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Extra Space Storage®

BIG SKY SELF STORAGE

KISSIMMEE / ST. CLOUD, FLORIDA

INVESTMENT OPPORTUNITY

DISCLAIMER

This summary contains select information pertaining to the business and affairs of the Big Sky Self Storage development project located on E Irlo Bronson Memorial Hwy B and Big Sky Blvd. in Kissimmee, FL 34744. This summary may not be all-inclusive or contain all of the information a party may desire. The information contained in this summary is confidential and furnished solely for the purpose of a review. It is not to be used for any other purpose. Owner, nor its officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this summary or any of its contents, and no legal liability is assumed or shall be implied with respect thereto. Any party who receives this summary should make its own projections and form its own conclusions without reliance upon the material contained herein and conduct its own due diligence.

Overview

Extra Space on Big Sky Blvd. in Kissimmee / St. Cloud is an attractive investment opportunity in the rapidly growing residential market of St. Cloud, Florida, located adjacent to the intersection of E Irlo Bronson Memorial Hwy and Big Sky Blvd.

The project is an approximately 124,000 square foot to-be-built self-storage facility located at the intersection of two major commuter corridors that provide convenient access to all of the area amenities within St. Cloud and the greater Orlando area. The project has great frontage on E Irlo Bronson Memorial Hwy and is located adjacent to a future 334-unit housing community.

Property Summary	
Address	E Irlo Bronson Memorial Hwy & Big Sky Blvd
	Kissimmee, FL 34744
Building Area	+/- 124,000 square feet
Construction Start	2023 Q2
Construction Period	+/- 1 Year
Lease-up / Stabilization	18-30 Months

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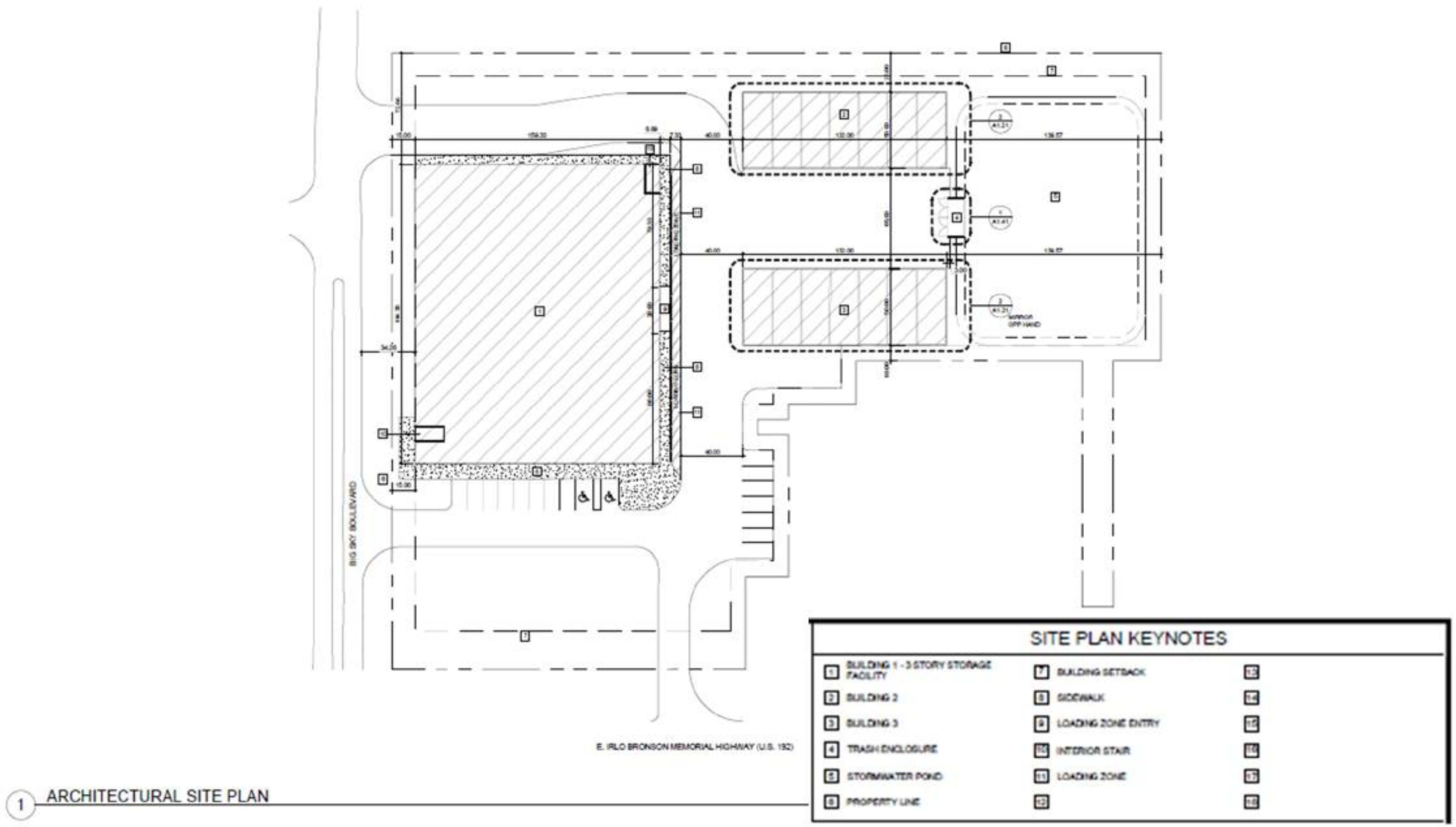
Property Management

Operating the facilities alongside one of the **REITs as property manager** has proven invaluable to the success of our facilities. Similar to how Marriott is known for its superior reservation system in the hospitality space, the REITs provide a number of benefits that are nearly impossible to replicate in a self-managed facility, including **online reservations, Google SEO and digital marketing at scale, leasing and tenant management, property management, on-site staffing, daily/monthly reporting, budgeting, property-level accounting, and unmatched access to data that helps drive leasing and pricing strategies**.

