

FIRM BROCHURE
(PART 2A OF FORM ADV)



Comunidad Partners

Comunidad Partners
www.comunidadpartners.com

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This Firm Brochure (this “Brochure”) provides information about the qualifications and business practices of Comunidad Fund I Manager, LLC. If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer, Antonio Marquez at (619) 955-7665 Ext. 101 or by email amarquez@comunidadpartners.com.

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority, and references in this Brochure to Comunidad as a “registered investment adviser” are not intended to imply a certain level of skill or training.

Additional information about Comunidad is also available on the SEC's website at <http://www.adviserinfo.sec.gov/>.

Item 2 – Material Changes

The firm has no material updates to report since its last Part 2A annual amendment filed on March 31, 2023.

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Item 4 – Advisory Business

Comunidad Fund I Manager, LLC (“Comunidad” or the “Manager”), a Delaware limited liability company, is a vertically integrated real estate investment manager with internal property management, development, and construction management capabilities, and is focused on the acquisition and development of workforce and affordable housing communities located in culturally diverse neighborhoods, with a particular focus on Sunbelt markets.

Comunidad was founded in 2007 and is principally owned by Antonio Marquez and Rachel Marquez.

Comunidad currently provides investment advisory services to four clients: Comunidad Social Impact Multifamily Assets Fund I, LP and Comunidad Social Impact Multifamily Assets QP Fund I, LP and SIMFA Parallel I, LP and SIMFA Parallel II, LP (collectively the “Funds” or “Clients”).

The Clients offer limited partnership interests to certain qualified investors as described in response to Item 7, below. Such investors or prospective investors are referred to herein as “Investors.”

The Manager provides discretionary investment management services to privately offered investment funds intended for sophisticated investors in accordance with the applicable limited partner agreements, operating agreements, private placement memoranda, investment management agreements and other such agreements (“Offering Documents”). Capitalized terms not otherwise defined in this Brochure shall have the meaning ascribed to such term in the respective Fund’s limited partnership agreement.

The Funds are managed in accordance with their own objectives and are not tailored to any Investor nor does any Fund accept client-imposed investment restrictions unless documented in a side letter agreement that is approved by the Manager.

Investment advice is provided directly to the Funds by the Manager and not individually to Investors.

Such Investors accept the terms of advisory services as set forth in the Funds’ respective Limited Partnership Agreements. The Manager has broad investment authority with respect to the Funds and, as such, Investors should consider whether the investment objectives of the Funds are in line with their individual objectives and risk tolerance prior to investment.

The General Partner establishes certain partnerships, such as co-investment vehicles (“Partnerships”), that are designed to invest in one or more specific investments alongside the Funds. To the extent that such co-investment opportunities arise, the General Partner will generally offer such co-investment opportunities to Investors in the Fund or Funds, applicable, or in another manner as permitted by the Offering Documents, at the General Partner’s sole discretion. In no event shall the General Partner and its affiliates be restricted from participating in any such co-investment.

In addition, the General Partner, or its affiliates, in their sole discretion, may hold certain assets outside a Fund in (or permit the investors to hold their interests in the Partnership through) one or more other vehicles (which entities may include a group trust, a blocker entity or an off-shore

vehicle) organized by the General Partner and having investment objectives, economic terms, conditions and management substantially identical and no less favorable, to the extent practicable, to those of the Funds, but that would not encounter (or would appear to mitigate) certain legal, tax or regulatory impediments (such investment vehicles are “Alternative Investment Vehicles”).

Certain side letter agreements are entered into with certain investors in the Funds. Such arrangements have the effect of establishing additional rights or altering or supplementing the terms of the governing documents of a Fund with respect to one or more such investors in a manner more favorable to such investors than those applicable to other investors. As of December 31, 2023, Comunidad manages approximately \$264,816,758 of Regulatory Assets Under Management on a discretionary basis. Comunidad manages \$0 assets on a non-discretionary basis. It should be noted that for the purposes of calculating Regulatory Assets Under Management and consistent with SEC guidance, the Manager has included all unfunded capital commitments.

Item 5 – Fees and Compensation

The specific terms of the Manager’s fees and compensation arrangements are set forth in each respective Fund’s Limited Partnership Agreement. The Manager generally charges an annual management fee (“Management Fee”) of up to 1.75% of Investor commitments during the Fund’s investment period. The Manager does, in its sole discretion, reduce, waive or calculate differently the Management Fee with respect to any Investor including, without limitation, Investors that are affiliates of the Manager.

In addition to the Management Fee, the Manager (or an affiliated entity or affiliated persons) is eligible to receive an incentive allocation as described in the respective Limited Partnership Agreement. Generally, Investors receive a return of their invested capital plus a preferred return prior to the distribution of any incentive allocation paid to the Manager. The preferred return is generally 8% annualized effective internal rate of return on the aggregate capital contributions of the Investor. The incentive allocation is generally 20% of the cash available for distribution in excess of the Limited Partners’ capital contributions and preferred return and is generally subject to the Manager’s catch-up and final claw back as discussed in the Limited Partnership Agreement. Prospective Investors should refer to the Limited Partnership Agreement for specific details on the applicable fees and incentive allocation calculation methodology.

The Manager does, in its sole discretion, reduce, waive or calculate differently carried interest with respect to any Investor including, without limitation, Investors that are affiliates of the Manager.

Management Fees are calculated and due and payable monthly in arrears commencing on the first calendar month following the Due Date specified in the first Drawdown Notice, and thereafter calculated as of the first Business Day of each calendar month thereafter in each year of the Partnership. In the unlikely event that the Manager does not provide services for a full period, or if accounts are terminated according to the terms set out in the Fund’s Limited Partnership Agreement, before the end of the relevant period, a pro-rated fee will be returned to the Fund.

The Manager’s Management Fees and incentive allocation are not inclusive of all the fees and expenses that Investors bear pursuant to the respective Limited Partnership Agreement. Please refer to the respective Fund’s Limited Partnership Agreement for a detailed description of the expenses payable by the Funds.

Operating and Organizational Expenses

The Funds will bear third-party and out-of-pocket expenses including but not limited to travel, lodging, marketing, legal, accounting, auditors and other Organizational Expenses incurred in conjunction with the establishment and formation of the Funds, the General Partner, the Manager or any of their Affiliates, in connection with the sale of Interests in the Funds and with the organization of the Funds and other entities comprising the Funds (including the expenses of formation of each such entities), plus fees or expenses due or paid to any placement agent or financial advisors related to the formation of or capital raising for the Funds (“Placement Costs”); provided, however, that Management Fees will be waived (prior to being earned) and not payable to the Manager in an amount equal to (i) any such expenses (other than Placement Costs) in excess of \$950,000, plus (ii) the amount of any Placement Costs paid by the Funds.

In addition to the Funds’ obligation to pay the Organizational Expenses and Placement Costs described above, the Funds will pay other expenses outlined below and fully detailed in each respective Fund’s Limited Partnership Agreement: (i) out-of-pocket investment costs, such as brokerage commissions and finders’ fees and transfer taxes; (ii) all expenses relating to investigating, acquiring, operating, managing, appraising, constructing, rehabilitating, zoning, marketing, advertising, financing and disposing of Investments (including, without limitation, Terminated Transaction Expenses and travel, lodging and other out-of-pocket expenses, regardless of whether or not the potential investment is acquired or the Investment is disposed of); (iii) fees and disbursements to third parties relating to any audit and accounting or bookkeeping or tax services with respect to the books and records of the of the Funds including, without limitation, the preparation of the periodic reports required to be delivered, tax advice, tax projections, tax returns and K-1’s, the costs of verifying distributions, models, valuations and tax allocations; (iv) fees and disbursements of attorneys, consultants, accountants, tax advisors, bookkeepers, administrators, third-party appraisers including securities compliance costs, other costs of valuation, third-party due diligence, third-party research services, third-party fund administrators and other professionals (including legal fees in connection with any legal opinions required to be delivered by or on behalf of the Funds); (v) interest expenses on borrowings permitted and all expenses incurred in negotiating, entering into, effecting, maintaining, varying and terminating any borrowing or guarantee permitted to be incurred; (vi) controversy and controversy settlement costs; (vii) expenses of members of the Advisory Committee, and any additional advisory committees; (viii) compensation to members of advisory committees other than the Advisory Committee; (ix) the amounts required to be paid to any Indemnatee ; (x) all insurance premiums, finance charges, any fees and costs of brokers, agents, attorneys and advisors, and third-party charges for risk management services or similar expenses incurred by the Funds or the General Partner or the Manager in connection with the activities and management of the Funds (including but not limited to fidelity and directors’ and officers’ insurance); (xi) the cost of maintaining records and books of account in relation to the business of the Funds; (xii) all costs and expenses incurred in relation to obtaining waivers, consents or approvals and all reasonable costs and expenses of, and/or incidental to, the preparation of amendments to the Operating Agreement; (xiii) all costs and expenses of, and/or incidental to, the preparation and dispatch of all checks, reports, circulars, forms and notices and any other documents necessary or desirable in connection with the business and administration of the Funds, including the cost of all insurance of the Funds in connection therewith; (xiv) all costs and expenses incurred as a result of termination of the Funds and the Distribution, realization or disposal of Investments pursuant thereto; (xv) all costs and expenses of any threatened or actual litigation involving the Funds and the amount of any judgment or settlement paid in connection therewith, excluding however the costs and expenses of any litigation, judgment or settlement with respect to which an Indemnatee is not entitled to

indemnity; (xvi) all Fund expenses incurred in connection with meetings, including any Annual Meeting; (xvii) all expenses incurred in relation to maintaining custody of any and all Funds' documents that the General Partner deems appropriate in connection with the business activities of the Funds (including bank charges, insurance of documents of title against loss in shipment, transit or otherwise), and charges by the General Partner or the Manager for document retention; (xviii) all expenses incurred in connection with the valuation of the Investments and assets of the Funds; (xix) all development, construction, leasing and property management fees and expenses relating to Investments, which will be provided at competitive market rates, are frequently provided by an Affiliate of the Partnership or the General Partner; (xx) Investment level hedging, environmental and other third-party services; (xxi) all costs relating to clauses (i) through (xx) for any Subsidiary of the Partnership; and (xxii) all other costs incurred in connection with the administration of the Funds, including fund administration software. All costs and expenses referred to in clauses (i) through (xxii) are collectively referred to as "Operating Expenses." All Operating Expenses are Fund costs and reimbursable to the Manager or its Affiliates are due and payable promptly following receipt of invoices therefor, subject to any deferral.

Affiliate Agreements

The General Partner and its Affiliates receive (and retain without reducing any Management Fees payable by the Fund) market-based fees for the provision of technical services, operational services, accounting services, and human resources administration. The General Partner or its Affiliates, as applicable, may elect to share such fees, in whole or in part, with a project development partner affiliated with an Investment. Other customary services, including property management, leasing, disposition management, relating to a Fund's Investments are provided by the General Partner or its Affiliates or third parties, in the General Partner's discretion, all at competitive or below market rates for qualified providers of comparable services.

