotiate such provisions with the Property. There can be noassurance that the Partnership will have any control over the Property, and Investors should make their decision regarding an investment in the Partnership accordingly.

Transactions Involving Government-Sponsored Enterprises

A government-sponsored enterprise (a "***GSE***") is a financial services corporation created by the U.S. Congress whose intended function is to enhance the flow of credit to real estate sector of the economy and to make that segment of the capital markets more efficient, and to enhance the availability and reduce the cost of credit to these sectors. Home finance is one such sector, and two particularly well-known GSEs operate in this area: the Financial National Mortgage Association ("***Fannie Mae***") and the Federal Home Loan Mortgage Corporation ("***Freddie Mac***").

Where a Project involves a loan from Fannie Mae or Freddie Mac, the Partnership may be limited in remedies available to it with respect to the resolution of disputes with the Property's manager or in cases of such manager's breach of the Property's operating agreement. The Partnership may not have any ability to remove the manager of the Property but may instead be limited to forcing a property sale or some similar lesser remedies in the event of certain "bad acts" such as fraud, gross negligence, or willful misconduct. In some cases, the Partnership may even have no remedies in such instances. In general, where the Property is working with loans from Fannie Mae or Freddie Mac, the Partnership will typically have much more limited remedial or enforcement rights, and those only in fewer circumstances than might otherwise be the case. Further, particularly in a transaction involving a government-sponsored enterprise such as Fannie Mae or Freddie Mac providing the mortgage loan for the Property, there may be lender-imposed restrictions on the ability of Investors to remove the manager of the Partnership.

Where Fannie Mae or Freddie Mac is the mortgage lender on the Property, Investors should consider the increased risk associated with such Projects in view of the fewer remedial rights held by the Partnership with respect to its investment.

Additional Capital Contributions

Although the Partnership will not be required to make additional capital contributions to the Property, the Partnership may nevertheless determine that it is advisable to make additional capital contributions to the Property in order to protect the Partnership's investment in the Property. A failure by the Partnership to make an additional investment sought by the Property may result in a dilution of the Partnership's economic position with respect to the total equity issued by the Property. If the Partnership determines to make additional capital contributions to the Property, it will first offer the Investors the opportunity to make, on a pro rata basis, an additional investment in the Interests. The terms of the additional investment will be described to the Investors at such time. If the existing Investors do not make a sufficient additional investment, the Partnership will have the right to make a general offering of additional Interests. The additional issuance of Interests may have priority over the existing Interests issued. As a result, a failure by an Investor to make the additional investment will result in a dilution of the Investor's economic position with respect to the total Interests issued.

THE MANAGER AND ITS AFFILIATES

The Sponsor/General Partner

The Manager or General Partner of the Partnership is Apex Real Estate Partners, LLC, a Florida limited liability company organized on October 8, 2021. The Manager is member-managed, and Apex Finance Inc. is its sole member.

The Advisor

The Advisor is Apex Real Estate Advisors, LLC, a Florida limited liability company organized on October 14, 2021. The Advisor is member-managed, and Apex Finance Inc. is the sole member. The Advisor will be engaged to advise the Company pursuant to an advisory agreement.

The Advisor will rely largely on the efforts of certain employees of Apex Finance Inc. in performing its advisory services to the Company. Such persons will not receive compensation for acting in such role. Other employees of Apex Finance Inc. or its affiliates may assist the Advisor in its analysis of investments.

The Partnership may be pursuing a venture capital strategy through its investment in the Property. The Advisor is expected to be treated as an investment adviser exempt from federal and state registration under the Investment Advisers Act and similar state requirements.

Apex Finance Inc.

Apex Finance Inc. was formed as a Delaware corporation on October 18, 2019, and intends to operate www.apexrealestateopportunityfund.com which will allow accredited and institutional investors to become equity or debt investors in real estate opportunities that historically may have been difficult to access for some investors. Through the use of www.apexrealestateopportunityfund.com, investors can browse and screen real estate investments, view details of an investment, sign legal documents and transfer funds online. Prospective investors can review information posted on the www.apexrealestateopportunityfund.com for updated information about the Fund offerings.

Principals and Key Employees of the Partnership and Affiliates

Ray Watts serves as the Managing Director of Apex Real Estate Opportunity Fund I, L.P, Apex Real Estate Partners, LLC, Apex Real Estate Advisors, LLC and Apex Finance, Inc. Watts has the following business experience.

- Completed over one hundred successful single family residential subdivision development projects.
- Built hundreds of single and multi-family units
- Currently involved in eight single family residential subdivision development projects
- Principal in real estate companies for over 30 years.

- Licensed real estate broker since 1985
- Designated appraiser since 1989
- Owned/operated golf courses, health clubs, grocery stores, furniture stores, and a Nascar racetrack.
- Bought/Sold thousands of distressed bank-owned real estate properties.
- Built and managed student housing and retirement housing
- Bachelor of Arts - NC State University
- Master of Science in Management - Pfeiffer University
- Additional information about Ray Watts is available upon request.

Franklin Ogele, Esq. serves as the Co-Managing Director and General Counsel of Apex Real Estate Opportunity Fund I, L.P, Apex Real Estate Partners, LLC, Apex Real Estate Advisors, LLC and Apex Finance, Inc. Ogele has the following business experience:

- Vast experience in securities and transactional law
- Senior management positions at several financial institutions:
  - ABN Amro Securities (USA) Inc./ABN Amro Asset Management Inc.
  - Santander Investments Inc.
- Partner – Broker Dealer Practice – Singer Zamansky Ogele, et. al., - law firm specializing in securities law and capital markets.
- Principal – Franklin Ogele, P.A. – law firm specializing in securities law, capital markets and litigations.
- Juris Doctor from Rutgers Newark Law School, Newark, New Jersey.
- Bachelors' Degree from State University of New York, Geneseo, New York.
- Bar Admissions: New York and State of New Jersey; US Federal District Courts of the Southern District of New York and the District Court of New Jersey.
- Additional information about Franklin Ogele is available upon request.

Investment Process

The Partnership's investment will originate from, and reviewed by, the Investment Manager; the investment process will include (i) originating investment opportunities, (ii) conducting due diligence, (iii) negotiating and structuring transactions and (iv) approving and consummating investments. The Investment Manager's professionals perform such reviews directly, although certain third-party service providers may be utilized to provide certain information such as local market property appraisals.

Originating Investment Opportunities. Investment Manager maintains an extensive network of real estate brokers, property owners, lenders, developers, and consultants. Investment Manager takes great care in fostering and managing those strategic relationships and leverages those networks to source investment opportunities such as the Partnership's investment.

Conduct of Due Diligence. Where applicable, Investment Manager examines the Sponsor and the Project, along with local market conditions, comparable property analyses and many other factors that may affect the success or failure of the Project. If Investment Manager does not have previous experience with the Sponsor, Investment Manager will perform background and credit checks on the Sponsor's principals. Material past and current legal issues are investigated as well as reported issues that the principals of the Sponsor may have had with financial institutions, contractors, and governmental authorities. Investment Manager also reviews the Sponsor's experience level, track record and general approach to commercial real estate investments.

To the extent available, Investment Manager reviews the Sponsor's portfolio of past investments, including detailed operating histories and financial results. Investment Manager also attempts to determine whether the Sponsor has extensive good working relationships with financial institutions, brokers, and other professionals.

Investment Manager reviews the Project and the Sponsor's proposed value-add business plan to reposition the Project. Investment Manager makes reasonable efforts to confirm that the Project's current and post-renovation fair market value is in

line with comparable Properties; Investment Manager may rely on valuations from other sources, such as the recent sales price of the Property or comparable properties, and/or an opinion of value from a real estate broker knowledgeable in the area where the Project is located, in connection with such efforts. Renovation budgets generally are expected not to exceed a certain portion of a Project's purchase price (because higher amounts can indicate a greater level of risk); however, each situation is evaluated individually. If the age of the Project is not within the general range of competing properties, there may be marginally increased risk.

Other due diligence matters that Investment Manager may consider include an evaluation of overall risks and mitigating factors, market conditions, local employment conditions, submarket property values, sub-market growth rate in rents and changes in vacancy rates, the strength of a Sponsor, an analysis of majorcash flow assumptions and other relevant Project-specific issues.

Negotiating and Structuring Transactions. The Partnership will be governed by a Limited Partnership Agreement. This agreement is a contract among the investors in which the duties, rights and responsibilities of manager or general partner and members or partners are described.

The agreement will contain complex provisions governing the financial relations among the members or partners and the manager or general partner, as applicable, the delegation of management rights and duties, the admission and withdrawal of members or partners, and the dissolution of the entity, among other matters. Such duties, rights and responsibilities are also described in this Confidential Offering Memorandum. Investors are encouraged to carefully review the applicable Limited Liability Agreement with their Counsel before investing.