ExtraSpace® Storage

- **1,800+ locations** in 40 states
- Over 140 million square feet **managed across 1.3 million storage units**
- **Publicly traded** (NYSE: EXR)
- Established in **1977**

Conceptual Site Plan



Conceptual Rendering

Conceptual Rendering

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Conceptual Rendering

Development Budget

Development ProForma

Land Acquisition

Land	$	1,900,000
Closing Costs	$	50,000
Total Land Acquisition	$	1,950,000

Site Work

Site Work	$	550,000
Landscaping	$	150,000
Total Site Work	$	700,000

Hard Costs

Hard Costs	$	9,300,000
Hard Cost Contingency	$	465,000
Construction Management Fee	$	370,000
Total Hard Costs	$	10,135,000

Soft Costs

Architectural	$	125,000
Civil Engineering	$	70,000
Construction Period Taxes	$	30,400
Construction Period Insurance	$	46,500
Consultant Reports, Environmental, Plan Review, Survey	$	25,000
Impact Fees	$	125,000
Civil Permits	$	14,000
Permits	$	186,000
Legal	$	60,000
Accounting	$	10,000
Marketing	$	10,000
Soft Cost Contingency	$	56,152
Developer Fee	$	500,000
Total Soft Costs	$	1,258,052

Financing, Closing Costs, & Reserve

Loan Fees, Expenses, Placement	$	130,555
Intangible Tax	$	57,444
Title Insurance	$	27,214
Bank Attorney	$	10,000
Borrower Attorney	$	25,000
Appraisal, Survey, Flood Certificate	$	8,000
Underwriting Fee	$	500
Mortgage Recording Fee	$	400
Bank Inspections	$	7,000
Operating Deficit Reserve	$	38,131
Interest Reserve	$	597,070
Total Financing & Closing Costs	$	901,313

Total Capitalization

Senior Loan	(70%)	$	10,444,000
Equity		$	4,500,000
Total Costs		**$**	**14,944,000**

*Development figures are estimates. Actual amounts may vary.

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Operating Pro Forma

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Vacancy	50.0%	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Gross Potential Rent	$ 2,069,319	$ 2,132,260	$ 2,197,114	$ 2,263,942	$ 2,332,802	$ 2,403,756	$ 2,476,868
Vacancy Loss	$ (1,523,593)	$ (552,276)	$ (127,960)	$ (113,197)	$ (116,640)	$ (120,188)	$ (123,843)
TOTAL RENT REVENUE	$ 545,726	$ 1,579,983	$ 2,069,154	$ 2,150,745	$ 2,216,161	$ 2,283,568	$ 2,353,025
TOTAL OTHER INCOME	$ 60,030	$ 173,798	$ 227,607	$ 236,582	$ 243,778	$ 251,192	$ 258,833
LESS BAD DEBT	$ (5,457)	$ (15,800)	$ (20,692)	$ (21,507)	$ (22,162)	$ (22,836)	$ (23,530)
TOTAL INCOME	**$ 600,299**	**$ 1,737,981**	**$ 2,276,070**	**$ 2,365,819**	**$ 2,437,778**	**$ 2,511,925**	**$ 2,588,328**
TOTAL EXPENSES	$ 353,192	$ 447,668	$ 500,719	$ 517,692	$ 533,872	$ 550,953	$ 569,010
NOI	**$ 247,107**	**$ 1,290,313**	**$ 1,775,351**	**$ 1,848,127**	**$ 1,903,906**	**$ 1,960,972**	**$ 2,019,318**
	1.7%	**8.6%**	**11.9%**	**12.4%**	**12.7%**	**13.1%**	**13.5%**
DEBT SERVICE	$ (626,662)	$ (626,662)	$ (751,431)	$ (751,431)	$ (751,431)	$ (751,431)	$ (751,431)
PROPERTY CASH FLOW	$ -	$ 663,651	$ 1,023,920	$ 1,096,696	$ 1,152,475	$ 1,209,541	$ 1,267,887
INVESTOR CASH FLOW (80%)	**$ -**	**$ 530,921**	**$ 819,136**	**$ 877,357**	**$ 921,980**	**$ 967,633**	**$ 1,014,309**
CASH ON CASH RETURNS		**11.80%**	**18.20%**	**19.50%**	**20.49%**	**21.50%**	**22.54%**

* Operating figures are estimates. Debt service figures assume interest-only during construction and Years 1-2 of operations converting to a mini-perm on Year 3 of operations at 6.0% interest, 25 year amortization.

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Value Projections

The value projections below are based on the projected value of the property upon occupancy stabilization and rent stabilization. The figures below demonstrate potential property value and equity value scenarios (net of Sponsor promote).

Additionally, the below scenarios assume traditional bank construction financing. We are exploring private debt opportunities as well, which would allow for higher loan proceeds thereby lowering the equity requirement and providing an opportunity to achieve higher return multiples and IRR.

Conservative - 6.50% Cap	
Property Value	**$ 28,433,000**
Less: Construction Loan Payoff	$ (10,180,000)
Less: Transaction Costs	$ (1,137,000)
Equity Value	**$ 17,116,000**
Investor Equity Value	**$ 11,637,000**
Investor Returns	**258.6%**
Investor Multiple	**2.59x**
Investor IRR	**21.8%**

Base - 6.00% Cap	
Property Value	**$ 30,802,000**
Less: Construction Loan Payoff	$ (10,180,000)
Less: Transaction Costs	$ (1,232,000)
Equity Value	**$ 19,390,000**
Investor Equity Value	**$ 12,775,000**
Investor Returns	**283.9%**
Investor Multiple	**2.84x**
Investor IRR	**24.1%**

Optimistic - 5.50% Cap	
Property Value	**$ 33,602,000**
Less: Construction Loan Payoff	$ (10,180,000)
Less: Transaction Costs	$ (1,344,000)
Equity Value	**$ 22,078,000**
Investor Equity Value	**$ 14,119,000**
Investor Returns	**313.8%**
Investor Multiple	**3.14x**
Investor IRR	**26.6%**

* Projections are estimates and demonstrate potential returns based upon sale scenarios after operational Year 4. Projections account for distributions from net cash flow from operations in Years 1-4 and loan principal amortization.

Distribution Waterfall:

- First, 80% pro rata to the Members and 20% to the Sponsor until such time Members have received back their capital contributions.
- Second, 50% pro rata to the Members, 40% to the Sponsor, and 10% to FS3M Group.

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Sponsorship

Leon Ojalvo, **Liberty Base Investments**

Mr. Ojalvo is the founder and Managing Principal of Liberty Base Investments ("Liberty Base"), a South Florida-based real estate investment and development firm. Liberty Base has successfully developed and invested in over 3 million square feet of commercial properties across a variety of asset classes, including self-storage, multifamily, retail, medical, and hospitality.