Item 6 - Performance-Based Fees and Side-by-Side Management

The Manager, or an affiliated entity or affiliated person(s), is entitled to incentive distributions to the extent returns to Investors exceed certain thresholds. The calculation for these incentive distributions is calculated pursuant to the waterfall schedules described in *Item 5: Fees and Compensation* above and in the respective Fund's Offering Documents. Potential conflicts are generally mitigated by restrictions on forming a new Fund that would compete with a prior Fund for comparable investments until the prior Fund is substantially invested or has had a substantial portion of its capital commitments committed/reserved for investment.

The possibility that the Manager or affiliated entities or persons receives performance-based compensation creates a potential conflict of interest that creates an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. Investors are provided with clear disclosure in the Offering Documents as to how the performance-based compensation is calculated and paid, to the extent applicable. Additionally, the structure of the performance-based compensation received by the Manager or its affiliate and/or employees is intended to create an alignment of interest between the Investors and the Manager and its investment professionals with respect to the management of investments.

Additionally, the Manager's investment allocation policies are designed to ensure all Funds are treated fairly and equitably in connection with investment allocations and prohibit the allocation of investments to a Fund solely on the basis that Manager or an affiliate has a higher potential to earn incentive-based compensation if the investment were made by one Fund versus another.

Item 7 – Types of Clients

As further described in Item 4 of this Brochure, the Manager provides investment management services to the Funds, which are private pooled investment vehicles exempt from registration under the Investment Company Act of 1940, as amended (“Investment Company Act”).

Investors in the Funds may include, but are not limited to, pension plans, endowments, insurance companies, investment banks, retail banks, corporate entities, endowments and foundations, trusts, family offices (both single and multi), high net worth individuals and “knowledgeable employees”.

Admission to the Fund is not open to the general public. Investors must meet certain eligibility provisions whereby interests are generally only offered to (a) an “accredited investor” as such term is defined in Rule 501 and Regulation D promulgated by the SEC under the Act, (b) a “qualified client” as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”), and, in certain funds, (c) a “qualified purchaser” as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). “Knowledgeable employees”, as such term is defined in Rule 3c-5 of the Investment Company Act of 1940, are permitted to invest at the discretion of the General Partner. Each person who meets the requirements of this paragraph is referred to herein as a “Qualified Investor”. The General Partner also has the discretion to waive these eligibility requirements on a case-by-case basis.

Prospective Investors should refer to the respective Fund’s Offering Documents for information on minimum investment requirements. Typically, the Manager will require a minimum investment of \$1,000,000 depending on the Investor type, although the Manager maintains discretion to individually waive, increase or reduce the minimum investment required.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investment Process Overview

Comunidad’s disciplined investment process has been developed over many years with a specific focus on risk mitigation and downside protection. As a vertically integrated owner-operator, the General Partner leverages Comunidad’s in-house expertise as it relates to sourcing, underwriting, due diligence, asset management, construction management, and dispositions to optimize total returns for stakeholders. The General Partner intends to utilize Comunidad’s unique relationship network to source deal flow; additionally, it leverages technology solutions to quickly filter and underwrite opportunities, and has developed a custom model that provides it with a high degree of certainty when bidding on “off-market” opportunities. Comunidad actively monitors business plans at the portfolio and asset level for potential adjustments and opportunities to increase returns and mitigate risk, with a focus on equity preservation. In conjunction with this, the General Partner leverages market data from leading firms as well as proprietary data to assist in opportunity and risk assessments at the due diligence stage, performance benchmarking during the ownership phase, and exit stress tests at the dispositions’ stage.

Investment Sourcing

Investment sourcing primarily relies on a unique network of industry relationships developed and nurtured by the Investment Team over many years. These relationships include, but are not limited to, institutional and local owners, brokers, lenders, vendors, equity partners, and other real estate

professionals that are active in the sector, including property managers, title companies, law firms, non- profits, and others. Comunidad systematically filters through numerous assets using its own progressive pipeline model that tracks assets and identifies key metrics, resulting in more efficient decisions.

The General Partner places heavy importance on developing deep relationships across the sector to gain better access to opportunities, with a particular focus on assets that are not widely marketed or that have a unique story, enabling the firm to sustain its competitive advantage of generating asymmetric information and being front-of-mind for opportunities in its Target Markets. To date, this emphasis has resulted in approximately 80% of investments having been (i) acquired off-market, (ii) lightly marketed after a failed sale, (iii) won due to certainty of execution despite not being highest bidder, (iv) sourced from unconventional channels, or (v) a special situation acquisition.

Underwriting/Due Diligence

The Investment Team screens approximately 150,000+ units per year and maintains a robust deal pipeline that tracks several investment criteria to identify opportunities that best meet its investment objectives. By capturing an abundance of data, the Investment Team can make quicker decisions as it relates to deal pursuit, enabling the firm to analyze a high volume of opportunities with a strong degree of accuracy and find relative value arbitrage quickly. Over the years, Comunidad has developed proprietary underwriting models based on advanced simulation models that streamline and accelerate decision making. Comunidad's technology suite has the flexibility to adapt to a myriad of situations and markets, and can apply various sensitivity analyses for each investment opportunity. Typically, the Investment Team completes a preliminary desktop analysis before ultimately moving into due diligence, at which point data is updated into a full financial model for presentation to the Investment Committee.

Investment opportunities typically flow through the following due diligence steps:

- **Preliminary Feasibility** - The General Partner undergoes a thorough analysis of the existing financials and rent roll, and conducts extensive preliminary market research. This process includes analyzing the historical income statements relative to internal benchmarks to identify anomalies; additionally, the rent roll is reviewed to understand leasing activity over multiple time periods. Lastly, a member of the Investment Team physically visits each asset, which includes a tour of the surrounding comps, and an understanding of local schools, retail amenities, transportation access, economic drivers, and local demographics.
- **Bidding** – Following its initial review, the Investment Team completes a preliminary analysis of the investment opportunity that is ultimately provided to the Investment Committee for detailed review. At this point, multiple lenders are contacted to obtain preliminary loan sizing and terms based upon the business plan and underwritten hold period.
- **Final Offer** – Prior to providing a best and final offer, the Investment Team conducts a final update and validation of assumptions and ensures final pre-contract diligence is complete. During the offer process, Comunidad seeks to position itself favorably relative to the competition with competitive terms that can pre-empt the full marketing process and

present certainty of execution. As a result, on certain occasions, the General Partner has been awarded a deal despite not being the highest bidder.

- **Under Contract** - After an offer has been accepted, the General Partner begins a full due diligence process, including the engagement of third-parties, service providers, and development of a detailed capital budget. Simultaneously, a lender is chosen to secure preliminary loan quotes. During this time period, the Investment Team collaborates closely with the asset management team to ensure appropriate assumptions are being used and to effectuate a seamless transition following closing. Below is a list of some key due diligence tasks completed during this stage:
 - o Legal reviews, including title and survey
 - o Market analysis, including data from proprietary and third-party data sources
 - o Lease file audit and reconciliation to rent roll
 - o Affordability stress test
 - o Property tax analysis with third-party tax guidance
 - o Insurance/risk management analysis
 - o Physical plant due diligence led by third-party specialists, including city code compliance, zoning compliance, and inspection of all unit interiors
 - o Third party reports, including appraisal, Physical Conditions Assessment (“PCA”), and Phase I environmental report
 - o Survey and energy audit
 - o Capital expenditure budgeting
 - o Financing procurement
 - o Business plan formation
- **Pre-Closing/Closing** – After completion of the above, a final investment memo is presented to the Investment Committee for approval prior to close. Additional tasks including closing prorations, pre-close walk of vacant units, maintenance shop visits, common area inspections, and utility meter checks are completed at this stage. Thereafter, the closing concludes, and the property is turned over to the asset management and property management teams for business plan execution.

Investment Committee

The Investment Committee makes recommendations to the General Partner on matters including, but not limited to, the following: preliminary offers, due diligence milestones, final offers, purchase contracts, financing arrangements, business plan formation, quarterly reviews, and capital events decisions. The General Partner's Investment Committee consists of senior real estate investment professionals. Investment Committee meetings are conducted regularly.

Asset Management

Rather than relying on financial engineering and broad macro-economic trends, the General Partner seeks to create value through tailored property enhancements and intensive asset management. Key steps in the asset management process include the following:

- **Revenue Management:** The General Partner has developed its own proprietary revenue management tools to optimize rents, concessions, and amenity rents. It uses objective, public market data, as well as a 3rd party market data tools to formulate revenue

recommendations. In addition, the General Partner or its affiliates have an asset management team that, in collaboration with the property management companies, develop property specific marketing strategies to enhance each asset's online presence and optimize search engine optimization ("SEO") and search engine marketing ("SEM"), with a goal of driving high quality traffic.

- **Expense Optimization:** The General Partner's asset management team manages a digital spend management technology that runs purchase order and invoice reviews against budget. This is particularly important for workforce and affordable housing assets as operating expense margins are typically higher than Class A assets, requiring more rigid cost controls. Invoices have now been largely digitized, resulting in a reduced risk of cost errors and unapproved vendor escalations, while simultaneously improving accounting and timing of payments to vendors. In addition, the General Partner manages unit turns through a rigorous process that competitively prices cost components and often results in more controlled and lower expense ratios. The asset management team also tracks utility consumption and rate patterns, runs a detailed request for proposals on property insurance to mitigate costs and cover for adequate casualty risks, and regularly conducts a request for proposal for contract services in an effort to reduce costs.
- **Asset Repositioning/Construction Management:** The General Partner employs strategies to reposition assets and enhance value, create unique living experiences for residents, and build a sense of community. Strategies include custom branding and signage, utilizing architects and design professionals from the retail and hospitality sectors to create attractive, welcoming spaces, and delivering customized amenity spaces tailored to the demographics of each property, including soccer courts, playgrounds, BBQ areas, pool upgrades, "bark" parks, laundry rooms, and others. Finally, green improvements are emphasized to reduce utility costs, improve air quality, and reduce carbon footprints. Such tools include low-flow toilets, showerheads, and faucets, as well as LED lighting and other utility conservation measures.

Exit Strategies

The Manager underwrites each investment on a standalone basis, and anticipates multiple potential exit strategies to capitalize on the most relevant underlying capital markets trends.

Potential exit strategies include individual asset sales, portfolio sales, sub-portfolio sales, and recapitalizations, among others. The buyer pool for workforce and affordable housing assets is diverse and deep, providing ample liquidity and exit optionality. Historically, representative buyers include real estate private equity firms, institutional investors, REITs, family offices, international investors, syndicators, and 1031 exchange investors, among others.