The Investment Manager will consider how the legal structure might contribute to the overall risks of the investment and will attempt to negotiate an agreement that will provide the Partnership with a reasonably acceptable investment as pertains to its legal rights with respect to the Property. Additionally, since the Manager will be taking some fees in connection with a Project, there will be a conflict of interest in such transactions in terms of the reasonableness of those fees and how they compare with the fee structures of other Mangers with similar properties. The types of fees payable to the Manager Sponsors may include financing, property acquisition and/or disposition, and construction and/or property management fees.

The specific features of the Property's operating agreement will be negotiated by Investment Manager and the Sponsor; a draft of that agreement will be made available to Investors, although Investors will not be in a position to see the finally negotiated version. See "*Risk Factors*."

Other Third-Party Co-Investors. The Partnership may invest alongside one or more third parties, in which case such co-investor(s) may possess many of the key consent and control rights (if any) described above. Investment Manager and its affiliates may earn additional mortgage brokerage/placement and/or asset management fees from any such third parties, which fees may be different than those charged of Investors in the offering. Investment Manager' direct and indirect interests in such other third parties and its obligations to the investors in those funds may also impact the investment decisions made by those funds or the decisions the Manager or the Advisor make with respect to the administration and disposition of the Partnership's investment. The Partnership does ***not*** intend to make a notation, in the Memorandum or elsewhere, indicating whether any other funding sources have participated in the funding of the Property or an investment therein.

Compensation

The Investment Manager/Advisor and their affiliates are entitled to receive fees, compensation and distributions as follows:

- Except as provided in the applicable *Property Information Package,* Apex Real Estate Advisors, LLC will be entitled to fee of up to 5.0% mortgage brokerage fee payable by the Property to which the Investment Manager places real estate development funds subject to a separate agreement. For the avoidance of doubt, assume the Investment Manager sources $1,000,000 for a Property in the form of equity or debt, the Property may pay up to 5% of $1,000,000 to the

Investment Manager. The 5% Fee herein is separate and apart of the two percent (2%) fee payable to the Investment Manager from the Net Profits of the Partnership as provided in this Confidential Offering Memorandum. An Affiliate of the Investment Manager ("Developer") may also contract to develop a property in which the Partnership is an investor. In that case, the Developer shall also be entitled to reasonable construction costs. "Construction Costs" shall be fully defined in the separate agreement, but by way of explanation, shall include all hard and soft costs incurred in connection with the construction of the apartments. By way of example and not by way of limitation, construction costs shall include paints, permits, fees and insurance as well as the cost of materials and labor. Each such Property may also pay up to $10,000 to reimburse the Investment Manager or an affiliate for certain out-of-pocket costs incurred in connection with arranging an offering. The Investment Manager or an affiliate will also be reimbursed for any ordinary course expenses incurred by it on behalf of the Partnership.

- The Investment Manager or a servicing affiliate will be entitled to receive a Management Fee from the Partnership, to be retained from the proceeds received from the Partnership's investment. The aggregate management fee charged of the Partnership may be effectively decreased, and the Investment Manager may vary from a precise pro rata formula allocation across Investors of the aggregate fee, if one or more Investors have (under a side agreement or otherwise) been granted special investment incentives, e.g., where such Investor(s) are investing sizable amounts. The Investment Manager may also, at its discretion, defer all or a portion of such management fee and instead receive such deferred amounts in one or more subsequent periods of its choosing.

- The Investment Manager or an affiliate will also be reimbursed for any ordinary course expenses incurred by it on behalf of the Partnership.

- The Investment Manager and their affiliates may receive from other such third parties, compensation, and reimbursement of expenses as a result of the investments made by such other parties.

- Where the Investment Manager has purchased special redeemable interests in the Partnership to help facilitate a timely closing by the Partnership on its investment, the Investment Manager may earn returns on such redeemable interests until such time as the sale of Interests has been completed.

The Investment Manager or its Affiliates may provide other services to the Partnership. These services may either be outsourced to third parties or performed by the Investment Manager and its Affiliates. The Investment Manager or its Affiliates may perform such services in situations where they have the resources and skill set to perform such services. In the event such services are provided by the Investment Manager or its Affiliates, the Investment Manager and its Affiliates will be entitled to receive market compensation and income as determined by the Investment Manager for such services.

Indemnification

The Investment Manager/the Advisor, and their respective members, affiliates, officers, directors, partners, Investment Managers, employees, agents and assigns, and any officers of the Partnership, will not be liable to the Partnership or to any Investor, and will be indemnified for any act or omission performed or omitted in good faith, except for any liability attributable to their fraud, gross negligence, or willful misconduct in the discharge of their duties.

THE INTERESTS

General

The Interests will be sold to Investors who have an opportunity to review a Property Information Package, if any, which will include this Memorandum, the Limited Partnership Agreement, and a Subscription Agreement. Interests are issued in the principal amount of Investors' respective investments. Investors can subscribe for Interests until such time as the aggregate amount of Interests subscribed for is equal to the requested funding amount (as may be adjusted by the Partnership and the Sponsor).

The Interests are offered subject to prior sale, acceptance of an offer to purchase, and to withdrawal or cancellation of the listing without notice, notwithstanding the Partnership's signature on the subscription agreement, which may be applied in advance for ease of administration purposes only and which will be deemed effective only upon later notification to an Investor of any acceptance. The Partnership reserves the right to reject any subscriptions in whole or in part. Because certain terms (e.g., accrual date) of an Interest may not be known until all funding commitments for the related tranche of Interests have been received, subscriptions have been approved and the related funds have cleared the ACH system, the subscription and other agreements agreed to by an Investor will not yet include such information. Such accrual date and any changes to Interest terms will have to be finally recorded in an updating notification or memoranda to an Investor which may be posted on www.apexrealestateopportunityfund.com.

We may fund the offering in tranches, each tranche representing a portion of the overall raise amount expected to be raised by the Partnership. In such cases, investors in one tranche will generally have an Interest accrual date that differs from those of investors in the other tranches, as we expect to acceptand credit funds from each tranche as it fully funds.

Distributions by the Partnership are entirely dependent on payments made to the Partnership by the Property(s) in the Partnership's investment portfolio. If the Partnership does not receive timely payments under the terms of its investment (i.e., if the underlying real estate project does not perform as expected), it may be unable to make any distributions on the Interests. The Partnership will have no assets other than its investment from which to make distributions on the Interests. Accordingly, Investors are in a first loss position with respect to the Partnership, and their recourse against the Partnership and its affiliates is limited **solely** to the Partnership's investment (which investment is subordinate to the claims of any mortgage lender on the Property or other indebtedness of the Property). There can be no assurance that the Partnership's investment will have any residual value following any creditor action against the Property. See "*Risk Factors*."

Minimum Investment Amounts; Form and Registration

The minimum investment amount required by the Partnership is as described in this Memorandum. The Partnership reserves the right to from time to time change the minimum investment amount. Your subscription agreement will evidence your Interest. We may, however, issue certificates evidencing your investment or require an Investor to hold their Interests through the Partnership's electronic register.

All Interests are restricted securities; thus, they are generally *not* transferable and are subject to the legal restrictions governing private offerings generally. Investors must be prepared, therefore, to hold their Interests to maturity. See "*Risk Factors*." We will treat the Investors in whose names the Interests are registered as the holders thereof for the purpose of receiving payments and for all other purposes.

Distributions

Except as provided in a specific *Property Information Package* whose terms and conditions may vary from the provisions herein, the Partnership expects to receive payments on its investment on a quarterly basis and so the Partnership intends to make quarterly distributions to the Investors. The distributions will be made from payments received by the Partnership from its investment. Prior to distributing any distributions to the Investors, the Manager will retain the Management Fee and any amounts needed to reimburse it for expenses paid on behalf of the Partnership. Distributions generally will be made within 15 days after the end of each calendar quarter, although the timing of such distributions will depend on the timing of the payments received by the Partnership from its investment. There can be no assurance that the Partnership will receive any such payments from the Property, and so there can be no assurance that the Partnership will be able to make any distributions to Investors. See "*Risk Factors*."

Method of Effecting Distributions

All distributions will be made through the automated clearing house ("***ACH***") system of the U.S. Federal Reserve Board, or any successor system providing a system providing electronic funds transfers between banks. The Partnership does not intend to accommodate requests for payments by wire transfer and reserves the right to refuse any such request. Where accommodated, such special requests may require payment of a fee of up to $100.

If any withholding tax is imposed on any distribution made by the Partnership to an Investor pursuant to an Interest, such tax shall reduce the amount otherwise payable with respect to such distribution. If an Investor believes that payments under the Interest should be made without deduction for, or at a reduced rate of deduction for, any tax, then the Investor shall provide the Partnership with an Internal Revenue Service Form W-9, W-BEN, W-8ECI, W-8IMY or other similar certification of such exemption from withholdingwith respect to the applicable state, local or foreign governmental authority.

Authority of the Manager; Removal; Indemnification

The Investment Manager has the exclusive authority to manage and control all aspects of the business of the Partnership and to make all decisions regarding those matters. In the course of its management, the Manager may, in its absolute discretion, employ such persons as it deems necessary for the efficient operation of the Partnership. The Partnership's investment activities have been delegated to the Investment Advisor pursuant to the Advisory Agreement.