Current developments include self storage projects across the Southeast United States and multifamily ground-up projects totaling in excess of 700 apartment units in Florida.

Previously, Mr. Ojalvo was a director at The Ackman-Ziff Real Estate Group, a leading real estate investment banking firm which finances in excess of $5 billion annually. At Ackman-Ziff, he worked on the underwriting and execution of more than $188 million of debt and equity financings as well as investment sales totaling over $197 million.

Mr. Ojalvo holds a B.S. in Economics from Duke University and received his MBA from Columbia Business School.

Sponsorship

Steven Hurowitz, **HB Capital Group**

HB Capital Group ("HB") is a privately held real estate investment company headquartered in Miami, Florida. The company specializes in the acquisition and asset management of value-add hospitality, retail, residential, office, and industrial assets in primary and secondary markets throughout the United States. HB applies a highly focused, operational approach to all of its assets, leveraging its experience to operate efficiently and offer exceptional space and service to tenants and guests.

HB is currently invested in a wide variety of industrial assets including self-storage facilities, small-bay warehouses, and large scale distribution centers. HB's involvement varies from passive investment to strategic investment to active management.

Steven Hurowitz is the Chief Executive Officer of HB Capital Group and has over 35 years of experience in the real estate industry. Mr. Hurowitz holds an undergraduate degree from Tufts University and an MBA from Columbia University. Along with his wife, Susanne, he is active in the Miami and Fort Lauderdale communities, specifically with the Joe DiMaggio Children's Hospital, Homes for the Homeless, Nova Southeastern University, and the Pillsbury Institute for Hospitality Entrepreneurship at Cornell University.

Construction Management

Stephen Bradley, **Bradley Corporation**

Stephen Bradley is the founder of the Bradley Corporation, a real estate management and development firm based in Winter Park, Florida. The company specializes in self storage, commercial office, retail, and resort development. Previous projects include the planning and development of Calypso Cay Resorts, a hospitality resort complex with three branded limited-service hotels totaling approximately 1,000 units, and ExtraSpace Self Storage projects in Kissimmee, Florida and Wildwood, Florida. In addition, Mr. Bradley is the managing partner of Timescape Resorts, a leader in the vacation ownership industry, which has generated more than $200 million in net timeshare sales.

Michael Spellman, **Pine Properties of Florida**

Michael Spellman has over 25 years of real estate development and management experience throughout the Southeast United States, with a focus on multifamily & single family residential, office, retail, and self storage properties. Mr. Spellman has been involved in all areas of the development process, including land sourcing, entitlements, design, permitting, construction, and asset management. Throughout his career, he has held Florida professional licenses as an appraiser, mortgage broker, and real estate broker. He has been an integral contributor to over 50 ventures with a value in excess of $1 billion across 7 states and 20 different jurisdictions.

Area Overview

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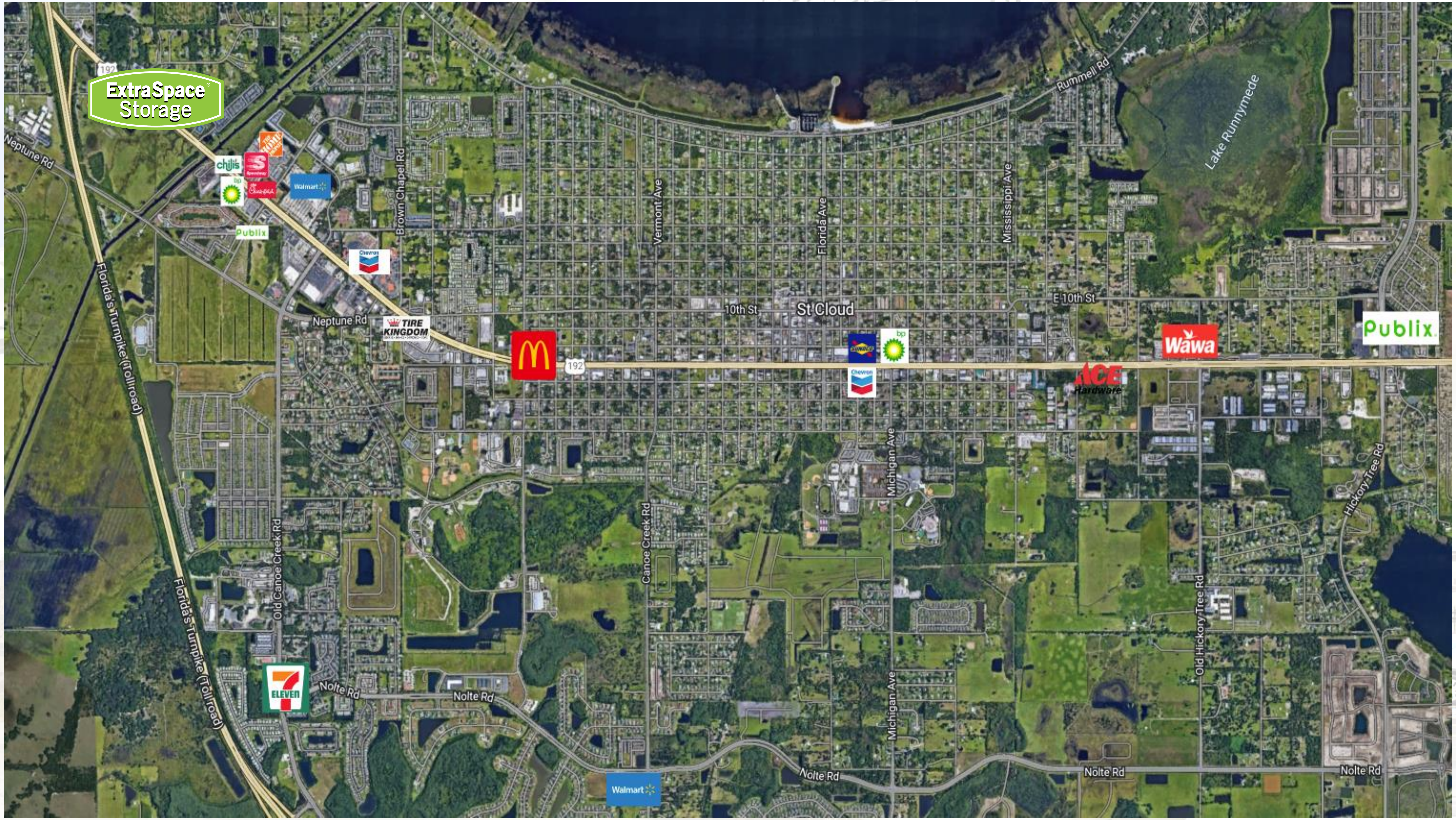
Area Overview



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Area Overview

1. 244 single-family homes and 88 townhouses on 98 acres, and will add a signal to the intersection of Big Sky Blvd. and E Irlo Bronson
2. 83 single-family homes and 90 townhouses
3. 375 single-family homes on a 111 acres
4. This very large master plane community, with direct access to Old Hickory Tree Road, will bring over 1,000 new residents to St. Cloud. There are also plans for a new school and fire department located within the community. There will be over 30,000 square feet of retail space and 70,000 square feet of commercial space.

