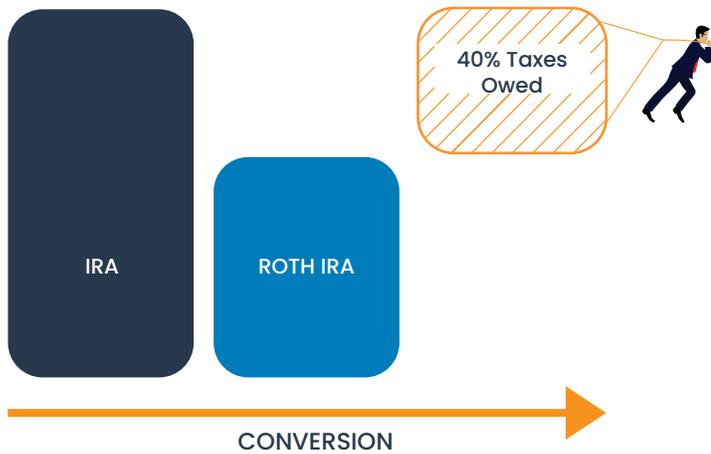


IRA TO ROTH IRA CONVERSION 101



QUALIFIED ACCOUNTS TAX OPTION

THE PROBLEM¹

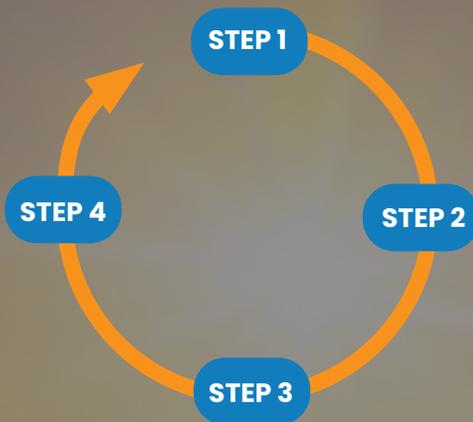


A SOLUTION²



A traditional IRA that is invested in a ground-up development project may benefit from a reduction in Net Asset Value at the time of a potential Roth IRA conversion.

EXAMPLE OF THE PROCESS³



STEP 1: Invest IRA into fund

An investor uses their traditional IRA to invest in a ground-up development fund.

STEP 2: Custodian receives updated valuation

The IRA custodian receives a third-party report. Investors are notified of this reduction in NAV⁴.

STEP 3: Convert from IRA to Roth IRA

The investor initiates an IRA to Roth IRA conversion at the reduced NAV⁴. This will create a taxable event for the investor that may include additional penalties and fees.

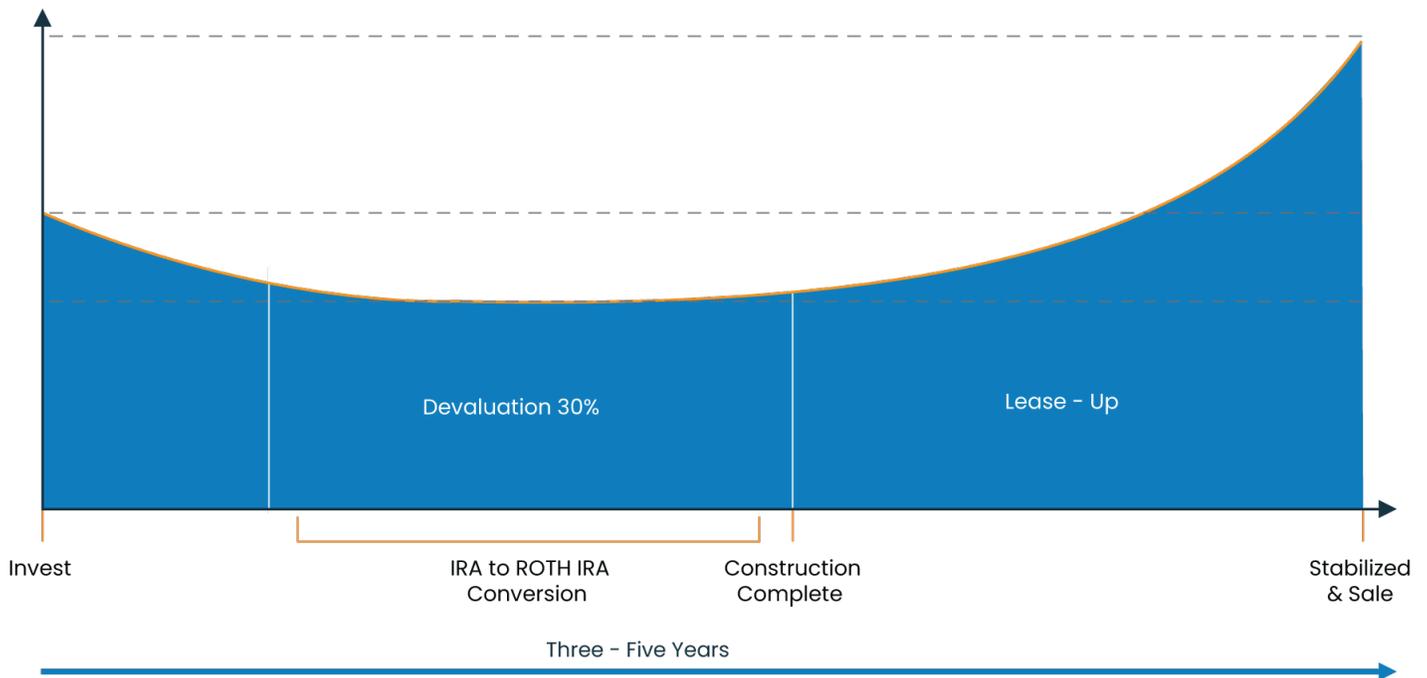
STEP 4: Exit at current valuation

Construction of the development project is complete, the project is leased, and has reached stabilization. Typically, developers anticipate that at this stage of a project, the NAV⁴ will be higher than the initial capital invested into the fund. The project is then sold, and distributions are made to the investors tax-free.