The Manager may generally be removed by Investors holding at least 75% of the Interests, but only where the Investment Manager did not act in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Partnership, and (a) acted (or failed to act) in a manner involving gross negligence,willful misconduct, or unlawful acts, or (b) is in a willful and material breach of the Limited Partnership Agreement that is not cured within a reasonable time after written notice signed by Investors holding at least 75% of the Interests.

From time to time, however, particularly in a transaction involving a government-sponsored enterprise such as Fannie Mae or Freddie Mac with the mortgage loan for the Property, there may be lender-imposed restrictions on the ability of Investors to remove the manager of the Partnership.

The Manager, its members, affiliates, officers, directors, partners, managers, employees, agents and assigns and any officers of the Partnership will not be liable to the Partnership or to any Investor and will be indemnified for any act or omission performed or omitted in good faith, except for any liability attributable to their fraud, gross negligence, or willful misconduct in the discharge of their duties.

Restrictions on Transfers

Investors may only sell, assign, hypothecate, encumber, or otherwise transfer any part or all of their Interests with the written consent of the Manager and upon satisfaction of all of the requirements set forth in the Partnership's operating agreement. The Interests/Investments herein are not being registered under the Securities Act, in reliance upon the exemptions provided for under Section 4(2) and Rule 506 thereunder. The Interests may not be sold or transferred unless they are registered under the Securities Act and the applicable securities laws of any appropriate jurisdiction, or unless exemptions from such registration requirements are available. Accordingly, the Interests will not be listed on any securities exchange, nor do we have plans to establish any kind of trading platform to assist Investors who wish to sell their Interests. There is no public market for the Interests, andnone is expected to develop. Investors may be required to hold the Interests indefinitely.

Except as provided in a specific *Property Information Package* whose terms and conditions may vary from the provisions herein, and subject to the Limited Partnership Agreement which is superior to the provisions of this section, no sales or transfers may be made for at least three (3) years after from the date an investor purchased a Limited Partnership Interest. Any such sale or transfer shall be subject to a Partnership right of first refusal as follows: prior to reselling or transferring any Interests to any person or entity in a manner that otherwise complies with the restrictions noted herein, the Investor must offer the Interests to the Partnership (in writing)for purchase. If the Partnership does not purchase the securities within thirty (30) calendar days from the date upon which it receives written notice of the Investor's offer, then the Investor may resell or transfer the securities to another person or entity, provided that the transfer or resale otherwise complies with the requirements and restrictions on transfer noted herein.

A transfer fee equal to Two Hundred Dollars ($200) shall be charged for every transfer request made by an Investor to the Partnership for administrative and legalcosts. No sale or transfer shall be effective unless the buyer or transferee has

executed and delivered to the Partnership all documents required by the Partnership for investing in the Interests and paid the aforementioned transfer fee to the Manager.

Investor Removal; No Withdrawal

The Manager may, at any time, expel, and force the redemption or repurchase of the capital contribution of, an Investor/Limited Partner and the associated capital contribution for "cause", which means (i) any material breach of a material obligation under this Partnership's operating or subscription agreements; (ii) any threatened or actual action, demand or proceeding (including arbitration), whether civil, criminal, administrative, or investigative, arising out of or relating to the conduct of the activities of the Partnership or such Investor; or (iii) where continued association of the Partnership with such Investor threatens to bring about reputational or other damage to the Partnership.

Investors generally may not withdraw any portion of their capital contribution from the Partnership; *provided, however*, that if an Investor is an ERISA Investor, then such ERISA Investor may, in certain circumstances, elect to withdraw from the Partnership following delivery to the Partnership of an opinion of counsel reasonably acceptable to the Manager.

Investment Entity Members

Unless permitted in the sole discretion of the Partnership, no Investor that is an Investment Entity can own more than a 9.99% Interest in the Partnership. If at any time an Investor that is an Investment Entity is deemed to own more than a 9.99% Interest, the Partnership may, in the sole discretion of the Manager, redeem all or a portion of such Investor's Interest in an amount equal to (i) the fair market value of such Investor's Interest (or portion thereof) as of the close of business on the effective date of the redemption or (ii) such lesser amount as is acceptable to the Manager and such Investor. An "Investment Entity" means (i) an investment Partnership, as defined under the Investment Company Act and (ii) a fund that is excluded from the definition of investment Partnership on the basis of either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, the owners of which would be, pursuant to Section 3(c)(1)(A) of the Investment Company Act, counted for purposes of determining the number of Investors of the Partnership.

No Investment Company Act Registration

The Partnership will not be registered under the Investment Companies Act of 1940 even though the Partnership will engage in activities that would qualify it as an "investment Partnership" under the Investment Companies Act. If the Partnership is taking only a minority interest in the Property, then the Partnership intends to rely on the provisions of Section 3(c)(1) of the Investment Companies Act to avoid registration as an investment company by offering the Interests only through non-public transactions and restricting the number of Members to 100 or less. If the Partnership is taking a majority interest in the Property, then the Partnership intends to rely on the provisions of Section 3(c)(6) or Section 3(c)(5)(C) of the Investment Company Act to avoid registration as an investment company; in this latter case, there will be no restrictions on the number of Members.

As a result, Members will not have the benefits and protections arising out of registration under theInvestment Company Act. Moreover, parties to a contract with an entity that has improperly failed to register as an investment Partnership under the Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity.

Venture Capital Strategy

The Partnership may pursue a venture capital strategy through its real estate investments. The Investment Manager is expected to be treated as an investment advisor exempt from federal and state registration under the Investment Advisers Act of 1940 and applicable state regulations.

Notices

The Partnership will communicate with Investors through either www.apexrealestateopportunityfund.com or via electronic mail with respect to their Limited Partnership Interests. The Partnership anticipates that it will provide periodic

updates regarding its related investment, the Interests, and any other material items impacting the Partnership. Investors can view online these updates, as well as the final confirmation of the Partnership's acceptance of your subscription and the related accrual date, by visiting your secure, password- protected webpage in the "dashboard" section of www.apexrealestateopportunityfund.com.

CERTAIN TAX AND ERISA RISKS

Investors should carefully review the "*Certain U.S. Federal Income Tax Considerations*" and "*Investment by Qualified Plans and IRAs*" sections of this Memorandum, which should be fully understood by each prospective investor to determine whether an investment in the Interests is suitable for the prospective investor. Because of the complexities of the tax consequences of an investment in the Partnership, an investment should be considered by a prospective investor only after obtaining adequate tax counseling from his or her own tax advisor, and this offering is made on that basis.

Prospective investors should be aware that the Internal Revenue Service may not agree with all taxpositions taken by the Company and that changes in the Internal Revenue Code of 1986, or the regulationsor rulings or other decisions after the date of this Memorandum may adversely affect the tax aspects of an investment in the Company.

USE OF PROCEEDS

Proceeds received by the Partnership from the sale of the Interests offered herein will be used to facilitate the funding of the Partnership's investment in Property(ies) and operations, including general liability, officers and directors' errors and omissions insurance. The Investment Manager will receive up to 5.0% mortgage brokerage fee payable by the Property to which the Investment Manager places real estate development funds subject to a separate agreement. For the avoidance of doubt, assuming the Investment Manager invests $1,000,000 in a property in the form of equity or debt, the Property will pay up to 5% of $1,000,000 to the Investment Manager. The 5% Fee herein is separate and apart of the two percent (2%) fee payable to the Investment Manager from the Net Profits of the Partnership as provided in this Confidential Offering Memorandum. An Affiliate of the Investment Manager ("Developer") may also contact to develop a property in which the Partnership is an investor. In that case, the Developer shall also be entitled to reasonable construction costs. "Construction Costs" shall be fully defined in the separate agreement, but by way of explanation, shall include all hard and soft costs incurred in connection with the construction of the apartments. By way of example and not by way of limitation, construction costs shall include paints, permits, fees and insurance as well as the cost of materials and labor. Each such Property may also pay up to $10,000 to reimburse the Investment Manager or an affiliate for certain out-of-pocket costs incurred in connection with arranging an offering. The Investment Manager or an affiliate will also be reimbursed for any ordinary course expenses incurred by it on behalf of the Partnership. See "*The Manager and Its Affiliates," "Structure," and "Compensation".* To the extent that such fees effectively increase the cost to the Sponsor of an investment property, they conceivably decrease the amount of Sponsor equity that would have otherwise been invested in the execution of such property's business plan. This would increase the risk that such property might not repay the investment, correspondingly increasing risk to an investor in the Partnership.

In certain cases, where the Manager has purchased special redeemable interests in the Partnership to help facilitate a timely closing by the Partnership on its investment, the Investor's funds will be utilized by the Partnership to redeem such special redeemable interests (instead of to purchase the interest in the underlying real estate project, which the Partnership will then already hold). The Manager may earn returns on such redeemable interests until such time as the sale of Interests has been completed.