Area Overview

Osceola County

Osceola County has seen significant growth in the real estate market in recent years, making it a prime location for investment. Located just south of the popular tourist destination of Orlando, Osceola County offers a mix of residential and commercial establishments for residents and tenants.

One of the key drivers of the County's real estate growth is the strong job market. Osceola County is home to a number of major employers, including Walt Disney World, which drives demand for both rental and owner-occupied housing. In addition, the county's proximity to Orlando and its many attractions, including theme parks and world-class golf courses, make it a popular destination for tourists and second homeowners.

Another factor contributing to the County's real estate growth is its diverse housing options. From single-family homes and townhouses to luxury apartments and condominiums, there is a range of properties available to meet the needs of buyers at all price points. Osceola County has experienced a surge in multi-family developments since 2020. Within 5 miles of our proposed site, more than 2,200 units were delivered and 850 additional units are under development. Commercial presence has also increased in the last few years by over 3,400,000 square feet and projects are underway to deliver additional 1,200,000 square feet of commercial, retail, industrial, and office space.

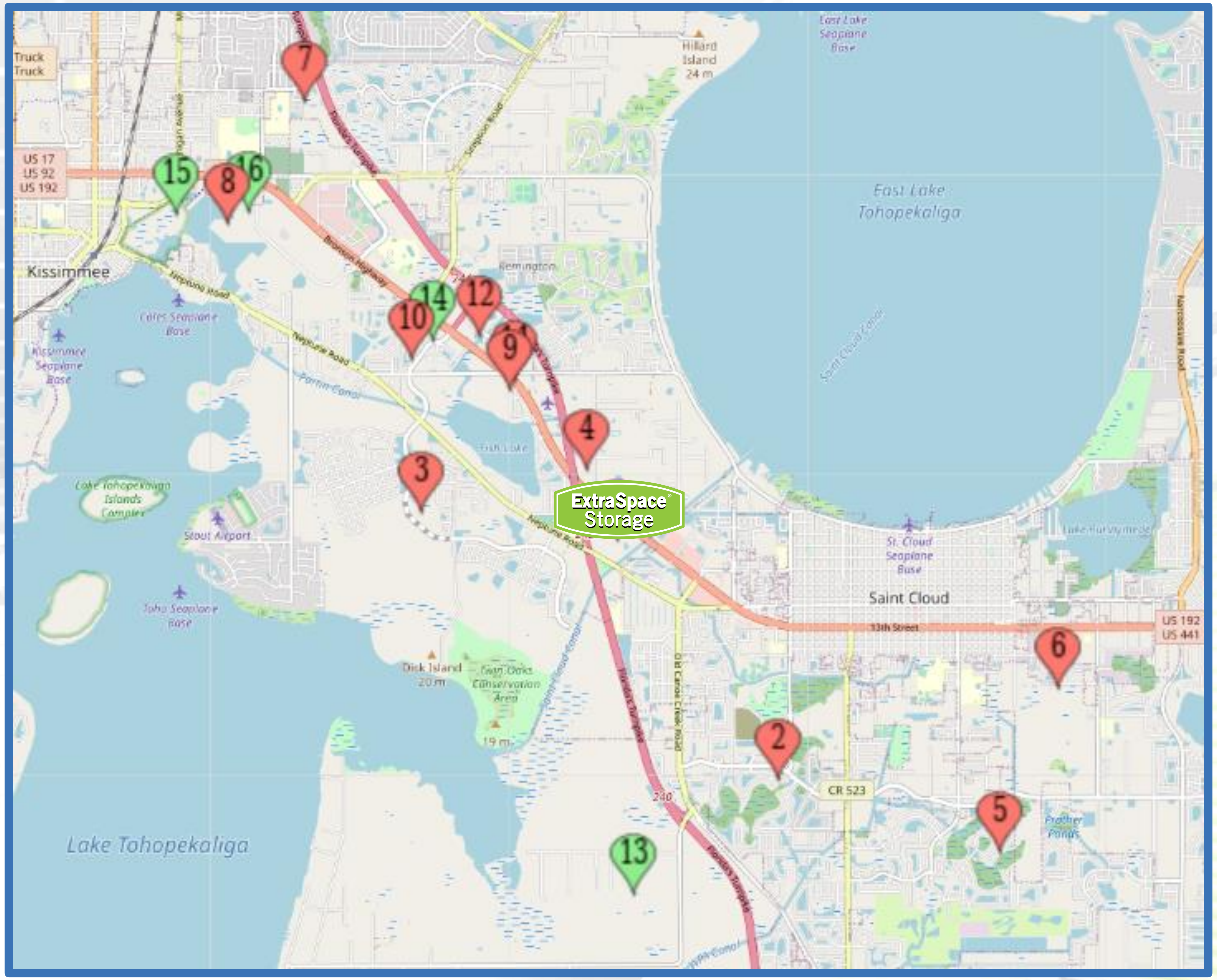
Finally, the County's strategic location along the I-4 corridor, which connects Tampa and Daytona Beach, makes Osceola County an extremely convenient place to live for commuters.

Overall, Osceola County's strong job market, diverse housing options, and strategic location make it an attractive location for real estate investment. The increasing population in the area, in addition to the strong market fundamentals, suggest that demand for self-storage space will out-pace supply.