1. For discussion purposes only, these are hypothetical only, and are not intended to be reflective of any actual costs or figures associated with this offering.
2. Please see the Operative Documents for a more complete description of the offering and all of its terms. All prospective investors must read and carefully review the entirety of the Private Placement Memorandum to understand the potential benefits and risks. Nothing contained herein should be regarded as tax, financial, or legal advice, and prospective investors are strongly encouraged to consult with their own tax, business, financial, and/or legal counsel as to tax, business, financial, legal, and related matters before deciding to invest. There is no assurance that Fund objectives will be achieved or maintained, including but not limited to any particular investors' desired tax treatment.
3. Nothing contained herein should be regarded as tax, financial, or legal advice, and prospective investors are strongly encouraged to consult their own tax, business, financial, and/or legal counsel as to tax, business, financial, legal, and related matters before deciding to invest. There is no assurance that objectives will be achieved or maintained, including but not limited to any particular investors' desired tax treatment.
4. Net Asset Value (NAV) is defined as Fair Market Value less any outstanding Debt.

EXAMPLE OF "J" CURVE^{1,2,3}

Some ground-up real estate development funds have what is called a "J Curve" when it comes to Net Asset Value (NAV). The graph below is to be used as an example only, as the numbers do not reflect actual estimates.¹



It is typical for a ground-up development project to have a devaluation of NAV during construction. This devaluation can be caused by factors such as illiquidity, transferability, fundraising load, and sponsor fees, among other factors.

The goal is that the value of the building increases once the project is complete, and continues to increase as the project leases up. Developers target a higher NAV after a project is fully leased, and this is one of the many reasons developers build projects for profit.

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2. Nothing contained herein should be regarded as tax, financial, or legal advice, and prospective investors are strongly encouraged to consult their own tax, business, financial, and/or legal counsel as to tax, business, financial, legal, and related matters before deciding to invest. There is no assurance that objectives will be achieved or maintained, including but not limited to any particular investors' desired tax treatment.
3. The "J curve" is not a precise mathematical formula or prediction of investment outcomes, and investment results will vary. It is an illustrative concept that helps depict the general pattern of returns over time. The actual shape and timing of the curve can vary depending on various factors such as the industry, market conditions, economic trends, and specific investment characteristics.

THIS MATERIAL IS CONFIDENTIAL. THE ACCEPTANCE AND RETENTION OF THIS MATERIAL BY THE RECIPIENT SHALL CONSTITUTE AN AGREEMENT TO THESE TERMS.

Real Estate Risk Disclosure.

- There is no guarantee that investment objectives will be successful or achieved, including, among other things, profits, returns, distributions, tax benefits, or exit strategy.
- Real estate investments may lose value during the life of the investment.
- Tax treatment and any stated tax benefits may change, are not guaranteed, and may negatively impact returns and result in unexpected tax liabilities.
- Financed real estate investments have potential for foreclosure.
- These assets are typically illiquid private placements with no secondary market.
- Cash flow distributions may be reduced or suspended due to vacancies, property damage, or operating shortfalls.
- Fees, expenses, and transaction costs may reduce returns and may outweigh anticipated tax benefits.
- Speak to your tax professional prior to investing.

General Risks of Investment.

- Performance depends on the successful operations of the multifamily real estate asset.
- Fluctuations in occupancy rates, rent, and operating expenses may adversely affect operating results, cash flow, and property value.
- Market conditions may make sale or refinancing difficult.
- Results may be affected by local economic and social conditions, population trends, neighborhood values, and competition. Key factors include vacancy rates, tenant financial stability, rent and sales levels, supply and demand for comparable properties, interest rates, taxes, government regulations, inflation, zoning or environmental laws, and hazardous material issues.
- Properties may be subject to uninsured or underinsured losses.

General Risks Associated with the Construction and Development of Commercial Property.

Commercial real estate development is cyclical and sensitive to economic conditions, interest rates, financing availability, and property demand.

- Project performance may be affected by local market trends, supply and demand, natural disasters, availability of materials and labor, and regulatory or tax changes.
- Rising costs, including tariffs, government fees, or inflation, may adversely affect project economics.
- Construction may face delays due to weather, strikes, energy shortages, regulatory requirements, or unforeseen contingencies.
- Cost overruns may exceed available funding, requiring additional capital from sponsors or third-party sources, which may not be available.
- Use of third-party equity, mezzanine debt, or preferred equity may subordinate investor interests.
- Construction delays or higher costs may reduce cash flow and long-term project performance.

Leverage.

- The project will likely use debt financing, increasing investment risk.
- Loan terms, availability, and future refinancing are uncertain.
- Cash flow may be insufficient to cover debt service and operating expenses.
- Failure to meet debt obligations could result in foreclosure and total loss of investment.
- High leverage may reduce operational flexibility and limit cash available for distributions or future business needs.