On a minimum of a quarterly basis, the Investment Team analyzes whether it is appropriate to pursue a disposition of a given asset based upon multiple criteria. When appropriate, this includes conducting a hold/sell analysis to determine appropriate timing for asset dispositions. Prior to an asset sale, a disposition recommendation memorandum is circulated to the Investment Committee that includes multiple scenarios as well as qualitative recommendations outlining the merits and concerns of a proposed disposition. Upon disposition approval from the Investment Committee, the Investment Committee selects a buyer or provides a counteroffer. In general, the General Partner anticipates holding value-add assets for approximately three to seven years provided value creation thresholds have been met.

An investment in the Funds is highly speculative and involves a high degree of risk, including the risk of loss of an Investor's entire investment. An investment in the Funds is suitable only for sophisticated investors who fully understand and can evaluate bearing the risks of an investment in the Funds. No guarantee or representation is made that the Funds will achieve their investment objectives or that Investors will receive a return of their capital. Prospective Investors should carefully consider the following description of certain risk factors and potential conflicts of interest. Prospective Investors should carefully review the applicable governing documents before deciding whether to make an investment in the Funds. Each Investor is strongly urged to consult with their own attorneys, tax and/or other professional and financial advisors prior to drawing any conclusions about these risks and/or investing in the Funds.

GENERAL RISKS

Disruptions in the Financial Markets and Changing Economic Conditions

The capital and credit markets are subject to volatility and disruption. Turmoil in the capital markets may constrain equity and debt capital available for investment in the real estate market, resulting in fewer buyers seeking to acquire properties, increases in cap rates and lower property values. Furthermore, volatile economic conditions negatively impact real estate fundamentals. Disruptions in the financial markets and deteriorating economic conditions may also impact the market for the Funds' Investments and the volatility of its Investments. The returns available to investors in the Funds' targeted Investments are determined, in part, by: (i) the supply and demand for such Investments and (ii) the existence of a market for such Investments, which includes the ability to sell or finance such Investments. During periods of volatility, the number of investors participating in the market may change at an accelerated pace. As liquidity or "demand" increases, the returns available to investors may increase. Conversely, a lack of liquidity may cause the returns available to investors to decrease. The Funds expect to use leverage to acquire the Investments. The use of leverage by such Fund will have important consequences to the investors, including, but not limited to, the following: (a) greater fluctuations in the net asset value of the Fund; (b) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes; (c) increased interest expense if interest rate levels were to increase significantly; (d) limitation on the flexibility of the Fund to make distributions to the investors; (e) the amount and timing of contributions and distributions to the investors may be affected in a manner that may have potentially adverse consequences to the investors; and (f) result in lower multiples of cost (but enhanced IRRs). If the debt markets deteriorate, the Funds may not be able to obtain debt financing on attractive terms. As such, the General Partner may be forced to use a greater proportion of the Fund's offering proceeds as equity to finance acquisitions, reducing the number of Investments. The General Partner, with the consent of the Limited Partner Advisory Committee, has the right to modify the Fund's investment strategy to optimize its portfolio performance. In addition, if the Fund's use leverage to acquire Investments and the value of the Investments declines, the Fund could be forced to dispose of investments at inopportune times to repay debt or use Capital Contributions to repay debt. All the factors described above could adversely impact the General Partner's ability to implement the Fund's business strategy and make distributions to investors and could decrease the value of an investment in the Funds.

Economic and Geopolitical Conditions

There remains potential for increased or changing regulation of aspects of the financial markets, compliance with which may increase costs and limit the Funds' ability to pursue business and

Investment opportunities. Any further material changes in the economic environment, including a slow-down in economic growth and/or changes in interest rates could have a negative impact on the performance and/or valuation of the Funds' Investments. The Funds' performance can be affected by deterioration in public markets and by market events, such as the onset of a credit crisis such as that recently experienced (both in the U.S. and globally).

Direction of Real Estate Market is Unknown

The General Partner anticipates that the go forward market environment provides the Fund with opportunities to acquire Investments on favorable terms and values. However, there can be no guarantee that the elements that determine real estate values, such as tenant creditworthiness and the demand for real estate, will not soften, and the real estate market may suffer declines. Such a scenario could result in a Fund acquiring properties that lose value.

Lack of Operating History

Each new Fund and General Partner of a Fund established in connection with an offering has no operating history upon which to evaluate such Fund's likely performance. The performance of the investment team's past portfolio investments is not necessarily indicative of the results that will be achieved by any new Fund.

Long-Term Commitment and Consequences of Default

An Investor's commitment to a Fund is a long-term, binding commitment. Investors will be required to bear the financial risks of their investment, including their unconditional obligation to make Capital Contributions to the Funds, for an extended period of time. Capital may be called from Investors on short notice. The failure of an Investor to meet a capital call when due may result in material adverse consequences to the Investor. If the Fund is not otherwise able to obtain sufficient funds to meet its obligations, such default would have material adverse consequences on all Investors, even those that have made all required Capital Contributions to the Fund. These consequences could include the Fund's defaulting on its obligations and the results thereof, including foreclosure or having to sell Investments at reduced values, all of which would adversely affect an investor's returns.

Limited Participation and Communication by Limited Partners

Except for the approval rights granted to the Limited Partner Advisory Committee in the Operating Agreement, the Investors have no right or power to participate directly in the management or control of the business of the Funds and thus must depend solely on the ability of the General Partner with respect to making Investments. In addition, the Investors will not have an opportunity to evaluate the specific Investments, or the terms of any Investment, made by the Funds.

Restrictions on Transferability and Withdrawal

There is no public market for the limited partner shares and one is not expected to develop. As a result, Investors may be required to hold their limited partner shares for the entire term of the Fund. Consequently, the purchase of limited partner shares should be considered only as a long-term and illiquid investment and limited partner shares should only be acquired by Investors who are able to commit their funds for an indefinite period.

Third-party Involvement

The Funds may co-invest with third parties, through joint ventures or other entities. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that any co-venturer or partner of the Funds may, at any time, have

economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives. As a result, the Funds may be unable to fully realize their expected return on any such investment and may not have control over the management of these properties or the exits from these investments. In addition, in certain circumstances, the Funds may be liable for actions of its co-venturers or partners.

Investment Strategy

The Fund's current strategy is to make private equity and equity-oriented investments in a diversified portfolio of multifamily real estate located throughout the United States. Accordingly, the General Partner will be required to maintain expertise, relationships and market knowledge across a broad range of geographic regions and will be subject to the market conditions affecting each asset in various markets, including such factors as the local economic climate, business layoffs, industry slowdowns, changing demographics, and local supply and demand issues affecting each such market. The General Partner may not be able to develop and maintain the level of expertise, relationships and market knowledge required for the Funds to succeed with this strategy in a variety of geographic locations.

Control over Investments

The General Partner and/or the Funds may have limited rights with respect to the properties in which the Funds invest with third parties. The General Partner's ability to protect the Funds' position and make decisions with respect to its investments may be limited by the rights of such third parties. For example, if the Funds invest in properties as a partner or a co-venturer with a third-party partner, the General Partner expects such third-party partner to have approval or consultation rights over certain major decisions recommended by the Funds, and such partner may be in a position to take action contrary to the instructions or requests of the General Partner or contrary to the Funds' policies or objectives. Such investments may also have the potential risk of an impasse on decisions because neither the General Partner nor the applicable third-party partner would have full control over the applicable venture. The General Partner will, however, seek to maintain sufficient control of such ventures to permit the Funds' objectives to be achieved.

Affiliates of the General Partner Could Incur Significant Losses

The Funds will be dependent on the resources made available to the General Partner by its affiliates (including the Manager) to select Investments and conduct its operations. Adverse developments in the financial health of the Manager and such affiliates could hinder the General Partner's ability to successfully manage the Funds' operations and Investments. If such liabilities affected the level of services that the General Partner could obtain from the Manager and its affiliates, the Funds' operations and financial performance could suffer as well, which would limit the Funds' ability to make distributions and decrease the value of an investment in the Funds.

Investments Longer Than Term; Inability to Timely Sell Investments

The Funds may make Investments that may not be advantageously disposed of prior to the date that the Funds will be dissolved. Although the General Partner expects that Investments will be disposed of or repaid prior to dissolution, the General Partner has a limited ability to extend the term of the Funds. Such Investments, as a result of dissolution of the Funds, may have to be sold, distributed or otherwise disposed of at a disadvantageous time. In addition, general economic conditions, availability of financing, liquidity in capital markets, interest rates and other factors, including supply and demand, all of which are beyond the General Partner's control and which have recently trended in directions that could adversely affect the Funds' operations, affect the real estate market. The General Partner may be unable to sell an Investment for the price, on the terms

or within the time frame it desires. Such inability to dispose of Investments could reduce the Funds' cash flow and cause the Funds' results of operations to suffer, limiting the Funds' ability to pay distributions to its Investors.

Exemptions under the Federal Securities and State Securities Laws

While the Funds may be considered similar in some ways to a registered investment company, they are not required and do not intend to register as such under the Investment Company Act, and, accordingly, Fund Investors are not accorded the protections of the Investment Company Act. If the Fund fails to qualify for an exemption or exception from securities registration, or to maintain the Fund's intended exemption from the Act, the Investment Company Act, or applicable state securities or "blue sky" laws, the Fund would be required to comply with numerous additional regulatory requirements and operational restrictions that could adversely restrict operations and reduce distributions to Limited Partners, including registration of the Interests both federally and in each state in which there is a proposed investor in the Fund. If the Fund were obligated to register as an investment company, the Fund would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things: (i) limitations on capital structure; (ii) restrictions on specified Investments; (iii) prohibitions on transactions with affiliates; and (iv) compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase the Fund's operating expenses and potentially limit the Fund's investment opportunities and portfolio. If the Fund were required to register as an investment company but failed to do so, the Fund would be prohibited from engaging in its business, and criminal and civil actions could be brought against the Fund. In addition, the Fund's contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the Fund and liquidate its business.