Area Overview: Multi-Family Growth Since 2020

Existing Property
In Development

Project	Legend #	Units
Big Sky Self-Storage	1	
Within 1 Mile From Site		
Simmons Trace	4	108
Within 3 Miles From Site		
Prose Stevens Pointe	2	264
Kinsman Point	3	77
Amber Pointe	9	315
Gannet Pointe	10	80
The Jamison	11	315
Academy Park	12	420
2225 E Irlo Bronson Memorial Hwy	14	224
Within 5 Miles From Site		
Seasons at Estates at Southern Pines	5	313
Windbrooks	6	90
Sunbelt	7	14
14Fifty NeoCity	8	292
Amavi St. Cloud	13	N/A
Landmark in Kissimmee	15	247
1515 Boggy Creek Rd	16	381



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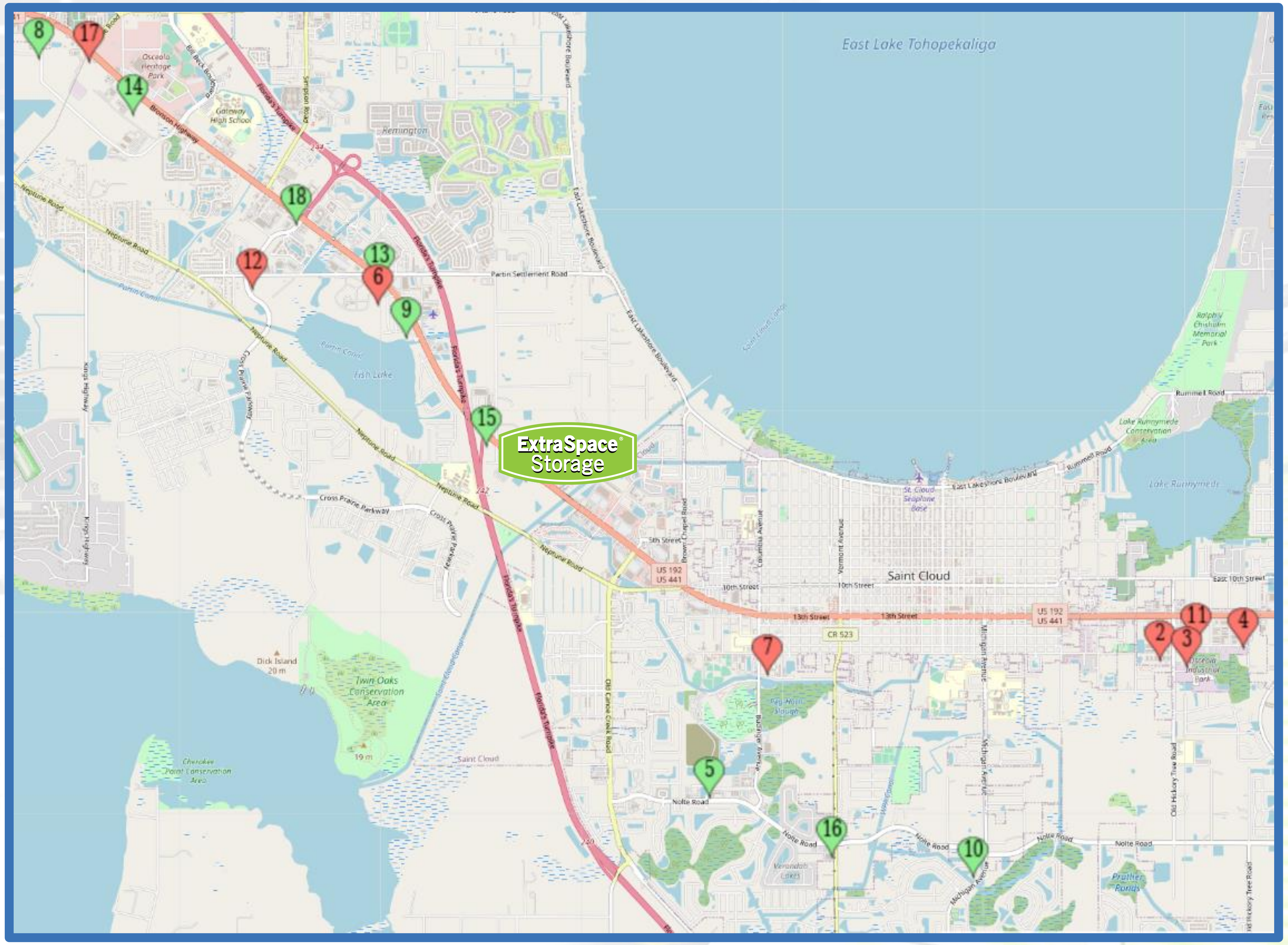
Area Overview: Commercial Growth Since 2020

Existing Property
In Development

Project	Legend #	Type	SF
Big Sky Self Storage	1		
Within 1 Mile From Site			
OP2	15	Retail	52,272
Within 3 Miles From Site			
2568 E Irlo Bronson Memorial Hwy	9	Office	18,000
Advent Health ER	6	Office	35,000
The Settlement at Amber Pointe	13	Retail	50,000
17th Street Medical Plaza	7	Office	11,400
Cross Prairie Parkway	12	Retail	12,000
Flamingo Shops	18	Retail	13,376
Stevens Commerce Parc	5	Industrial	67,290
Within 5 Miles From Site			
Nolte Road Village	16	Retail	35,000
1824 E Irlo Bronson Memorial Hwy	14	Retail	10,000
W Nolte Road & Michigan Ave	10	Office	10,000
Heritage Commons	17	Retail	12,310
1550 E Vine St	8	Office	40,000
1031 Exchange Place	2	Industrial	121,296
1401 Hamlin Ave	3	Industrial	15,000
Aldi	11	Retail	25,000
1550 Tileston Rd	4	Industrial	14,000



Area Overview

- St. Cloud is located within the greater Orlando area, in Osceola County.
- Orlando is home to some of the nation's most popular tourist attractions, like Disney Parks and Universal Studios.
- Forbes voted Orlando as the 2nd fastest growing large city in America based on its economic, population, and job growth.
- Orlando is expected to add 215,000 people to its population by 2027 and jobs are expected to increase at a pace above the national average.

Demographics

	1-Mile	3-Miles	5-Miles
Population	5,063	49,300	109,307
Population Growth Annual	1.46%	1.28%	1.54%
Households	1,701	17,626	37,909
Average Household Income	$ 64,439	$ 70,875	$ 73,368
Existing Supply (NRSF)	0	200,015	429,942
Existing Supply (Per Capita)	0.0	4.1	3.9
Pipeline (NRSF)	68,000	68,000	232,783

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Demand Generators

TOURISM
As one of the nations most popular locations for tourism, Orlando brings in over 70 million visitors per year. With Walt Disney World and Universal Studios, among many other theme parks, make Orlando a central tourist hub for not only the State of Florida, but the entire nation.