The Partnership may purchase all or a portion of an investment that had been previously issued to the Sponsor or another unaffiliated third party, provided such purchase complies with applicable securities laws. Such purchases are generally made after the Property, or its subsidiary has already purchased the Property.

A Warehouse Affiliate may borrow money from a third-party lender, and lend the Manager money, so as to supply it with sufficient capital to purchase special redeemable interests in the Partnership and thereby facilitate a timely investment. In such case, when the Investor's funds have been received and cleared and the Investor's investment is approved (generally within a month or so), the Investor's funds will then be utilized by the Partnership to redeem the

Manager's special redeemable interests (instead of going toward the purchase of the Partnership's investment, since the Partnership will then already hold such investment). Investors who had already subscribed to purchasing Interests on or before the date that the investment is actually made will ***not*** begin to accrue returns until the date that the Partnership's investment is consummated.

ADDITIONAL CONFLICTS OF INTEREST DISCLOSURES

The Manager/Advisor and their affiliates may act, and are acting, as the manager or advisor of other limited liability companies and the general partner of other partnerships. The Manager/Advisor and their affiliates may form and manage or advise additional limited liability companies, limited partnerships, or other business entities. The Manager/Advisor and their affiliates have existing responsibilities and, in the future, may have additional responsibilities to provide management and services to a number of other entities in addition to the Partnership. As a result, conflicts of interest between the Partnership and the other activities of the Manager, the Advisor and their affiliates may from time to time occur. The principal areas in which conflicts may be anticipated to occur are described below.

Obligations to Other Entities

Conflicts of interest will occur with respect to the obligations of the Manager/Advisor and their affiliates to the Partnership and similar obligations to other entities. Moreover, the Partnership will not have independent management, as it will rely on the Manager/Advisor and their affiliates for all its management and investment decisions. Other investment projects in which the Manager/Advisor and their affiliates participate may compete with the Partnership for their time and resources. The Manager/Advisor and their affiliates will, therefore, have conflicts of interest in allocating management time, services and functions (as well as investment opportunities) among the Partnership and other existing partnerships, projects, and business entities currently existing or that may be undertaken or organized in the future. Under the Limited Partnership Agreement, the Manager is obligated to devote as much time as it, in its sole discretion, deems to be reasonably required for the proper management of the Partnership and its assets. The Manager believes that it has the capacity to discharge their respective responsibilities to the Partnership, notwithstanding their participation in other investment programs and projects.

Interests in Other Activities

The Manager/Advisor and affiliates for their accounts or account of others, in other business ventures, whether related to the business of the Partnership or otherwise, and neither the Partnership nor any Investor will be entitled to any interest therein solely by reason of their Interest in the Partnership.

The Manager/Advisor may form additional limited liability companies and other entities in the future to engage in activities similar to, and with the same investment objectives as, those of the Partnership. The Manager/Advisor may be engaged in sponsoring (and the Advisor may provide investment advice to) such other entities at approximately the same time as the Partnership's securities are being offered or its investments arebeing made or managed. These activities may cause conflicts of interest between such activities and the Partnership, and the duties of the Manager/Advisor. The Manager/Advisor will attempt to minimize any conflicts of interest that may arise among these various activities.

If the Manager/Advisor believes that the Partnership is unable to raise a sufficient amount of capital in order to purchase all of the interests offered herein, the Partnership, acting through the Manager or affiliate, may co-invest alongside third parties. The Manager or affiliates will earn additional placement and/or asset management fees from any such other third-parties which fees may be different than those charged of Investors in this offering. Although generally such other third parties are expected to make their co-investments on substantially similar terms as the Partnership's investment, it could be that they have may have control rights that differ from those of the Partnership. Such third parties may act as the lead investor on the collective investment in the Property and may retain control of decisions related to the collective investment. The Manager or affiliate's direct and indirect interests in other such third parties and its obligations to the investors in those funds may also impact the investment decisions made by those funds or the decisions the Manager make with respect to the administration and disposition of the Partnership's investment. The Partnership does ***not*** intend generally to indicate in the Memorandum whether any other funding sources have participated in the

funding of an aggregate investment in the Property.

In addition, the Manager/Advisor may borrow money from the Warehouse Affiliate (which itself may borrow money from a Warehouse Lender) so that it can invest in redeemable interests in order to supply the Partnership with sufficient capital to make its intended investment. The Manager/Advisor may earn returns on such redeemable interests until such time as the sale of Interests has been completed.

Any such repayments, including interest earned thereunder by the Warehouse Affiliate, if any, will be used by the Warehouse Affiliate to repay the Warehouse Lender. If the Manager/Advisor were to be unable to repay, and were to default in its obligation to, the Warehouse Affiliate, or if the Warehouse Affiliate were to default in its obligations to the Warehouse Lender, the Warehouse Lender may be able to declare the Manager/Advisor in default and exercise control over all actions as permitted under the law. The Warehouse Lender may seek to direct payments made by the Property to itself, rather than to all of the Partnership's Investors, or it may not cooperate in pursuing your rights in a reorganization situation.

Receipt of Compensation by the Manager/Advisor and its Affiliates

The payments to the Advisor and its affiliates have not been determined by arm's length negotiations. The Manager/Advisor and its affiliates will receive compensation pursuant to the Advisory Agreement, negotiated on behalf of the Partnership by the General Partner with no independent valuation of such compensation. As a result, the General Partner will determine the compensation of its affiliate the Advisor, and Investors will not have approval rights for such compensation. The Advisor, the General Partner and their affiliates may receive from such other third parties or other parties' compensation and reimbursement of expenses as a result of investments made by the other such third parties.

Manager's Representation of Partnership in Tax Audit Proceedings

The Manager is expected to act as the "tax matters partner" or "partnership representative" on behalf of the Partnership in administrative and judicial proceedings involving the IRS or other governmental authorities. Such proceedings may involve or affect other entities for which the Manager or its affiliates may act as the manager. In such situations, the positions taken by the Manager may have differing effects on the Partnership and the other entities. Any decisions made by the Manager with respect to such matters will be made in good faith consistent with any required fiduciary duties to the Partnership and the Investors and to any other entities for which the Manager or an affiliate may be acting as a manager. However, any Investor who desires not to be bound by any settlement reached by the Manager may file a statement within the period prescribed by applicable tax regulations stating that the Manager does not have authority to enter a settlement on his or her behalf.

Legal Representation

Franklin Ogele, P.A. is Counsel to the Partnership, the Manager, the Advisor. The Principal of Franklin Ogele, P.A. is also a Partner/Member of the General Partner, and the Manager, and other affiliates. The multiple representation is anticipated to continue in the future. As a result, conflicts may arise inthe future and if those conflicts cannot be resolved or the consent of the respective parties obtained to the continuation of the multiple representations after full disclosure of any such conflict, said counsel will withdraw from representing one or more of the conflicting interests with respect to the specific matter involved. Each Investor acknowledges and agrees that counsel representing the Partnership, the Manager, the Advisor, and their affiliates does not represent and will not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Investors in any respect. Each Investor consents to the Manager hiring counsel for the Partnership, which counsel will also act on behalf of the Manager.

Resolution of Conflicts of Interest

Neither the Manager nor the General Partner has developed, or expects to develop, any formal process for resolving conflicts of interest. However, each of the Manager and the General Partner intends to exercise good faith and integrity

in handling the affairs of the Partnership. While the foregoing conflicts could materially and adversely affect the Investors, the Manager, and the General Partner, in their sole judgment and discretion, will attempt to mitigate such potential adversity by the exercise of their business judgment. There can be no assurance that such attempts will prevent adverse consequences resulting from the numerous conflicts of interest.

Reimbursement of Expenses

The Manager will be reimbursed by the Partnership for all direct costs incurred by the Manager when performing services on behalf of the Partnership, for certain expenses incurred with respect to the acquisition of the Investments (including interest on funds advanced) and for certain indirect costs allocable to the Partnership.

Ownership of Interests

The Manager and its affiliates may subscribe for any number of Interests for any reason deemed appropriate by the Manager; *provided, however*, that the Manager will not purchase more than 10% of the Interests. The Manager and its affiliates will not acquire any Interests with a view to resell or distribute such Interests. Any purchase of Interests by the Manager and/or its affiliates will be on the same terms and conditions as are available to all Investors except that the Manager and its affiliates will be able to purchase Interests net of any placement fees otherwise payable by Investors. The purchase of Interests by the Manager or its affiliates could create certain risks, including, but not limited to, the following: (i) the Manager or its affiliates would obtain voting power as Investors, (ii) the Manager or its affiliates may have an interest in disposing of Partnership assets at an earlier date than the other Investors so as to recover its investment in the Interests made by it or its affiliates and (iii) substantial purchases of Interests by the Manager or its affiliates may limit the Manager's ability to fulfill any financial obligations that it may have to or on behalf of the Partnership.