Business and Regulatory Risks of Alternative Asset Funds

Legal, tax and regulatory changes could occur that may adversely affect the Funds at any time during their respective terms. The legal, tax and regulatory environment for funds that invest in alternative investments is evolving, and changes in the regulation and market perception of such funds, including changes to existing laws and regulations and increased criticism of the private equity and alternative asset industry by some politicians, regulators and market commentators, may adversely affect the ability of the Funds to pursue their investment strategy, their ability to obtain leverage and financing and the value of investments held by the Funds. In recent years, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased governmental as well as self-regulatory scrutiny of the alternative investment fund industry in general, and certain legislation proposing greater regulation of the industry periodically is considered by the governing bodies of both U.S. and non-U.S. jurisdictions. It is impossible to predict what, if any, changes may be instituted with respect to the regulations applicable to the Funds, the General Partner and/or the Manager, their respective affiliates, the markets in which they invest, the investors in the Funds or the counterparties with which they do business, or what effect such legislation or regulations might have. There can be no assurance that the Funds, the General Partner, the Manager, or their respective affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations, and any regulations that restrict the ability of the Funds to implement their investment strategy could have a material adverse impact on the Funds' portfolio. To the extent that a Fund or a Fund's investments are or may become subject to regulation by various agencies in the United States or non-U.S. jurisdictions, the costs of compliance may be borne by such Fund. As registered investment advisers under the Advisers Act, Comunidad is required to comply with a variety of periodic reporting and compliance-related obligations under applicable U.S. federal and state

securities laws (including the obligation of the Firm and its affiliates to make regulatory filings with respect to the Funds and their activities under the Advisers Act. Considering the heightened regulatory environment in which the Manager operates and the increased regulatory burdens applicable to private investment funds and their investment advisers, further increases in the regulatory burdens applicable to the Funds, the General Partner or the Manager in particular may result in increased expenses associated with the Funds' activities and additional resources of the Firm being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for investors in the Funds or have an adverse effect on the ability of the Funds to effectively achieve their investment objectives. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on the Funds' activities, including the ability of the Funds to achieve their investment objectives. Additionally, the SEC and other various U.S. federal, state and local agencies may conduct examinations and inquiries into, and bring enforcement and other proceedings against, a Fund, the General Partners, the Manager, or their respective affiliates. The Funds, the General Partners, the Manager, or their respective affiliates may receive requests for information or subpoenas from the SEC and other state, federal and non-U.S. regulators from time to time in connection with such inquiries and proceedings and otherwise in the ordinary course of business. These requests may relate to a broad range of matters, including specific practices of the General Partners, the Manager, the securities in which the Firm invests on behalf of its clients or industry wide practices. The costs of any such increased reporting, registration and compliance requirements may be borne by the Funds and may furthermore place the Funds at a competitive disadvantage to the extent that the Firm is required to disclose sensitive business information. Finally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that could impact the business of the Manager and the Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed several new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes could materially impact the Manager and its affiliates, the Funds and/or their investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Funds.

REAL ESTATE RISKS

Because the performance of Investments is dependent on real estate value, the following real estate ownership risks are relevant.

General Real Estate Risks

The Investments will be subject to the risks incident to the ownership and operation of real estate, including risks associated with the general economic climate, local real estate conditions (including the availability of excess supply of properties relative to demand), changes in the availability of debt financing, credit risk arising from the financial condition of tenants, buyers, and sellers of properties, geographic or market concentration, competition from other space, the ability of the General Partner or the Manager to manage the investments, government regulations (such as changes in regulations governing land usage, improvements, zoning, and environmental issues), liability arising out of the presence of certain construction materials, uninsurable losses, and fluctuations in interest rates. The Funds or its subsidiary entities could incur the burdens of ownership of real property, which include paying expenses and taxes, maintaining the Investments, and ultimately disposing of the Investments. The possibility of partial or total loss of capital will exist, and prospective Investors should not subscribe unless they can

readily bear the consequences of such loss. Real estate historically has experienced fluctuations and cycles in value, and local market conditions may result in reductions in the value of real property. The marketability and value of real property will depend on many factors beyond the control of the General Partner, including changes in general or local economic conditions in various markets; changes in supply of, or demand for, competing properties in an area; changes in interest rates; the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions; issues relating to environmental protection and occupational safety; condemnation or other taking of property by the government; unavailability of mortgage funds, that may render the sale of an Investment difficult; the financial condition of tenants, buyers, and sellers of Investments; changes in real estate tax rates and operating expenses; the imposition of rent controls; energy and supply shortages; the availability and cost of property insurance, including insurance covering earthquake and acts of terrorism; and various uninsured or uninsurable risks and acts of God, natural disasters and other uninsurable losses. In addition, general economic conditions, as well as conditions of domestic and international financial markets, may adversely affect the operations of the Funds. Furthermore, should the value of the Funds' Investments decline, the General Partner may need to consider disposing of Investments at inopportune times or using Capital Contributions to repay indebtedness in order to maintain compliance with debt covenants. There can be no assurance that there will be a ready market for the resale of Investments, because Investments generally may not be liquid. Illiquidity may result from the temporary interruption, deterioration or abolishment of an established market for the Investments, as well as legal or contractual restrictions on their resale by the Funds. Additionally, partial or complete sales, transfers, or other dispositions of Investments that may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an Investment is made. Accordingly, an Investment in the Funds requires a long-term commitment, with no certainty of return.

Real Estate Investments are Speculative by Nature

No assurance can be given that the Funds will be able to generate returns for its Investors or that the returns, if any, will be commensurate with the risks of investing in the type of investments made by the Funds. The investments made by the Funds are subject to a wide range of significant risks that could cause such investments to lose value. The investments made by the Funds are speculative in nature and the possibility of partial or total loss of Investor's Capital Contributions exists. Accordingly, an investment in the Fund should only be considered by prospective Investors who are able to withstand a total loss of their investment in the Fund. Furthermore, the Fund's investment return objectives are targets only and there can be no assurance that the Fund will achieve these objectives.

Real Estate Is Illiquid and Value Is Dependent on Conditions Beyond the Fund's Control

The Funds expect to invest in assets that may be subject to varying degrees of risk generally incident to the ownership of real property. Real estate investments are relatively illiquid. Consequently, the ability of the Funds to vary their investments in response to changes in economic and other conditions will be limited. No assurances can be given that the fair market value of any assets acquired by the Fund will not decrease in the future. The underlying value of assets and the Funds' income are dependent upon the ability of it to operate the assets in a manner sufficient to maintain or increase revenues more than operating expenses and debt service, and the ability of the lessees to make rent payments. Revenues may be adversely affected by adverse changes in national or local economic conditions, competition from other properties offering the same or similar services, changes in interest rates and in the availability, cost and terms of mortgage funds, the impact of present or future environmental legislation and compliance with environmental laws,

the ongoing need for capital improvements (particularly in older structures), changes in real estate tax rates and other operating expenses, adverse changes in governmental rules and fiscal policies, civil unrest, acts of God, including, without limitation, earthquakes, hurricanes and other natural disasters (which may result in uninsured losses), acts of war, adverse changes in zoning laws, and other factors which are beyond the control of the Fund in whole or in part.

Development and Construction Delays and Increased Costs

Fund Investments will be subject to uncertainties associated with authority approvals required for development, environmental concerns of governmental entities and/or community groups, and the contractor's ability to build or redevelop in conformity with plans, specifications, budgeted costs and timetables. If a contractor fails to perform, the Funds could resort to legal action to rescind the purchase or the construction contract or to compel performance. A builder's performance may also be affected or delayed by conditions beyond the builder's control. Delays in completing construction could also give tenants the right to terminate preconstruction leases that could impair the Investments. The Funds may incur additional risks when it makes periodic advances to builders before they complete construction. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Investment and on the amount of funds available for distribution to the Investors or loss of the Funds' Investment. In addition, the Funds would be subject to normal lease-up risks relating to developed or refurbished Investments. The Funds also must rely on rental income and expense projections and estimates of the fair market value of property upon completion of construction or redevelopment if it were to agree upon a payoff price in lieu of foreclosure.

Market Conditions Generally

The investment strategy for certain assets may rely, in part, upon the U.S. and global economic local market recoveries or economic rent growth during the term of the Investment. No assurance can be given that any such markets will recover or provide economic rent growth since this will depend, in part, upon events and factors outside the control of the Funds or the General Partner.

Local Market Conditions

The performance of local markets will depend, in part, upon events and factors outside the control of the Funds, including, without limitation, local market and economic conditions which may significantly affect rents and vacancy rates and the value of the Investment. Accordingly, the Funds' performance and its ability to make distributions to the Investors could be materially and adversely affected by market and economic conditions in these geographic areas. The risks that may further affect conditions in these geographic areas include the following: The local economic climate (which may be adversely affected by industry slowdowns, decreases in government spending, and other factors); Downturn in the economy; The local real estate conditions (such as an oversupply of properties); A decline in business growth that adversely affects occupancy or rental rates; The inability or unwillingness of tenants to pay rent increases; An adverse change in local governmental procedures; and The local rental market may limit the extent to which rents may be increased to meet increased expenses without decreasing occupancy rates. Any of these risks could adversely affect the Funds' ability to achieve its desired yields on its Investments and to make expected distributions to the Investors because the Funds' Investment could be impaired.

Competitive Market for Investment Opportunities

The process of identifying and purchasing Investments is highly competitive and involves a high degree of uncertainty. The Funds will be competing for Investment opportunities with many other

real estate investment investors, including individuals, financial institutions (such as mortgage banks, pension funds, and real estate investment trusts), and other funds and institutional investors. Other funds with similar investment objectives may be formed in the future by other unrelated parties. There can be no assurance that the General Partner will be able to locate and complete Investments for the Funds that satisfy the Funds' cash flow and rate of return objectives or that the Funds will be able to fully invest its available capital.

Effect of Property Taxes

Investments of the Funds will be subject to real and personal property taxes and assessments. The real and personal property taxes on an Investment of the Funds may increase or decrease as property tax rates change and as such Investment is assessed or reassessed by taxing authorities. If property taxes on an Investment increase, the cash available with respect to the Investment may be materially and adversely affected.

Uninsured Losses; Excessively Expensive Premiums for Insurance

The Funds will endeavor to obtain coverage of the type and in the amount customarily obtained by owners of projects to the Investments, including comprehensive casualty insurance, liability and fire and extended coverage, in amounts sufficient to permit replacement in the event of a total loss, subject to applicable deductibles. However, there are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with potential terrorist acts could sharply increase the premiums the Funds pay for coverage against property and casualty claims. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it economically impractical to use insurance proceeds to replace improvements on an Investment if it is damaged or destroyed. Under such circumstances, the insurance proceeds received, if any, might be inadequate to restore the investment with respect to the affected project.

Costs of Complying With Governmental Laws and Regulations, Including Potential Environmental Liability

Real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to, among other things, environmental protection, human health and safety and access by persons with disabilities. The Funds could be subject to liability in the form of fines or damages for noncompliance with these laws and regulations if it owns property, even if the Funds did not cause the events(s) resulting in liability.

Environmental Laws Generally

Environmental laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid hazardous materials, the remediation of contaminated property associated with the disposal of solid and hazardous materials and other health and safety-related concerns. Some of these laws and regulations may impose joint and several liability on tenants, owners or operators of real property for the costs to investigate or remediate contaminated properties, regardless of fault, whether the acts causing the contamination were legal, whether the contamination was present prior to a purchaser's acquisition of a property, and whether an owner knew of such contamination. The tenants' operations can affect the value of an Investment, the conditions of operations in the vicinity of an Investment, such as the presence of underground

tanks, or activities of unrelated third parties may affect the value or performance of the Fund's Investments.