SHOPPING & DINING
Orlando is home to some of the states greatest shopping malls and shopping centers. The numerous theme parks provide visitors and residents with a variety of unique dining and shopping experiences.

INFRASTRUCTURE
The greater Orlando area is located in the center of Florida, providing residents with access to both coasts of Florida. Orlando has many major highways that are expanding to handle the increasing number of residents and visitors.

Additionally, Orlando is home to 2 international airports, Orlando International Airport (MCO) and Orlando Sanford International Airport (SFB), and an executive airport.

QUALITY SCHOOLS & EDUCATION
Orlando is known to have a great public school system, with numerous public and private universities including University of Central Florida, Valencia College, and Seminole State College of Florida.

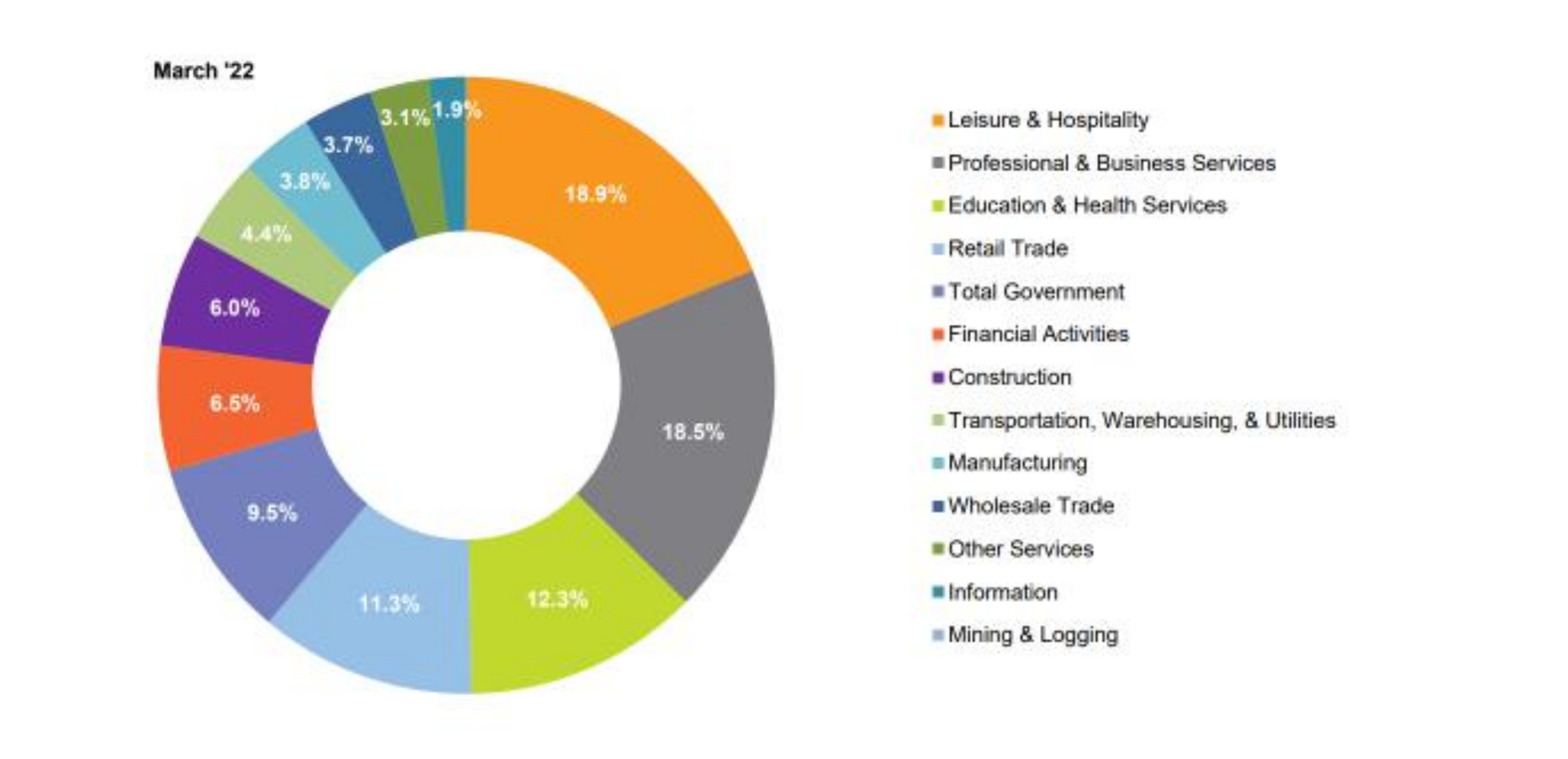
ENVIRONMENTAL LANDMARKS
The greater Orlando area has various environmental landmarks including the Lake Louisa State Park which is famous for its fruit filled trees in the winter. Since Orlando is in central Florida, visitors and residents have access to both coasts of Florida, allowing them to enjoy Florida's world-famous beaches.

GOLF COURSES
Orlando features more than 20 golf courses, including 4 Walt Disney golf courses.

Demand Generators

EMPLOYMENT

Orlando is home to many key industries including defense contracts, tourism, simulation training, and aerospace. Companies include Walt Disney Co., Lockheed Martin, Orlando Health, Starwood Hotels & Resorts, and Universal Orlando.



Case Study: Orlando

ExtraSpace Storage Kissimmee began construction in 2018 and opened for operations in April 2019. After achieving both break-even status and 50% occupancy ahead of schedule, the stay-at-home order in March 2020 at the beginning of the Covid-19 pandemic sparked a rapid implementation of marketing and pricing strategies to help mitigate a slew of potential risks we and ExtraSpace felt we could face for the foreseeable future. A combination of strategies allowed us to continue experiencing occupancy growth, albeit at a slower pace for revenue growth. **Still, we were able to achieve refinance valuation less than 18 months after the start of the pandemic, and 28 months after opening.**

Case Study: Orlando

ExtraSpace Storage | 3280 Vineland Road, Kissimmee, FL 34746

Market:
Orlando, FL

Net Rentable:
88,117 sq. ft.