PLAN OF DISTRIBUTION

The Interests will be offered by the Partnership through the General Partner, represented by Ray Watts and Franklin Ogele, Esq. and other junior partners/members of the General Partner as provided under Rule 3a4-1 of the Securities Exchange Act of 1934. The Partnership may also offer the Interests through www.apexrealestateopportunityfund.com. In addition, the General Partner may engage a broker-dealer member of FINRA to offer the Interests herein. All Interests may be issued in electronic or paper form only and are restricted securities; thus, they are generally not transferable and are subject to the legal restrictions governing private offerings generally. The Partnership has not entered into an agreement with any broker-dealer to provide execution and other services relating to the purchase of the Interests.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion sets forth the material U.S. federal income tax considerations generally applicable to purchasers of the Interests. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "***Code***"), Treasury regulations promulgated thereunder (the "***Treasury Regulations"***), administrative pronouncements of the U.S. Internal Revenue Service (the "***IRS***") and judicial decisions, all as currently in effect and all of which are subject to change and to different interpretations. Changes to any of the foregoing authorities could apply on a retroactive basis and could affect the U.S. federal income tax consequences described below.

This discussion does not address all of the U.S. federal income tax considerations that may be relevant to a particular Investor's circumstances and does not discuss any aspect of U.S. federal tax law other than income taxation or any state, local or non-U.S. tax consequences of the purchase, ownership, and disposition of the Interests. This discussion applies only to Investors who purchase the Interests for cash at original issue and who hold the Interests as capital assets within the meaning of the Internal Revenue Code (generally, property held for investment). Investors should not view the following analysis as a substitute for careful tax planning, particularly because the income tax consequences of an investment in limited liability companies such as the Partnership are often uncertain and complex. Also, the tax consequences will not be the same for all taxpayers. Investors should be aware that the following discussion necessarily

condenses or eliminates many details that might adversely affect some investors significantly.

The discussion of the tax aspects contained in this Memorandum is based on law presently in effect and certain proposed Treasury Regulations. Nonetheless, you should be aware that new administrative, legislative, or judicial action could significantly change the tax aspects of the Partnership. Congress is currently analyzing and reviewing numerous proposals regarding changes to the federal income tax laws. The extent and effect of any such changes, if any, are uncertain.

You should not purchase Interests offered herein solely for the purpose of obtaining tax shelter for income from sources other than the Partnership. It is unlikely that the Partnership will provide any such tax shelter. Even if, as an Investor, you are entitled to deduct your share of the Partnership's losses on your personal tax return, any such deductions may be relatively small in relation to the amount invested in the purchase of Interests. A significant portion of the amount invested may be allocated to the purchase of land, which, unlike buildings and other improvements, is not depreciable for income tax purposes, or other non-deductible expenses. You are urged to consult your own tax advisors as to the tax consequences of an investment in Interests.

The following is only a limited discussion of some of the federal income tax consequences of an investment in Interests. No opinion is being rendered to the Partnership regarding any tax aspect of the Partnership. You should consult with your own independent tax advisor with respect to the tax consequences to you of purchasing Interests.

Tax Consequences Regarding the Partnership

Status as Partnership. Treasury Regulations provide that a limited liability Partnership will be classified as a partnership for federal income tax purposes as long as an election is not made to treat the limited liability Partnership as an association taxable as a corporation. The Manager does not intend to makeany such election. Thus, the Partnership will be treated as a partnership for federal income tax purposes.

If the Partnership is treated as a partnership for federal income tax purposes, each Investor will be required to include in income his or her distributive share of the Partnership's income, gain, loss, deductions, or credits. Consequently, each Investor will be subject to tax on his or her distributive share of Partnership income, whether or not the Partnership actually distributes cash in an amount equal to the income.

Limitations on Losses and Credits from Passive Activities. Losses from passive trade or business activities generally may not be used to offset "portfolio income," i.e., interest, dividends and royalties, or salary or other active business income. Deductions from passive activities may generally be used to offset income from passive activities. Interest deductions attributable to passive activities are treated as passive activity deductions, and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include (1) trade or business activities in which the taxpayer does not materially participate which would include holding an Interest as an Investor, and (2) rental activities. Thus, an Investor's share of the Partnership's net income and net loss will constitute income and loss from passive activities and will be subject to such limitation.

Losses (or credits that exceed the regular tax allocable to passive activities) from passive activities that exceed passive activity income are disallowed and can be carried forward and treated as deductions and credits from passive activities in subsequent taxable years. Disallowed losses from an activity, except for certain dispositions to related parties, are allowed in full when the taxpayer disposes of his or her entire interest in the activity in a taxable transaction.

In the case of rental real estate activities in which an individual actively participates, up to $25,000 of losses (and credits in a deduction-equivalent sense) from all such activities are allowed each year against portfolio income and salary and active business income of the taxpayer. Except as provided below with respect to "real estate professionals."

Investors will not be actively participating in the Partnership's rental real estate activities and, therefore, will not be able to deduct any Partnership net loss against their portfolio or active business income. In addition, the $25,000 allowable loss is subject to a phase-out for any individual whose adjusted gross income is more than $100,000. An individual

whose gross adjustable income is greater than $150,000 will not be permitted to use any of the offset.

Certain taxpayers classifiable as "real estate professionals" can deduct losses and credits from rentalreal estate activities against other income, such as salaries, interest, dividends, etc. A taxpayer qualifies forthis exception to the passive loss rules described above if: (1) more than one-half of the personal services performed by the taxpayer in trades or businesses during a year are performed in real property trades or businesses in which the taxpayer materially participates; and (2) the taxpayer performs more than 750 hours of services during the year in real property trades or businesses in which the taxpayer materially participates.In the case of a joint return, one spouse must satisfy both requirements. A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business. In determining whether a taxpayer performs more than half of his or her personal services in real property trades or businesses, services performed as an employee are disregarded unless the employee owns more than 5% of the employer. The question of whether the Partnership will be engaged in a trade or business is a question of fact.

Allocation of Net Income and Net Loss. Net income and net loss will be allocated as set forth in the Limited Partnership Agreement. Although such allocations are permitted under partnership law, the Code and Treasury Regulations require that such allocations satisfy certain requirements. Code Section 702 provides that, in determining income tax, an Investor must take into income his or her "distributive share"of the Partnership's income, gain, loss, deduction or credit. The Investors may specially allocate their distributive shares of such profits and losses, thus redistributing tax liability, by so providing in the Limited Partnership Agreement. However, the IRS will disregard such allocation, and will determine an Investor's distributive share in accordance with the Investor's interest in the Partnership, if the allocation lacks "substantial economic effect."

Treatment of Gain or Loss on Disposition of an Interest. It is not expected that any public market will develop for the Interests. Furthermore, Investors may not be able to liquidate their Interests promptly at reasonable prices, because any transferee of Interests will be required to comply with the minimum purchase requirements and the investor suitability requirements imposed by the transferee's state of residence or by the Partnership and because all assignees of Interests may be admitted as substituted Investors only with the consent of the Manager.

Any gain or loss realized by an Investor upon the sale or exchange of Interests will generally be treated as capital gain or loss, provided that such Investor is not deemed to be a "dealer" in such securities. However, any portion of the gain that is attributable to unrealized receivables (which includes, for these purposes, depreciation recapture attributable to the Projects) or inventory items (which will include Projects held for resale) will generally be treated as ordinary income. If the Investor's holding period for the Interests sold or exchanged is more than one year, the portion of any gain realized that is capital gain will be treated as long-term capital gain.

A transferor Investor must notify the Partnership of a sale or exchange of his or her Interest involving unrealized receivables or inventory. Once the Partnership is notified, it must report to the IRS the transferor and the transferee on the sale or exchange. Penalties will apply to the failure by the transferor partner to report to the Partnership, and the failure by the Partnership to report to the IRS the transferor and the transferee.

In determining the amount realized upon the sale or exchange of Interests, an Investor must include among other things, the Investor's share of Partnership indebtedness. Therefore, it is possible that the gain realized on an Investor's sale of its Interest may exceed the cash proceeds of the sale, and, in some cases, the income taxes payable with respect to the gain realized on the sale may exceed such cash proceeds.

Sale or Other Disposition of Partnership Property. In general, if interests in the Investments constitute capital assets in the hands of the Partnership, any profit or loss realized by the Partnership on the sale or exchange (except to the extent that such profit represents depreciation recapture taxable as ordinary income) will be treated as capital gain or loss under the Code. Capital gain that is equal to or less than past depreciation (other than ordinary income recapture) taken on a Project will be taxed to individuals at 25%. Any additional capital gain attributable to property held for more than 12 months will generally be taxed to individuals at up to 20%. If, however, it is determined that the Partnership is a "dealer"

in real estate for federal income tax purposes, the gain or loss will not be capital gain or loss.

If the Partnership is deemed a "dealer" and its investment is not considered to be a capital asset or a Code Section 1231 asset, any gain or loss on the sale or other disposition of the investment will be treated as ordinary income or loss. It is anticipated that the Partnership will acquire and hold its investment for investment purposes. The question of "dealer" status is a question of fact to be determined at the time of the sale of the Partnership's investment. It is anticipated that the Partnership's investment will not be held for resale but as an income property; however, it is possible that it may be classified as inventory.