Hazardous Substances

The presence of hazardous substances (on owned real estate and on real estate that is subject to notes owned by the Fund), or the failure to properly remediate these substances, may hinder the Fund's ability to sell, rent or pledge Investments as collateral for future borrowings. Any material expenditures, fines, or damages that the Fund must pay will reduce the Fund's ability to make distributions and may reduce the value of an investment in the Fund. Additionally, compliance with new laws, ordinances or regulations may impose material environmental liability.

Asbestos Containing Materials

Certain U.S. federal, state, and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos containing materials ("ACMs") when such materials are in poor condition or in the event of construction, remodeling, renovation, or demolition of a building. Such laws may impose liability for release of ACMs and may provide for third-parties to seek recovery from owners or operators of real property for personal injury associated with ACMs. In connection with its possible ownership and operation of real estate acquired after an Investment defaults, the Fund may incur costs associated with the removal of ACMs or liability to third-parties.

Poor Air Quality at the Fund's Properties Could Result in Costly Investigations and Remediation

Complaints about poor indoor air quality at properties owned by the Fund could necessitate costly investigation and remediation activities. Indoor air quality issues can stem from inadequate ventilation, chemical contaminants from indoor or outdoor sources and biological contaminants such as bacteria, molds, pollen and viruses. Chemical contaminants, including volatile organic compounds, naturally emanate from common indoor sources such as adhesives, carpeting, upholstery, manufactured wood products, copy machines, pesticides and cleaning agents. Outdoor contaminants such as pollutants from motor vehicle exhaust, plumbing exhaust and building exhausts can also enter buildings through air intake vents, windows and other openings. In addition, bacteria, molds, pollen and viruses may grow in moisture that accumulates in buildings or on building materials, particularly if the moisture problem remains undiscovered. Indoor exposure to chemical or biological contaminants above certain levels can cause a variety of health effects and symptoms in susceptible individuals, which the popular press sometimes dubs "sick building syndrome" or "building related illnesses." If these conditions were to occur at one of the Fund's properties, the Fund may need to undertake a targeted remediation program, including steps to increase indoor ventilation rates and the installation of high-performance air filters and/or absorbent beds. Such remediation programs could be costly, necessitate the temporary relocation of some or all of the property's tenants or in extreme cases require extensive rehabilitation of the affected property.

Americans with Disabilities Act

It is likely that any property acquired by the Funds will be required to comply with the Americans with Disabilities Act (the "ADA"), subject to the local municipality's interpretation of ADA and ordinances and practices with respect to compliance with the ADA. The ADA requires that "public accommodations" such as apartment buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers, and non-compliance could result in imposition of fines by the U.S. government or an award of damages to

private litigants, or both, which could be imposed upon the Fund or issuers of debt held by the Funds. The Funds may be required to expend funds to comply with the provisions of the ADA, which could adversely affect the Funds' ability to make distributions.

Other Regulations

The Funds will be required to operate any properties it owns in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to the Funds' properties. The Funds may be required to make substantial capital expenditures to comply with those requirements, and these expenditures could adversely affect the Funds' performance and its ability to make distributions.

Non-Performing and Troubled Assets

The Funds may make investments in non-performing or other troubled assets that will involve a high degree of financial risk, and there can be no assurance that the Funds' return objectives will be realized or that there will be any return of capital. Furthermore, investments in properties operating in workout modes or under Chapter 11 of the United States Bankruptcy Code are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of the Funds' original investment. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to the Investors may be reclaimed if such payments or distributions are later determined to have been fraudulent conveyances or preferential payments. Numerous other risks also arise in the workout and bankruptcy contexts.

Due Diligence May Not Reveal All Conditions

The General Partner will perform due diligence on each Investment prior to its acquisition. Regardless of the thoroughness of the due diligence process, not all circumstances affecting the value of an Investment can be ascertained through the due diligence process. If the materials provided to the General Partner are inaccurate, if the General Partner does not sufficiently investigate or follow up on matters brought to its attention as part of the due diligence process, or if the due diligence process fails to detect material facts that impact the value determination, the Funds may acquire an Investment that results in significant losses to the Funds or may overpay for an Investment, which would cause the Funds' performance to suffer.

Capital Projects

The Investments may have a need in the future for renovations and other capital improvements, including replacements of furniture, fixtures, and equipment. The Funds will be responsible for the costs of these capital improvements, which could increase because of cost overruns and delays. Renovations can be disruptive to operations and can displace revenue at the Investment, including revenue lost while rooms under renovation are out of service. Additional costs associated with unplanned renovations and the possibility that financing for these renovations may not be available on attractive terms could adversely affect the net cash flow of the Funds.

Contingent Liabilities on Disposition of Investments

In connection with the disposition of an investment, the Funds may be required to make certain representations and warranties and to indemnify the purchaser if any of such representations and warranties are inaccurate. These arrangements may create contingent liabilities of the Funds, for which the General Partner may establish reserves or escrows.

Short Term Investments

Working capital, as well as the net proceeds from the sale or financing of a property or the issuance of interests in the Fund, may be invested in short-term investments pending the application thereof to Investments. The investment returns from these short-term investments is likely to be lower than the investment returns from Investments.

Litigation at the Property Level

The acquisition, ownership and disposition of real properties carry certain specific litigation risks, which could result in losses to the Funds. Litigation may be commenced with respect to a property acquired by the Funds or its subsidiaries in relation to activities that took place prior to the Funds' acquisition of such property. In addition, at the time of disposition for an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of the Fund's efforts to maximize sale proceeds. Similarly, successful buyers may later sue the Funds under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Significant Vacancies

A property may incur vacancies either by the continued default of tenants under their leases or the expiration of tenant leases. If vacancies continue for a long period of time, the Funds may suffer reduced revenues resulting in less cash available to distribute to Limited Partners. In addition, because properties' market values depend principally upon the value of the properties' leases, the resale value of properties with high or prolonged vacancies or with tenants suffering economically could suffer, which could further reduce an Investor's return.

Lease Terminations or Tenant Defaults

The success of the Funds' Investments will materially depend on the financial stability of the tenants of its Investments. A default by a significant number of tenants on their lease payments would cause the Funds to lose the revenue associated with such leases and require the Funds to find an alternative source of revenue to meet mortgage payments and to prevent a foreclosure if the property is subject to a mortgage. The General Partner may fail to, or may not be able to, discover factors that would indicate a heightened level of uncertainty with respect to tenant defaults when performing due diligence on prospective investments. Tenant defaults thus increase the risk that the Funds, and hence Investors, could suffer a loss. In addition, if a tenant defaults or goes bankrupt, the Funds may experience delays in enforcing their rights as landlord and may incur substantial costs in protecting its Investment and re-letting the property. If a significant number of leases are terminated, the Funds may be unable to lease the property for the rent previously received or sell the property without incurring a loss. These events could limit the Funds' ability to make distributions and decrease the value of an investment in the Funds.

Climate Change. The Funds may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Funds may be vulnerable to the following: risks of property damage to the Funds' investments; indirect

financial and operational impacts from disruptions to the operations of the Funds' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Funds' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Funds' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

INVESTMENT RISKS

No Assurance of Investment Return

No assurance can be given that the Funds will be able to generate returns for its investors or that the returns, if any, will be commensurate with the risks of investing in the type of investments made by the Funds. Investments made by the Funds are subject to a wide range of significant risks that could cause such investments to lose value. The investments made by the Funds are speculative in nature and the possibility of partial or total loss of capital will exist. Accordingly, an investment in the Funds should only be considered by Persons able to withstand a total loss of its investment. Furthermore, the Funds' investment return objectives are targets only and there can be no assurance that the Funds will achieve these objectives.

Unspecified Investments

There can be no assurance that the General Partner will be able to identify Investments on satisfactory terms, or that any of the properties or other investment opportunities identified by the General Partner will ultimately be purchased by the Funds. Identifying attractive investment opportunities and performing due diligence with respect to prospective investments will require significant expenditures that will be borne by the Funds whether the investment is made. In addition, acquiring investments may require the Funds to participate in a significant number of auctions or other forms of competitive bids, which are also expected to require significant expenditures, including expenses relating to legal fees and the fees of third-party advisors. Moreover, even if Investments are made, the returns may not be realized by the Manager for a period of several years.

Identification of Suitable Investments

The success of the Funds depends upon the identification and availability of suitable investments. The availability of Investments will be subject to market conditions and other factors outside the control of the Funds and the General Partner. Moreover, the historical performance of any Investment is not a guarantee or indication of its future performance.

Lack of Diversification

There is no assurance as to the degree of diversification that will be achieved in the assets underlying the Funds' Investments, either by geographic region or asset type. Notwithstanding such requirement, the Funds' Investments may be concentrated in a single geographical location and will be invested solely in commercial properties. In addition, the Funds may invest in a limited number of Investments or in one or more very large Investments, and as a consequence, the

aggregate returns realized by the Funds may be adversely affected by the performance of a small number of such assets. For example, if the Funds makes an Investment with the intent of refinancing or selling a portion of the Investment, there is a risk that the Funds will be unable to successfully complete such refinancing or sale. This could lead to increased risk as a result of the Funds having an unintended long-term Investment and reduced diversification. The Funds may also be less diversified if less capital is raised than anticipated.

Alternative Investment Vehicles

To the extent necessary to address tax or regulatory considerations, the General Partner has the authority to structure investments through alternative investment vehicles other than the Partnership. The rights of the Limited Partners as investors in, and the obligations and duties of the General Partner as general partner or manager of, the alternative investment vehicle may differ from those applicable to the Funds by virtue of the specific terms, or jurisdiction of establishment of, the alternative investment vehicle. In addition, the structural attributes of certain alternative investment vehicles may result in divergent return characteristics for certain Investors.

Dilution from Subsequent Closings

Investors subscribing for Interests at Subsequent Closings and Investors increasing their Capital Commitment will participate in existing Investments of the Funds, diluting the interest of existing Investors therein. Although such Investors will contribute their pro rata share of previously made Fund Capital Contributions (plus interest thereon), there can be no assurance that this payment will reflect the full fair value of the Fund's existing Investments at the time such additional Investors subscribe for Interests in the Funds. In addition, with respect to a Subsequent Closing at which the amount to be contributed by any Investor being admitted is determined based on the current fair market value of the Fund's assets less debt (instead of using the amount of the Capital Contributions of the previously admitted Investors), there can be no assurance that the fair market value determined by the Advisory Committee is correct. No independent appraisal will be used in determining such fair market value used for determining the Capital Contributions of Investors admitted at such Subsequent Closing.

Separate Agreements with Investors

The General Partner may, in its sole discretion, enter into agreements on behalf of the Funds that modify or supplement an Investor's rights and obligations with respect to their investment in the Funds (each such agreement, a "Side Letter"). There is no "most favored nations" clause applicable to all the Investors generally, and no Investor shall be entitled (except as provided in such Investor's Side Letter) to any rights or obligations agreed to by the General Partner with another Investor in such other Investor's Side Letter.