Construction:
April 2018

Opening:
April 2019

Break-Even:
11 Months
(Projection 16 Months)

50% Occupancy:
12 Months
(Projection 19 Months)

75% Occupancy:
19 Months
(Projection 29 Months)

90% Occupancy:
25 Months
(Projection 36 Months)

Economics

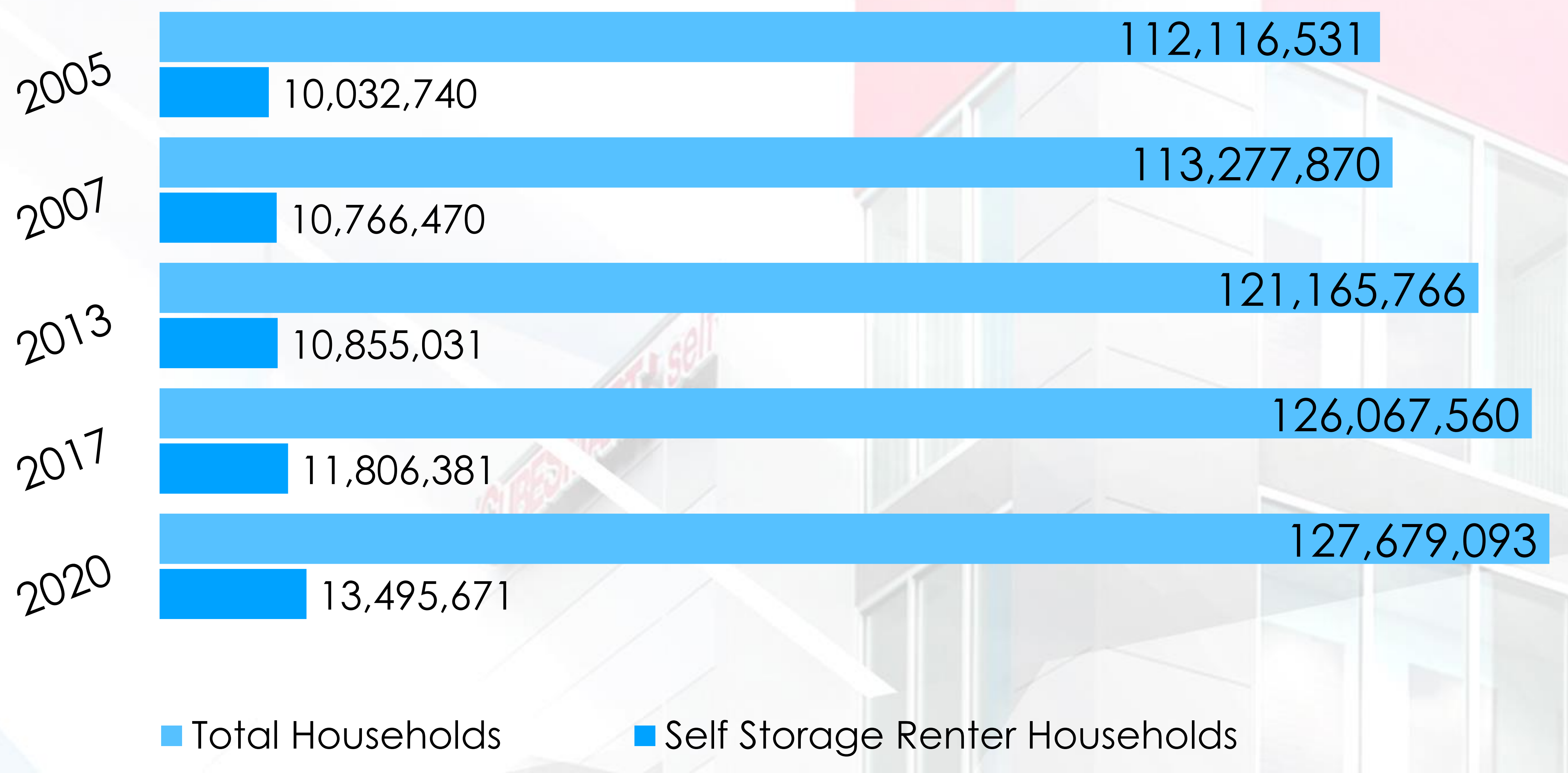
- **Cost Budget:** $ 11,000,000
- **Actual Cost:** $ 10,500,000
  - **Equity:** $ 3,500,000
  - **Debt:** $ 7,000,000 (approved for $7,500,000)

- **Property Value at Refinance:** $ 15,000,000
- **Permanent Debt:** $ 10,500,000 (70% LTV)
  (Repayment of construction loan, and return of invested capital)