If the Partnership's investment sold or involuntarily converted constitutes a Code Section 1231 asset, an Investor will combine his or her distributive share of Partnership gains or losses attributable to the investment with any other Code Section 1231 gains or losses realized by such Investor in that year, and the resultant net Code Section 1231 gains or losses would be taxed as capital gains or constitute ordinary losses, as the case may be.

This treatment may be altered depending on each Investor's disposition of Code Section 1231 property over several years. In general, net Code Section 1231 gains are recaptured as ordinary income to the extent of net Code Section 1231 losses in the five preceding taxable years. The Partnership's gain on the disposition of its investment may exceed the cash proceeds, if any, of such disposition, and in some cases the income taxes payable by the Investors with respect to such gain may exceed the cash proceeds, if any.

Tax Elections. The Partnership may make certain elections for federal income tax reporting purposes that could result in various items of Partnership income, gain, loss, deduction, and credit being treated differently for tax and Partnership purposes than for accounting purposes.

Depreciation and Cost Recovery

Current federal income tax law permits the Target, as an owner of improved real property, to take depreciation deductions based on the entire cost of the depreciable improvements, even though such improvements are financed in part with borrowed funds. If, however, the purchase price of the Property and the non-recourse liabilities to which the Property is subject are in excess of the fair market value of the Property, the Property will not be entitled to take depreciation deductions to the extent that deductions are derived from such excess. With the exception of a multi-family residential rental property, the Property will be depreciated on a straight-line method over 39 years, or such period as provided in the regulations, using the mid-month convention. Any Property that is a multi-family residential rental property will be depreciated on a straight-line method over 27.5 years or as provided in the regulations using the mid-month convention.

Development Costs

The Manager expects that a third party or affiliate will manage the Property for the purpose of owning and operating such Property and/or for resale. As a result, the Property is expected to capitalize the expense and interest incurred for any construction loans related to the development of the Property and will depreciate such costs once the Property is placed on service.

Investment By Qualified Plans and IRAs - Unrelated Business Taxable Income

Private-sector retirement plans that adhere to the requirements of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***") such as any pension, profit sharing or stock bonus plan that is qualified under Code Section 401(a) (but excluding individual retirement accounts) ("***Qualified Plans***"), individual retirement accounts ("***IRAs***") and certain other tax-exempt entities ("***Tax-Exempt Entities***"), although generally exempt from federal income taxation under Code Section 501(a), nevertheless are subject to tax to the extent that their unrelated business taxable income ("***UBTI***") exceeds $1,000 during any tax year. Generally, an allocation of income from property that is "debt financed property" will result in UBTI. Debt financed property is generally defined to mean any property as to which there is "acquisition indebtedness." The Partnership may generate UBTI as a result of Target's debt financing and in the event that Target acquires the Project

for re-sale. The Partnership may also generate UBTI as a result of income from other activities engaged in by the Partnership. The Partnership is not expressing any opinion as to whether, or to what extent, Partnership income may be considered UBTI.

Qualified Plans (but not IRAs or Tax Exempt Entities) and certain educational institutions may, under a special rule set forth in Code Section 514(c)(9), avoid the characterization of their distributive share of income from debt financed real estate (but not a property acquired for re-sale) of a partnership as UBTI unless any of the following factors apply: (1) the price for the acquisition or improvement of the real property is not a fixed amount determined as of the date of the acquisition or the completion of the improvements; (2) the amount of indebtedness or any other amount payable with respect to such indebtedness, or the time for making any payments of any such amount, is dependent, in whole or in part, upon any revenue, income, or profits derived from such real property; (3) the property is at any time after its acquisition leased to the person selling such property or certain persons related to the seller; (4) the property is acquired from, or is at any time after the acquisition leased to, certain related persons; (5) any person described in clause (3) or (4) provides financing in connection with the acquisition or improvements; or (6) none of the following is true: (a) all of the partners are "qualified organizations;" (b) each allocation to a partner is a qualified organization is a "qualified allocation;" or (c) the "fractions rule" in Code Sections 514(c)(9)(E) is met. There is uncertainty regarding the application of the "fractions rule." The Manager will attempt to comply with the "fractions rule" under Sections 514(c)(9) and believes the Partnership complies with the "fractions rule." Further, certain of the factors listed above may apply to the acquisition of Projects and in such case, the 514(c)(9) exceptions to UBTI will not be available. If the receipt of UBTI from the Partnership will have an adverse impact on an investor, such investors should consult his or her own tax consultant before investing in the Partnership. If a Qualified Plan's, IRAs,or Tax-Exempt Entity's share of the UBTI from the Partnership and other investments exceeds $1,000 during any tax year, the Qualified Plan, IRA, or Tax-Exempt Entity will be required to pay taxes on such UBTI.

Whether a Qualified Plan's, IRA's, or Tax-Exempt Entity's UBTI will exceed this $1,000 exclusion in any year will depend upon whether or to what extent the Partnership qualifies for the exception, the actual operations of the Partnership, the size of the Qualified Plan's, IRA's or Tax-Exempt Entity's investment in the Partnership, the taxable income of the Partnership and the amount of such Qualified Plan's, IRA's, or Tax-Exempt Entity's UBTI from other investments. An allocable portion of the Partnership's income directly associated with debt financed property reduced by an allocable portion of deductions (computing depreciation on a straight-line basis) directly associated with such debt financed property will be treated as UBTI (subject to the exception set forth above). The allocable portion of income deductions will be equal to the ratio of indebtedness on such properties outstanding from time to time to the basis in such properties as adjusted from time to time. When the Partnership disposes of a debt financed Property, a Qualified Plan (subject to the exception set forth above), IRA or Tax-Exempt Entity will be required to recognize an allocable portion of the gain as UBTI based on the ratio between the indebtedness as of the date of sale and the basis of the Property.

The portion of the Partnership income that is not deemed to be UBTI will continue to be exempt for a Qualified Plan, IRA, or Tax-Exempt Entity even if a portion of the Partnership's income is deemed to be UBTI. For further details on the application of UBTI, Qualified Plan, IRA or Tax-Exempt Entity, Investors are urged to consult their tax advisors.

For certain other tax-exempt entities, such as charitable remainder trusts and charitable remainder unit trusts (as defined in Code Section 664), the receipt of any UBTI may have extremely adverse tax consequences. For example, if such a trust or unitrust received any UBTI during a taxable year, a tax equal to 100% of such UBTI will be imposed. Charitable remainder trusts and charitable remainder unitrusts should consult their own tax advisors before the purchase of any Interests.

In considering an investment in the Partnership of a portion of the assets of a qualified plan, a fiduciary should consider the factors discussed in "*Investment by Qualified Plans and IRAs*."

Alternative Minimum Tax. Taxpayers may be subject to the alternative minimum tax in addition to the regular income tax. The alternative minimum tax applies to designated items of tax preference. The limitations and thresholds related to the payment of the alternative minimum tax are subject to change on an annual basis. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income. Investors should consult

with their tax advisors regarding tax preferences and the alternative minimum tax.

State Income Tax

In addition to the federal income tax consequences described above, investors should consider the state tax consequences of an investment in the Partnership. An Investor's distributive share of the taxable income or loss of the Partnership generally will be required to be included in determining the Investor's reportable income for state and local tax purposes. Investors may generate state source income from the state where the Property is located, in which case the Investor will be required to file a state income tax return and pay income tax in that state. Further, the Partnership may be required to withhold distributions of certain net income to non-residents of certain states.

United States Income Tax Considerations For Foreign Investors

The federal income tax treatment applicable to a nonresident alien or foreign corporation investing in the Partnership is highly complex and will vary depending on the particular circumstances of such investor and the effect of any applicable income tax treaties. Each foreign investor should consult his or her own tax advisor as to the advisability of investing in the Partnership. The federal income tax treatment will generally depend on whether the Partnership is deemed to be engaged in a United States trade or business. This determination must be made annually. The Code does not define what constitutes a United States trade or business; rather, this determination is based upon an examination of the facts and circumstances attending the Partnership's operations and activities. The question of whether the Partnership will be engaged in a trade or business is a question of fact; consequently, the Partnership does not express any opinion on this issue.

United States Withholding Tax on United States Source Income Not Derived in a United States Trade or Business. If the Partnership is not engaged in any trade or business during a tax year, a foreign investor would be subject to a 30% withholding tax (subject to reduction or elimination by applicable income tax treaties) with respect to its distributive share of certain items of Partnership gross income, such as United States source interest, dividends, rents and other portfolio or investment income. Various statutory exemptions from the 30% withholding tax (or a lower treaty rate) apply to interest income from bank deposits and certain portfolio indebtedness and the 30% withholding tax may be reduced by income tax treaties. A foreign investor who is entitled to income tax treaty benefits may claim such benefits by executing and filing with the Partnership an initial Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) in a timely manner. In such instance, the Partnership will require that a foreign investor properly execute and provide to the Partnership a Form 2848 (Power of Attorney and Declaration of Representative), which will enable the Partnership to complete Form W-8BEN for future years on behalf of the foreign investor.