Liquidity Issues

The Fund's Investments are illiquid for a considerable period of time. Illiquidity may result from the absence of an established market for the particular Investment. The inability to timely dispose of underperforming Investments may have a material adverse effect on the performance of the Funds.

Significant Penalties for Default; Adverse Effect on other Limited Partners

Prospective investors should be aware that failure by an Investor to make a Capital Contribution in response to a capital call will result in numerous adverse consequences to the Investor and that any such failure may ultimately require the non-defaulting Investors to contribute the amount of the shortfall resulting from such investor's failure to make a Capital Contribution.

Limited Transferability of Interests

The Interests are considered “restricted securities” and generally not transferable except with the consent of the General Partner, which may be granted or withheld in its sole discretion. In addition, the Interests will not be registered for public sale under the Act or any other securities law and the Funds have no intention of registering the Interests in the future. There is no market for Interests in the Funds and none is expected to develop. The Interests may not be resold, transferred or otherwise disposed of by the Investors except in compliance with the transfer restrictions included in the Operating Agreement. Therefore, each prospective investor must consider its investment to be illiquid and in accordance with applicable securities laws.

Geographic Concentration

If the Funds’ Investments are concentrated in an area that experiences adverse economic conditions, the Funds’ Investments may lose value and may experience losses. These investments may carry the risks associated with geographical concentration. This risk is heightened during the early stage of the offering before the Funds have raised significant capital. The likelihood of the Funds’ Investments being in one geographic location is greater towards the earlier periods of the offering until the Funds has raised significant proceeds and made a number of investments. Deterioration of economic conditions, a natural disaster or civil disruptions in a geographic area in which the investments may be concentrated could have an adverse effect on the Fund’s results.

LENDING RISKS

Investment in Distressed Assets

The Funds may make Investments in under-performing or other distressed assets utilizing leveraged capital structures or purchase loans relating to real estate assets. By their nature, these Investments will involve a high degree of financial risk and many of the same risks discussed herein regarding an equity investment, and there can be no assurance that the Funds’ return objectives will be realized or that there will be any return of capital. Furthermore, Investments in properties operating in workout modes or under Chapter 11 of the U.S. Bankruptcy Code are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of the Funds’ original Investment. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to the Investors may be reclaimed if such payments or distributions are later determined to have been fraudulent conveyances or preferential payments. Numerous other risks also arise in the workout and bankruptcy contexts. The Funds’ investment activities, particularly involving companies in distressed situations, may result in it becoming involved as a creditor in bankruptcy cases. In addition, the Funds may purchase securities or assets of, or claims against, companies in bankruptcy. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Funds. For example, bankruptcy courts have the power to terminate leases, and the Funds or its borrower could become an unsecured creditor for any back rent owed by a bankrupt tenant. Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional, and administrative costs to the Funds in bankruptcy, as the reorganization is subject to unpredictable and lengthy delays. The debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during the reorganization and may be adversely affected by an erosion of the

debtor's fundamental value drivers. Investments in such companies or being a creditor of such companies can result in a total failure to realize the economic benefit of such investment or contract giving rise to the creditor relationship. U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Funds' influence with respect to a class of claims can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority over the claims of certain creditors (for example, claims for taxes) may be quite high. The Funds run additional risks in bankruptcy to the extent that certain of the Funds' Investments may be subordinated to senior lenders, and, in the case of mezzanine loans, such Investments may be treated solely as equity in limited circumstances. Furthermore, distributions made to the Funds in respect of such Investments, and distributions by the Funds to its Investors, could be recovered if such distributions are found to be a "fraudulent conveyance" (which does not require a finding of actual fraud) or a preferential payment under the Bankruptcy Code. Bankruptcy laws may delay the ability of the Funds to realize on collateral for loan positions held or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructuring of the debt through principles such as the "cram down" provisions of the bankruptcy laws. Subordinate lenders are typically required to enter into inter-creditor or other agreements with senior lenders or senior noteholders, and also to enter into such agreements in connection with participation and syndication interests. These agreements would deprive the subordinate lenders of any influence in the bankruptcy proceedings. For example, in the event of a default under a syndication or participation interest, typical inter-creditor language would provide that most of the important mortgage loan control rights (including the right to approve a workout plan for the property) are exercised by majority voting rights, with certain fundamental rights requiring unanimous approval. In the event of a default under the mortgage loan above a subordinate debt interest, most of the important mortgage loan control rights (including the right to approve a workout plan for the property) reside with the first loss note holder, who would generally retain these rights unless certain trigger events occur. Thus, the Funds may be deprived of any control or influence over its Investment if the entity in which the Funds invested files for bankruptcy protection.

CRE Debt Restructurings

The U.S. economy and financial markets continue to be volatile and periodically disrupted. As a result, the underlying borrowers will be at increased risk of default and the Funds or a third party may need to restructure loans if the underlying borrowers are unable to meet their obligations to the Funds and the General Partner believes restructuring is the best way to maximize value. In order to preserve long-term value, the General Partner may determine to lower the interest rate on loans in connection with a restructuring, which will have an adverse impact on the Funds' net interest income. The General Partner may also determine to extend the maturity and make other concessions with the goal of increasing overall value, however, there is no assurance that the results of the Funds' restructurings will be favorable to the Funds. The Funds may lose some or all of the Funds' investment even if the General Partner restructures in an effort to increase value.

Guarantees

The Funds may sometimes obtain personal or corporate guarantees, which will not be secured, from borrowers or their affiliates. These guarantees are often triggered only upon the occurrence of certain triggers and "bad boy" events. In cases where guarantees are not fully or partially secured, the Funds will typically rely on financial covenants from borrowers and guarantors that

are designed to require the borrower or guarantor to maintain certain levels of creditworthiness. As a result of challenging economic and market conditions, many borrowers and guarantors may face financial difficulties and may be unable to comply with their financial covenants. Given the challenging economic conditions, the Funds' borrowers could experience additional financial stress. Where the Funds do not have recourse to specific collateral pledged to satisfy such guarantees or recourse loans, the Funds will only have recourse as an unsecured creditor to the general assets of the borrower or guarantor, some or all of which may be pledged to satisfy other lenders. There can be no assurance that a borrower or guarantor will comply with its financial covenants or that sufficient assets will be available to pay amounts owed to the Funds under the Funds' investments and related guarantees.

Credit Ratings

Any credit ratings assigned to the Funds' Investments will be subject to ongoing surveillance and revisions, and the Funds cannot assure investors that those ratings will not be downgraded. Some of the Funds' Investments may be rated by at least one of the rating agencies. Any credit ratings on the Funds' Investments, or tenants occupying the Funds' Investments, may be subject to ongoing surveillance by credit rating agencies, and the Funds cannot assure investors that any such ratings will not be changed or withdrawn by a rating agency in the future if, in its judgment, circumstances warrant. If rating agencies assign a lower-than-expected rating or reduce or withdraw, or indicate that they may reduce or withdraw, their ratings of the Funds' Investments in the future, the value of these investments could significantly decline, which could adversely affect the value of the Funds' investment portfolio and could result in losses upon disposition or the failure of third parties to satisfy their debt service obligations.

Limited Enforceability of Remedies

Generally, debt instruments, mortgages or other security agreements in which the Funds may invest will include debt-acceleration clauses, which permit the lender to accelerate the debt upon a default of the borrower. The courts of all states will enforce clauses providing for acceleration in the event of a material payment default after the giving of appropriate notices. The equity courts of any jurisdiction, however, may refuse to permit the foreclosure of a debt instrument, a mortgage or deed of trust or other security interest when an acceleration of the indebtedness would be inequitable or unjust or the circumstances would render the acceleration unconscionable. In addition, legislation in certain jurisdictions may prevent the foreclosure of certain Investments.

RISKS ASSOCIATED WITH DEBT FINANCING

General Debt Financing Risks

The Funds will employ leverage and may enter into hedging agreements related to its debt in connection with its respective Investments. Use of leverage will subject the Investments to risks normally associated with debt financing, including the risk that cash flows will be insufficient to meet required payments of principal and interest, the risk that the value of collateral may decrease, forcing the Funds to dispose of Investments at inopportune times to reduce leverage and maintain compliance, the risk that indebtedness on the Investments will not be able to be refinanced, or that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness. Significant borrowings increase the risks of an investment in the Funds. If there is a shortfall between the cash flow from Investments and the cash flow needed to service the Funds' indebtedness, then the amount available for distributions to Investors may be reduced. In addition, incurring mortgage debt increases the risk of loss because defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, the Funds could lose the

Investment securing the loan that is in default, thus reducing the value of an investment in the Funds. For tax purposes, a foreclosure of any of the Funds' Investments would be treated as a sale of such Investments for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds the Funds' tax basis in such Investments, the Funds would recognize taxable income on foreclosure, but the Funds would not receive any cash proceeds to distribute to Investors to pay their income tax liability with respect to such income.

Use of Subscription Line Facilities

Certain Funds obtain subscription line facilities to facilitate investments (including on a temporary basis), support ongoing operations and activities of Funds and their respective portfolio investments and/or investments, enable Funds to pay Management Fees or other fees, expenses, and liabilities and for any other purpose for which the Funds can call capital from their respective investors. Where a Fund uses borrowings under a subscription line facility in advance or in lieu of receiving capital contributions from investors to repay any such borrowings and related interest expenses, the use of such facility will result in a higher or lower reported internal rate of return than if the facility had not been utilized and instead capital contributions from investors had been contributed at the inception of an investment.

Liability on Guarantees

The Funds may give full or partial guarantees to lenders of mortgage debt on behalf of the subsidiary entities that own the Funds' Investments. When the Funds provide a guaranty on behalf of an entity that owns one of its properties, the Funds will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. Additionally, the General Partner shall have the right to cause the Funds or any affiliate to borrow money from any person (including the General Partner and its affiliates), guarantee loans made to any person in connection with an Investment, pledge the assets of the Funds to secure such loans, and enter into agreements with any person to provide any financial guarantees in connection with loans entered into by the Funds or its affiliates; provided, however, that the General Partner must have the consent of the Advisory Committee prior to the Funds incurring an aggregate loan to value ratio that exceeds certain thresholds. When a person provides a guaranty on behalf of the Funds in connection with an Investment, pledges its assets to secure such loans, and enters into agreements to provide any financial guarantees in connection with loans entered into by the Funds or its affiliates, the Funds will be responsible for payment of any guaranty fees and will be liable to the person satisfying the debt if the person must perform under the guaranty.