If a foreign investor claims a reduction in the 30% withholding tax in reliance on an income tax treaty, the investor may be required to disclose the claimed reduction in its United States income tax return or, if no return is filed, on Form 8833 (Treaty-Based Return Position Disclosure Under Code Section 6114 or 7701(b)).

If the foreign investor's share of Partnership capital gain is not effectively connected with the foreign investor's conduct of a United States trade or business and the foreign investor, in the case of an individual, is not physically present in the United States for 183 days or more during a taxable year, the capital gain will not be subject to United States tax. However, if the capital gain is attributable to a sale or disposition of United States real property, the gain will be treated as effectively connected with a United States trade or business. See "*Withholding on Dispositions of United States Real Property Interests*" below. If the foreign investor's share of Partnership capital gain is United States source income and is derived by an individual foreign investor who is physically present in the United States for an aggregate of 183 days or more during a taxable year, the gain, net of United States source capital losses, will be subject to a flat 30% withholding tax (subject to reduction or elimination by an applicable income tax treaty).

Tax Consequences to Foreign Investors if the Partnership is Engaged in a United States Trade or Business. If in any year the Partnership is deemed to be engaged in a United States trade or business, a foreign investor will also be considered to be engaged in a United States trade or business. Thus, the investor would be required to file a United States federal income tax return and would be subject to tax at graduated rates on its distributive share of net income from the

Partnership that was "effectively connected" with such trade or business.

In determining the investor's United States taxable income, the investor would be permitted the same deductions allowed a United States resident individual or corporation to the extent the deductions are effectively connected with a United States trade or business. However, a prerequisite to receiving the benefit of deductions is the filing of a true and accurate United States income tax return. Any Partnership losses that are not effectively connected with a United States trade or business would not be deductible from the investor's United States source income. Additionally, foreign investors may be subject to federal and state estate, inheritance or gift taxes, state, and local income taxes and to the alternative minimum tax.

If a foreign investor is subject to United States income tax on its distributive share of Partnership income at regular United States rates and is required to file United States income tax returns, such foreign investor's share of Partnership taxable income is not subject to the 30% withholding tax discussed above, provided the foreign investor completes and files in duplicate with the Partnership Form W-8ECI (Certificateof Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States). This form must be filed with the Partnership before the acceptance by the Partnership of the subscription of such foreign investor and annually thereafter for each year in which the foreign investor is an Investor.

If the Partnership has "effectively connected" income that is allocable to a foreign investor, then the Partnership must pay a federal withholding tax, presently equal to 39.6% (35% if the foreign limited partner is a corporation), and any applicable state withholding of the adjusted "effectively connected" taxable income that is allocable to that foreign investor.

If a foreign Investor has filed a Form W-8ECI to claim exemption from the 30% withholding, that Investor is deemed to have "effectively connected" income subject to withholding. The Partnership must make installment payments of withholding tax based on the amount of effectively connected income allocable to a foreign Investor, without regard to whether distributions are made during the Partnership's taxable year and the foreign Investors' distributive share of the Partnership's tax credits. A foreign Investor's share of any withholding tax paid by the Partnership will be treated as distributed to that Investor on the earlier of the day on which the tax is paid by the Partnership or the last day of the Partnership's tax year for which the tax is paid and will reduce the foreign Investor's adjusted basis in his or her Interests. Amounts paid by the Partnership will be treated as loans by the Partnership to the foreign Investor and will be subject to an interest charge equal to the Prime Rate. The amount of the loan and interest charge will be offset against the foreign Investor's share of cash distributions. Withholding is not required on any amount subject to the30% withholding discussed earlier.

The amount withheld attributable to a foreign Investor is creditable against the United States income tax liability of that foreign Investor subject to certain limitations. Withholding is not required with respect to a particular Investor if that Investor provides a valid Form W- 9, "Request for Taxpayer Identification Number and Certification." For tax treaty purposes, a foreign Investor may be deemed to have a "permanent establishment" in the United States for any year in which the Partnership is engaged in a United States trade or business.

Withholding on Dispositions of United States Real Property Interests. Under FIRPTA, non-resident aliens and foreign corporations are subject to withholding on dispositions of United States real property interests. For this purpose, United States real property owned by the Partnership will be treated as held proportionately by its Investors. Therefore, a foreign Investor may be subject to withholding when such Investor sells or exchanges his or her Interest to a United States person. If the Partnership is considered to be engaged in a business, the Partnership is required to deduct and withhold from any cash distribution an amount presently equal to 39.6% (35% if the foreign Investor is a corporation) for United States tax purposes and any state applicable state withholding to the extent the cash distribution is attributable to gain from the sale of a United States real property that is allocable to a foreign Investor. If the Partnership is not considered to be engaged in a business, the Partnership is required to deduct and withhold from any cash distribution an amount equal to 10% for United States tax purposes and any applicable state taxes to the extent the distribution is attributable to gain from the sale of a United States real property that is allocable to a foreign Investor.

If the gain is effectively connected with a United States trade or business and the Partnership makes installment payments of withholding tax, the Partnership is not required to withhold tax on cash distributions. See "*Tax Consequences to Foreign Investors if the Partnership is Engaged in a United States Trade or Business*" above. If the Partnership distributes a United States real property interest to a foreign investor, it is required to withhold 10% of the fair market value of the interest for federal income tax purposes and any applicable state withholding.

Miscellaneous Considerations. Foreign corporate investors should also be aware that if the Partnership is deemed to be engaged in a United States trade or business, the United States Branch Profit Tax may apply to income from the Partnership to the extent the Partnership has income effectively connected with a United States trade or business. In determining the advisability of an investment in the Partnership, foreign investors should consult their own tax advisors concerning (i) whether they will be treated as being engaged in a United States trade or business or having a permanent establishment in the United States, (ii) whether gain from the sale of Interests is effectively connected with their conduct of a United States trade or business or a permanent establishment in the United States, (iii) the income tax consequences relating to the ownership of Interests in their own particular circumstances, and (iv) the tax consequences of owning Interests under the internal tax laws of the foreign investor's home country.

INVESTMENT BY QUALIFIED PLANS AND IRAS

In General

In considering an investment in the Partnership of the assets of an employee benefit plan (as defined in Section 3(3) of ERISA) or an IRA, a fiduciary or any other person responsible for investment of the planor IRA investments, taking into account the facts and circumstances of such plan or IRA, should consider, among other things: (i) whether the investment is in accordance with the documents and instruments governing such plan or IRA, (ii) the definition of plan assets under ERISA, (iii) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA (or other applicable law), whether, under Section 404(a)(1)(B) of ERISA (or other applicable law), the investment is prudent, considering the nature of an investment in and the compensation structure of the Partnership and the fact that there is not expected to be a market created in which the Interests can be sold or otherwise disposed of, that the Partnership has had no history of operations, (vi) whether the Partnership or any affiliate is a fiduciary or a party in interest to the plan or IRA, (vii) the need to annually value the Interests, and (viii) whether an investment in the Partnership will cause the plan or IRA to recognize UBTI. The prudence of a particular investment must be determined by the responsible fiduciary or other person (usually the trustee, plan administrator, or investment manager) with respect to each employee benefit plan or IRA, taking into account all of the facts and circumstances of the investment.

Potential employee benefit plan and IRA investors should also take into consideration the limited liquidity of an investment in the Partnership as it relates to applicable minimum distribution requirements ofthe Code. If the Interests are held in the IRA or employee benefit plan at the time mandatory distributions are required to commence to the IRA beneficiary or plan participant, applicable law may require the in-kind distribution of Interests. Such distribution must be included in the participant's or beneficiary's taxable income for the year of receipt of the Interests (at then current fair market value) without any cash distributions with which to pay the tax liability.

ERISA provides that Interests may not be purchased by an employee benefit plan if the Partnership or an Affiliate of the Partnership is a fiduciary or party in interest (as defined in Sections 3(21) and 3(14) of ERISA) to the plan unless such purchase is exempt from the prohibited transaction provisions of Section 406 of ERISA. Under ERISA, it is the duty of the fiduciary responsible for purchasing the Interests not to engage in such transactions.

Code Section 4975 has similar restrictions applicable to transactions between disqualified persons and an employee benefit plan or IRA, which could result in the imposition of excise taxes on the Partnership or loss of tax-exempt status of the IRA.

Plan Asset Regulations

An investment in the Partnership by an employee benefit plan or IRA could also violate ERISA or the Code if, under applicable Department of Labor ("***DOL***") regulations, the Partnership assets are considered to be assets of the plan or

IRA. The DOL has promulgated final regulations ("***DOL Regulations***"), 29 C.F.R Section 2510.3 101, that define what constitutes "***Plan Assets***" in a situation in which an employee benefit plan or IRA invests in a partnership, or other similar entity. If assets of the Partnership are classified as Plan Assets, the significant penalties discussed below could be imposed under certain circumstances. Under the DOL Regulations, if an employee benefit plan or IRA invests in an equity interest of an entity that is neither a publicly offered security nor a security issued by an investment Partnership registered under the Investment Companies Act, its assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that the entity is an "operating Partnership,"or equity participation in the entity by benefit plan investors is not "significant."