Direct Financing

The Funds may engage in financings directly (rather than at the level of the particular Investments or investment vehicles in which the Funds invest). The rights of any lenders making loans directly to the Funds to receive payments of interest or repayments of principal will be senior to distributions to the Investors, and the terms of any borrowings may contain provisions that limit distributions to the Investors or certain other activities of the Funds. Payments of interest and fees incurred in connection with the borrowings will reduce any income the Funds would otherwise have available. The Funds' obligations to make interest or principal payments on borrowings may prevent the Funds from taking advantage of attractive Investment opportunities. In addition, if the Funds do not generate sufficient cash flow from operations, they may not be able to repay borrowings or may be forced to sell Investments at disadvantageous times to repay borrowings. Moreover, in these circumstances, the Funds would likely first sell its more liquid assets to repay

borrowings, thus increasing its concentration of Investments that are not liquid or readily marketable and the associated risks appurtenant to such Investments.

Cross Collateralization

If any indebtedness contains cross-collateralization or cross-default provisions, a default on a single loan could affect multiple Investments. Any future credit facility could include a cross-default provision that would provide that a default under any obligation of a certain dollar threshold or more by the Funds or any of its subsidiaries constitutes a default under the credit facility. If any of the Funds' future Investments are foreclosed upon due to a default, the Funds' ability to pay cash distributions may be limited and an investor could lose its entire investment in the Funds.

Availability of Credit

If debt is unavailable at what the General Partner deems to be reasonable interest rates, the Funds may not be able to finance the purchase of Investments. If the Funds places debt on Investments, the Funds runs the risk of being unable to refinance such borrowings when they become due, or of being unable to refinance such loans on favorable terms. If interest rates are higher when the Funds refinances Investments, the Fund's income and cash flows could be reduced. This, in turn, would reduce cash available for distributions to Investors. In addition, the income and value of leveraged Investments will tend to increase or decrease at a greater rate than if borrowed money were not used. Leveraging the Fund's Investments will involve significant complexity. Failure to obtain leverage may have a negative impact on the Fund's returns. Commencing in late July 2007, the U.S. suffered a liquidity crisis as a result of which many loans (including those previously committed) were not made by lenders for commercial and residential acquisitions or were made less available and more expensive. Such a liquidity crisis in the future could hamper the Funds' ability to borrow needed cash and its profitability (see also, "Disruptions in the Financial Markets and Changing Economic Conditions" above).

Covenants

The Funds may enter into one or more credit facilities with one or more lenders in order to finance the acquisition of the Fund's Investments. It is anticipated that any such credit facility will contain a number of common covenants that, among other things, might restrict the ability of the Fund to: (i) acquire or dispose of assets; (ii) incur additional indebtedness; (iii) make capital expenditures; (iv) make cash distributions; (v) create liens on assets; (vi) enter into leases, investments or acquisitions; (vii) engage in mergers or consolidations; (viii) make capital calls to the Limited Partners; or (ix) engage in certain transactions with affiliates, and otherwise restrict activities of the Fund (including its ability to acquire additional investments, businesses or assets, certain changes of control and asset sale transactions) without the consent of the lenders. In addition, such a credit facility may require the Funds to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements. Furthermore, such a credit facility may contain covenants that limit its ability to further mortgage its Investments, discontinue insurance coverage or replace the General Partner. These or other limitations may limit the Funds' flexibility and its ability to achieve its investment objectives.

Variable Interest Rates

Higher interest rates will increase the Funds' cost of borrowing. Additionally, some of the Funds' borrowings may bear interest at variable rates. Interest rate increases would increase the Funds' interest cost on such borrowings. These factors would reduce the Funds' cash flows and its ability to pay distributions.

Hedging Transactions

The Funds may (but is not required to) pursue various hedging strategies to seek to reduce its exposure to losses from adverse changes in interest rates. The Funds may do so or refrain from doing so in the General Partner's sole discretion. The Funds' hedging activity will vary in scope based on the level and volatility of interest rates, the type of assets held and other changing market conditions. Interest rate hedging may fail to protect or could adversely affect the Funds because, among other things:

- interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates;
- available interest rate hedges may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability;
- early termination of the hedge may result in breakage costs payable by the Funds;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs the Funds' ability to sell or assign the Funds' side of the hedging transaction;
- the party owing money in the hedging transaction may default on its obligation to pay; and
- the Funds may not hedge and be at the risk of increased interest payments on its debt obligations.

CERTAIN MANAGEMENT RELATED RISKS

Dependence on Key Personnel; Ability to Retain and Attract Qualified Personnel

The ability of the General Partner to manage the affairs of the Funds currently depends on its management. The General Partner will be relying extensively on the diligence, skill, judgment, reputation and business contacts of executives of the Manager and other key personnel. There can be no assurance that any such person will be able to carry on his or her respective current duties throughout the term of the Funds. In addition, the Funds' future success will depend upon the Manager's ability to retain the services of key personnel and to recruit additional qualified personnel. Few of the Manager's personnel have any obligation to remain employed with the Manager or its affiliates. The departure for any reason of any of the most senior professionals, or a significant number of other investment professionals, could have a material adverse effect on the Funds' ability to achieve its investment objectives. Any adverse developments at the General Partner could adversely impact the Funds' business and prospects. The Manager anticipates that it will be necessary to add professionals both to grow its team and to replace those who depart. However, the market for qualified real estate professionals is extremely competitive, and it may not succeed in recruiting additional personnel or may fail to effectively replace current personnel who depart with qualified or effective successors.

Reliance on Management

The General Partner has discretionary authority to identify, structure, acquire, finance and dispose of the Fund Investments and, in doing so, has no responsibility to consult with any Investor. Accordingly, the Investors in the Funds will have no authority to direct the investment of the Funds and must depend entirely on the investment skills and abilities of the General Partner and its employees. Investors will not be able to evaluate for themselves the merits Investments prior to or after the Funds invest.

Other Obligations of the Officers, Key Persons and Personnel of the General Partner

Although the Key Persons will be required to satisfy their Time Commitments to the Funds during the Investment Period, they will not be required to devote all of their respective working time to the business and/or affairs of the Funds. The working time of such individuals may be subject to prior commitments to other business activities, including previous investments and investment vehicles, and potential future commitments to other business activities, investments and investment vehicles, some of which may be competitive to some or all of the Funds' activities and/or assets. However, if a Key Person Event should occur, the Investment Period shall automatically be suspended, and no further Investments of any kind shall be made during such suspension period.

CONFLICTS OF INTEREST

Various potential and actual conflicts of interest may arise from the overall investment activities of the General Partner, the Manager and their respective affiliates. By acquiring an Interest in the Funds, each Investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Any references to the General Partner or the Manager in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees.

General Scope of Potential Conflicts of Interest

The General Partner, the Manager and their affiliates engage in a broad spectrum of real estate investment activities that are independent from and may from time-to-time conflict with those of the Funds. In the future, instances may arise in which the interests of the General Partner, the Manager or its affiliates conflict with the interests of the Investors or the Funds. The General Partner, the Manager and their affiliates may invest for their own accounts or the account of other vehicles under their respective management in investments that are senior to or junior to, participations in, or have rights and interests different from or adverse to, the investment opportunities of the Funds. The interests in such investments of the General Partner, the Manager or their affiliates may conflict with the interests of the Funds in related investments at the time of origination, at the time of acquisition by the Funds or in the event of default or restructuring of the investment.

Dealing with Conflicts of Interest

Although the General Partner believes that its interests with respect to the success of the Funds are aligned with the interests of Investors, it is possible that conflicts of interest between the General Partner, its affiliates and the Funds might arise. In accordance with the Operating Agreement, the Advisory Committee will be required to affirmatively approve any transaction involving a purchase or sale of assets from, or other contract with, the General Partner or its affiliates. In no event will the Fund seek to acquire interests in assets in which the Manager or its affiliates manage, control or have investments in, unless such acquisition is approved by the Advisory Committee.

Management Time Commitment

Officers and employees of the Manager work on projects for the Manager and its affiliates or unaffiliated parties that may not relate to the Funds. Conflicts of interest may arise in allocating management time, services or functions among the respective officers and employees of the

Manager or the General Partner, there will be no specific obligation to devote any particular portion of their time to the affairs of the Funds. Although the members of the Management Team have agreed to devote a requisite amount of their business time and attention during the Investment Period to activities related to the Funds sufficient to permit the General Partner and the Manager to discharge their obligations to the Funds, the working time of such persons will be subject to their substantial prior commitments to other business activities, including previous investments and investment vehicles, and potential future commitments to other business activities, investments and investment vehicles. Notwithstanding the foregoing, the General Partner believes the Funds will benefit from its affiliation with many of the other business activities of the Manager as they will, in many instances, enhance the ability of the General Partner to source, underwrite, execute and asset manage investments on behalf of the Funds.

Investments by the General Partner and Affiliates

The General Partner, the Manager and their affiliates engage in a wide variety of activities, some of which may be carried out on behalf of entities and real estate projects that are in competition with the Funds. Subject in each case to the limitations set forth in the Operating Agreement, the General Partner, the Manager and their affiliates may (i) exercise investment responsibility, or otherwise engage, directly or indirectly, in any other business, whether or not similar to, or identical with, the business of the Funds (which may include purchasing, selling, holding or otherwise dealing with investments), (ii) act as partners or advisors to other present or future private equity funds including, without limitation, any such funds managed by the General Partner, the Manager or their affiliates, and (iii) make investments, including investments in, and financings, acquisitions and dispositions of, investments for their own accounts, in each case without any obligation to offer investment opportunities to the Funds, subject to the limitations set forth in the Operating Agreement, and the General Partner, the Manager and their respective members, managers, directors, officers, partners, employees, agents and affiliates may directly or indirectly purchase, sell, hold or otherwise deal with investments and pursue investment opportunities even if the investment or the prospective investment is of a character which, if presented to the Funds could be acquired by the Funds for investment, except to the extent set forth in the Operating Agreement.

Transactions with Affiliates

As described herein, the Funds may engage in transactions with the General Partner or its affiliates. Such transactions with affiliates of the General Partner require the approval of the Advisory Committee, and purchases from or sales to the General Partner and its affiliates require Advisory Committee approval. The Funds may, in the sole discretion of the General Partner, retain third-parties or its affiliates for necessary services relating to the assets held by the Funds. If the Manager or any of its affiliates provides some or all of such services upon the approval of the Advisory Committee, they will receive compensation at competitive market rates for first class providers of such services in the geographic markets in which the Investments are located.

Compensation Through Carried Interest

The General Partner is entitled to Carried Interest, which provides for an allocation of profits that is proportionately higher than the General Partner's relative Capital Commitments to the Fund. Carried Interest may create an incentive for the General Partner to make investments that are riskier or more speculative than would be the case in the absence of such a provision in order to increase the amount of Carried Interest. Further, new provisions of the federal revenue tax laws effective January 1, 2018 provide that income allocable to a carried interest that is attributable to the disposition of an asset held for less than three (3) years will be taxable as ordinary income, which

may cause the General Partner to hold an asset for a longer period than it otherwise would absent such new provision.