The Interests will not qualify as publicly offered securities nor will they be issued by an investment company registered under the Investment Partnership Act.

The Plan Asset Regulations provide an exception with respect to securities issued by an operating Partnership, which includes a "real estate operating Partnership" or a "venture capital operating Partnership." Generally, the Partnership will be deemed to be a real estate operating Partnership if during the relevant valuation periods at least 50% of its assets are invested in real estate that is managed or developed and with respect to which the Partnership has the right to substantially participate directly in management or development activities. To constitute a venture capital operating Partnership, 50% or more of the Partnership'sassets must be invested in "venture capital investments" during the relevant valuation periods. A venture capital investment is an investment in an operating Partnership, including a "real estate operating Partnership," as to which the investing entity has or obtains direct management rights. If an entity satisfies this 50% assets requirement on the date it first makes a long-term investment (the "initial valuation date"), it will beconsidered a real estate operating Partnership or a venture capital operating Partnership, as the case may be, for the entire period beginning on the initial valuation date and ending on the last day of the first annual valuation period, provided that it actually exercises its management rights during such entire period. An "annual valuation period" is a pre-established annual period of not more than 90 days, and the first annual valuation period must begin no later than the anniversary of the initial valuation date. For subsequent periods, the entity must satisfy the 50% of assets test at some time during each annual valuation period and must exercise its management rights during the following 12 months. There can be no assurance that the Partnership will qualify for the real estate operating Partnership exception or the venture capital operating Partnership exception. As a result, qualified plan and IRA investors should not rely on the Partnership being deemed an "operating Partnership" for purposes of the DOL Regulations. However, the qualified plan or IRA may qualify for the exemption for "significant" participation exemption described below.

If the Partnership does not qualify as an "operating Partnership" under DOL Regulations, an employee benefit plan or IRA investment in the Partnership will be treated as an investment in an equity interest in the Partnership, and not as an investment in an undivided interest in each of the underlying assets, only if equity participation in the Partnership by benefit plan investors (i.e., employee benefit plans and IRAs) is not "significant." Under the DOL Regulations, equity participation in the Partnership by benefit plan investors would be "significant" on any date if, immediately after the most recent acquisition of any equity interest in the Partnership, 25% or more of the total value of the Interests is held by benefit plan investors. In determining whether the 25% benefit plan investors' ownership is met, the ownership of any person with discretionary authority with respect to Partnership assets is disregarded. The Partnership will prohibit benefit plan investors from acquiring 25% or more of the total value of the Interests. If the Partnership complies with this prohibition, and if the Partnership does not exceed the 25% limitation as a result of a transfer or redemption of Interests, the Partnership should qualify for the exemption from the DOL Regulations offered to entities in which benefit plan participation is not "significant." However, if, for any reason, the 25% limitation is not met, then the issues described below will arise (unless the Partnership is an operating Partnership).

Impact of Partnership Holding Plan Assets

If the Partnership is deemed to hold Plan Assets, additional issues relating to the Plan Assets and "prohibited transaction" concepts of ERISA, and the Code arise. Anyone with discretionary authority with respect to Partnership assets could become a "fiduciary" of the employee benefit plans or IRAs within the meaning of ERISA. As a fiduciary, such person would be required to meet the terms of the employee benefit plan or IRA regarding asset investment and would be subject to prudent investment and diversification standards. Any such fiduciary could be a defendant in an ERISA lawsuit brought

by the DOL, an employee benefit plan participant or another fiduciary to require that Partnership assets and the investment and stewardship thereof meet these and other ERISA standards.

In addition, if the Partnership is deemed to hold Plan Assets, investment in the Partnership might constitute an improper delegation of fiduciary responsibility to the Manager and expose the fiduciary of an employee benefit plan investor to co-fiduciary liability under ERISA for any breach by the Manager of its ERISA fiduciary duties. Section 406 of ERISA and Code Section 4975(c) also prohibit employee benefit plans from engaging in certain transactions with specified parties involving Plan Assets. Code Section 4975(c) also prevents IRAs from engaging in such transactions.

Another type of transaction prohibited by ERISA and the Code is one in which fiduciaries of an employee benefit plan or the person who establishes an IRA engage in self-dealing. Accordingly, Affiliates of the Manager are not permitted to purchase Interests with assets of any benefit plan investor if they (i) have investment discretion with respect to such assets or (ii) regularly give individualized investment advice that serves as the primary basis for the investment decisions made with respect to such assets.

If the Partnership's assets are treated as Plan Assets and if it is determined that the acquisition of an Interest by an employee benefit plan (or another transaction of the Partnership) constitutes a prohibited transaction, then any party in interest, which may include a fiduciary or sponsor of an employee benefit plan, that has engaged in any such prohibited transaction could be required to: (i) restore to the employee benefit plan any profit realized on the transaction; (ii) make good to the employee benefit plan any losses suffered by the employee benefit plan as a result of such investment; (iii) pay an excise tax equal to 15% of the amount involved (i.e., the amount invested in the Partnership) for each year during which the investment is in place; and (iv) eliminate the prohibited transaction by reversing the transaction and making good to the Partnership any losses resulting from the prohibited transaction.

Moreover, if any fiduciary or party in interest is ordered to correct the transaction by either the IRS or the DOL and such transaction is not corrected within a 90-day period, the party in interest involved could also be liable for an additional excise tax in an amount equal to 100% of the amount involved (i.e., the amount invested in the Partnership), for each taxable year commencing with the year in which the 90-day period expires and ending with the year in which the prohibited transaction is corrected. Also, the DOL could assert additional civil penalties against a fiduciary or any other person who knowingly participates in any such breach.

With respect to investing IRAs, the tax-exempt status of the IRA could be lost if the investment (or another transaction of the Partnership) constitutes a prohibited transaction under Code Section 408(e)(2). If the IRA were to lose its tax-exempt status, the entire value of the IRA would be considered to be distributed and taxable to the IRA sponsor.

Annual Valuation

A fiduciary of an employee benefit plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan's fiscal year and to file a report with the IRS reflecting such value. When no fair market value of a particular asset is available, the fiduciary is generally required to make a good faith determination of that asset's "fair market value" assuming an orderly liquidation at the time the determination is made. In addition, a trustee or custodian of an IRA must provide the participant and the IRS with a statement of the value of the IRA each year. In discharging its obligation to value assets of a plan, a fiduciary subject to ERISA must act consistently with the relevant provisions ofthe plan and the general fiduciary standards of ERISA.

To assist fiduciaries (and IRA trustees and custodians) in fulfilling their valuation and annual reporting responsibilities, the Partnership will provide reports of the Partnership's annual determination of the current value of Interests in the Partnership, if available and already in existence, to those fiduciaries (including IRA trustees and custodians) who identify themselves to the Partnership as such and request the reports. The Partnership valuation may be, but is not required to be, performed by independent appraisers.

There can be no assurance (i) that the value established by the Partnership could or will actually be realized by the Partnership or an investor upon liquidation (in part because appraisal or estimated values do not necessarily indicate the price at which assets could be sold and because no attempt will be made to estimate the expenses of selling any assets of

the Partnership), (ii) that investors could realize such value if they were to try to sell their Interests, or (iii) that such valuation complies with the requirements of ERISA or the Code.

Revised Definition of Fiduciary

The DOL has issued a final regulation that contains a revised definition of "fiduciary" that would apply for purposes of ERISA and Code Section 4975. The final regulation broadens the circumstances under which a person who makes an investment recommendation to an ERISA plan or an IRA will be treated as a fiduciary with respect to such recommendation. The regulation imposes additional restrictions on the marketing of Interests in the Partnership to benefit plan investors. Fiduciaries of benefit plan investors considering an investment in Interests should consult with their legal advisors regarding the final rule.

No Opinion

Prospective investors should note that a number of issues discussed in this Memorandum, including TAX and ERISA ISSUES ARE NOT LEGAL OR TAX OPINIONS. **Prospective investors are urged to consult their own tax counsel regarding the tax consequences of an investment in Interests.**

ADDITIONAL INFORMATION AND UNDERTAKINGS

The Offering Materials that must be reviewed and considered by investors with respect to this offering include this Memorandum, the Limited Partnership Agreement, and the Subscription Agreement. A *Property Information Package* with terms and conditions for a specific Property may be part of the offering materials herein. **You should read the *Property Information Package* in its entirety along with the Offering Materials before making an investment decision.**

The Partnership undertakes to make available to each potential Investor every opportunity to obtain any additional information from the Partnership necessary to verify the accuracy of the information contained in this Memorandum. The Partnership will provide such information to the extent that it possesses such information or can acquire it without unreasonable effort or expense. This additional information includes documents or instruments relating to the operation and business of the Partnership that are material to this offering and the transactions contemplated and described in this Memorandum. Should you have any questions, please do not hesitate to contact the Partnership as follows:

c/o Apex Real Estate Partners LLC
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