Compensation of the General Partner and Affiliates

The General Partner, the Manager and their respective affiliates may receive substantial fees for services rendered to the Funds and will also be entitled to reimbursement for out-of-pocket expenses incurred in connection with the business affairs of the Fund. The Management Fees are not the result of arm's length negotiations. Further, the General Partner may be motivated to establish higher reserves than necessary in order to ensure that the foregoing fees will be paid. Any such increased reserves will reduce or defer any cash flow distributions that would otherwise be made to Investors. In addition, the General Partner may have an incentive to cause the Funds to pay the foregoing fees to the Manager to the detriment of other third-party creditors of the Funds. Any of the foregoing decisions may be detrimental to the Investors and may reduce the return on the investments made by the Investors pursuant to the offering. The Management Team, the General Partner and their respective Affiliates may receive and retain credit card rewards and benefits attributable to the payment of Fund costs and expenses with credit cards issued in their names, which such rewards and benefits may be used outside the business of the Fund, including for personal use.

Diverse Investor Group

The Limited Partners are expected to include taxable and tax-exempt entities and may include persons organized or residing in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the General Partner that may be more beneficial for one type of Limited Partner than for another type of Limited Partner. In selecting Investments appropriate for the Fund, the General Partner will consider the investment objectives of the Fund as a whole, not the investment objectives of any individual Limited Partner.

Other Risks

Cybersecurity Risk

With the increased use of technologies such as the Internet to conduct business, the General Partner, the Manager and their affiliates are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Force Majeure

Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). These risks could, among other effects, adversely affect investment cash flows, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to the Funds of repairing or

replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on an investment. Certain force majeure events could have a broader negative impact on the world economy and international business activity generally, or in any of the geographical areas in which the Funds may invest specifically. Any of the foregoing may therefore adversely affect the performance of the Funds and its investments.

Coronavirus and Other Public Health Risks

The outbreak of novel coronavirus in December 2019 has and will continue to have significant adverse effects on the global and U.S. economy, including (1) closures or cancellations of, or reductions in, productions or operations in affected countries, regions, states and cities, (2) mandatory quarantines and other restrictions on movement, transportation, or travel, (3) decrease in demand for certain products or services, and (4) disruptions to supply chain and other logistical networks. As such, investments in industries, such as hospitality, and areas, such as the United States, affected by the virus may experience significant disruptions to their operations. The extent to which coronavirus will affect the General Partner's and the Fund's operations and results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus, among others. Other emerging public health, pandemic, and epidemics may affect the Funds in the future.

Conflict in Ukraine

Russia launched a large-scale invasion of Ukraine on February 24, 2022 and, in response, the United States and other governments have imposed economic sanctions on certain Russian individuals, including Russian government officials and other government-linked individuals, and Russian corporate entities and financial institutions, banned certain Russian financial institutions from global payments systems that facilitate cross-border payments and have taken other economic and political measures. It is possible that such governments could institute broader sanctions or impose other economic and political measures on Russia, which could result in the immediate freeze of Russian securities and/or funds invested in prohibited assets and/or other consequences. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia, and resulting sanctions and other economic and political measures and future market disruptions in the region and worldwide are impossible to predict, but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy. Such effects and impacts could have a material adverse effect on the Funds and its investments.

ESG Considerations

ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and Comunidad's adoption and adherence to various such principles, frameworks, methodologies, and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement, and disclosure of ESG factors. Comunidad's ESG policies could become subject to additional regulation in the future, and Comunidad cannot guarantee that its current approach will meet future regulatory requirements.

Item 9 – Disciplinary Information

There are no pending legal, regulatory or industry proceedings against the Manager or any of its professionals.

Item 10 – Other Financial Industry Activities and Affiliations

Neither the Manager nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

The Manager has vertically integrated operations. In addition to providing investment advisory services, the Manager has affiliated entities that provide development, construction management, and property management services to the real estate properties invested in by the Fund.

These entities receive fees for providing oversight and monitoring of certain aspects of the management and administration of Projects.

A conflict of interest arises because the Manager has the potential to benefit by using affiliated entities for such services instead of using unaffiliated third parties. The Manager addresses this conflict of interest by comparing its fees against apartment industry surveys to assess the reasonableness of the fees charged by such related property management entities.

The Manager or its affiliates on occasion, on behalf of the Fund, enter into joint venture arrangements with local operators or pooled investment vehicles managed by well-known institutional third parties which sometimes act as the operating partner. The terms of these joint ventures tend to follow market standard practices. To the extent the Manager or its affiliates conduct business through a third party, The Manager and its affiliates perform due diligence to ensure that the third parties serve the best interests of the Funds' Investors.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Manager has adopted a Code of Ethics (the “Code”) designed to comply with the requirements of Rule 204A-1 of the Investment Adviser’s Act of 1940 (the “Adviser’s Act”).

The Code applies to all Manager employees and sets forth a standard of business conduct that takes into account the Manager’s status as a fiduciary and requires employees to place the interests of Funds and Investors above their own interests. The Code requires employees to comply with applicable federal securities laws. Further, employees are required to promptly bring violations of the Code to the attention of the Manager’s Chief Compliance Officer. All employees are provided with a copy of the Code and are required to acknowledge receipt of the Code of Ethics on at least an annual basis.

Among other requirements, the Code sets forth certain reporting and pre-clearance requirements with respect to personal trading by employees. The Manager’s employees must provide a list of personal accounts and an initial holding report upon hire and must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.

The Code also addresses activities which may lead to or give the appearance of conflicts of interest or prohibited or unethical business conduct. This includes provisions relating to the protection of

non-public information and a prohibition on insider trading. It also includes limitations on outside affiliations, de minimis limits on reporting gifts and business entertainment items, the reporting of political contributions, and the cited limitations and supervision of personal securities transactions and holdings in reportable securities.

The Manager will provide a copy of the Code of Ethics to Investors upon request. Please contact the CCO at the phone number or email on the cover page of this Brochure should you have any questions concerning the Code of Ethics or wish to obtain a copy.

The Manager serves as the investment adviser to the Funds. Knowledgeable Employees may make investments in the Funds. The Manager generally does not receive compensation from such investments from such persons. Additionally, the Manager and certain of its employees have a financial interest in the Funds through an incentive allocation or a direct investment interest in the Fund. These investments are intended to align the interests of the Manager with those of the Funds and the Investors; therefore, the Manager does not believe that these arrangements present any material conflict of interest.

Subject to applicable regulatory restrictions, Knowledgeable Employees of the Manager may choose to personally invest, directly and/or indirectly, in the Fund. Such Knowledgeable Employees will be in possession of information relating to the Fund and the portfolio not available to other Investors and prospective Investors. As a result, as part of the Code, and other compliance policies and procedures of the Manager, Knowledgeable Employees will be subject to certain restrictions concerning these investments.

Item 12 – Brokerage Practices

Best Execution

The Manager's advisory business generally involves privately negotiated transactions in real estate. Brokerage arrangements and best execution obligations typical to securities exchange transactions generally do not apply to these types of investments.

The Manager does not intend to enter into any formal soft dollar arrangements to compensate broker-dealers for research or other benefits.

Use of Real Estate Brokers

The Manager generally engages a real estate broker in connection with the acquisition and disposition of real estate assets held on behalf of the Funds. The Manager selects the brokerage company and the real estate broker that it believes best represents the interests of the Fund. The Manager receives real estate market data research from real estate brokers, and uses the services of those real estate brokers to buy or sell real estate investments for the Fund. The Manager generally obtains market research from real estate brokers that is available to other market participants and does not select real estate brokers for transactions based on the research provided.

Item 13 – Review of Accounts

The Fund's investments are continually monitored and reviewed by the Investment Committee, who is responsible for, among other things, reviewing the investments in the context of the Funds'

stated objectives and monitoring for portfolio and risk management. As part of these reviews, the investment professionals monitor operations, overall performance, financial performance, and strategic direction of each investment owned by the Funds.

Investors in the Funds receive audited financial statements on an annual basis. On a quarterly basis, Investors in the Funds also receive written Fund-level and property-level performance reports, to the extent applicable. When applicable, the Manager provides certain other reports and analyses to Investors and prospective Investors in the Fund upon request.

Item 14 – Client Referrals and Other Compensation

In the past and during fundraising periods, the Manager entered into a written selling agreement with a third-party placement agent to act as a promoter for the Manager's investment management business. As applicable, all such compensation is fully disclosed to each client consistent with applicable law.

All such referral activities in the future will be conducted in accordance with the Investment Advisers Act, relevant SEC guidance and other applicable law.

Third party firms are generally compensated as a percentage of investor's capital directly raised by such third party pursuant to a schedule as described in the written selling agreement.

Item 15 – Custody

The Manager is deemed to have constructive custody of the Fund's assets by virtue of its affiliation with the General Partner of the Funds. In compliance with Rule 206(4)-2 under the Advisers Act, the Manager has: (i) one or more custodial accounts with unaffiliated qualified custodians to hold Fund assets and (ii) reasonably believes that all Investors in each Fund are provided with audited financial statements for such Fund, prepared by an independent accounting Manager that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Fund's fiscal year-end.

Item 16 – Investment Discretion

The Manager of the Fund has full discretionary authority to manage the Funds and therefore does not require, and does not seek, approval from the Funds or the Investors in the Funds with respect to buy or sell investment decisions of interests in Funds on behalf of these Investors. There are no Funds which are sub-advised by either affiliated or non-affiliated investment managers.

Each Fund's investment strategy is set forth in detail in its respective PPM and/or governing documents. Individual Investors in the Funds do not have the ability to impose limitations on Manager's discretionary authority (except as set forth in the Funds' governing documents). However, in certain instances, the Manager is required to seek guidance or approval from the Limited Partner Advisory Committee pursuant to the Offering Documents.

Prospective Investors are provided with a PPM and/or applicable Fund governing documents prior to their investment in a Fund and are encouraged to carefully review all offering materials and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. When applicable, prospective Investors must also execute a subscription agreement, in which

they make various representations, including representations regarding their suitability to invest in a Fund.

Item 17 – Voting Client Securities

The Manager invests on behalf of the Fund solely in real estate and real estate related assets. The Manager generally does not hold publicly traded securities which possess voting rights on behalf of the Fund. To the extent applicable, the Manager will submit votes in what it considers to be the best financial interest of the Fund and may, in certain instances, determine that abstaining from voting is in the best interest of the Fund. To the extent that a conflict of interest arises in the proxy voting process, the Manager will consult with the CCO on how to proceed as applicable. Investors cannot direct the votes of the Manager but may request information regarding votes submitted by the Manager in the past on behalf of the Fund or a copy of the Manager's proxy voting policies by sending a written request to the address on the first page of this document.

Item 18 – Financial Information

The Manager does not require pre-payment of fees and is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Investors.