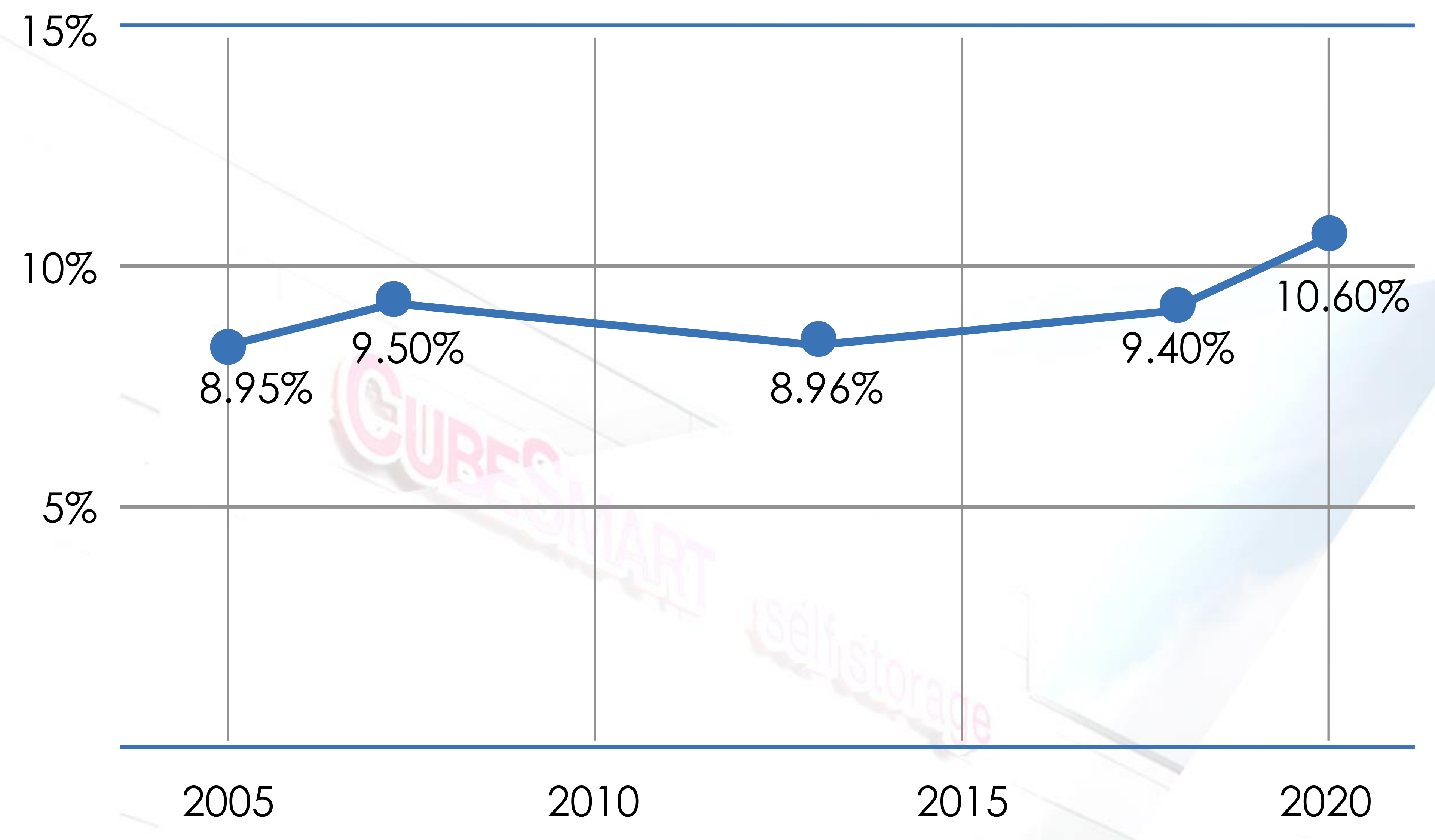
- **Projected Stabilized Property Value:** $ 24,000,000
- **Projected Stabilized Equity Value:** $ 13,500,000

Self Storage Industry

Total Households vs. Self Storage Renter Households



Self Storage Penetration



Consumer self storage penetration has **continued to increased since 2013, and is currently at its peak.**

Further, due to population growth, the number of households renting self storage units has also **increased and is again at an all-time high of nearly 13.5 million.** This is about **3.5 million more households** now than in 2005.

The self storage industry has been **one of the best performing real estate asset classes for over two decades** due to its recession resiliency, strong rent growth, expense control, and relatively low construction and operational costs.

Source: SSA Demand Study

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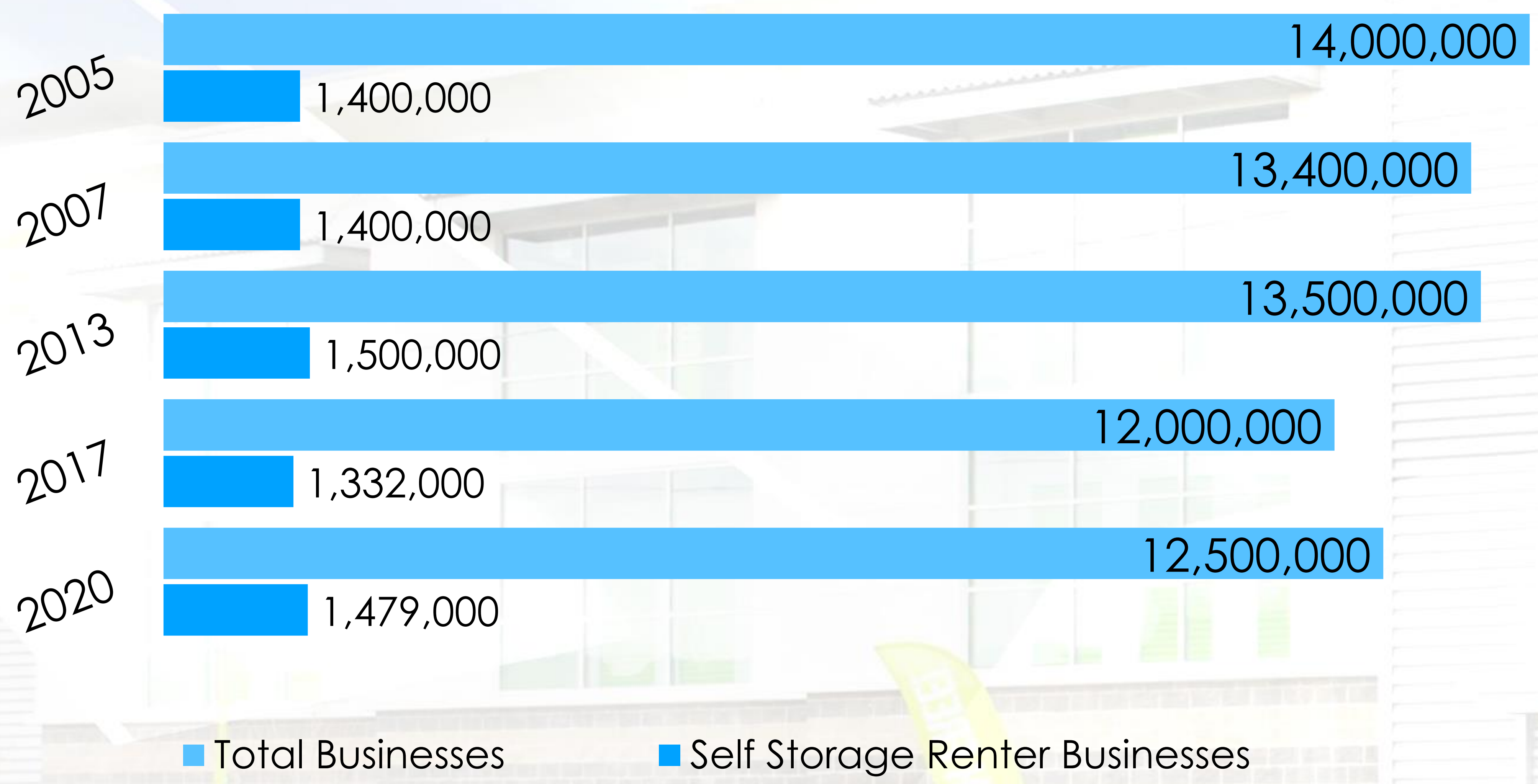
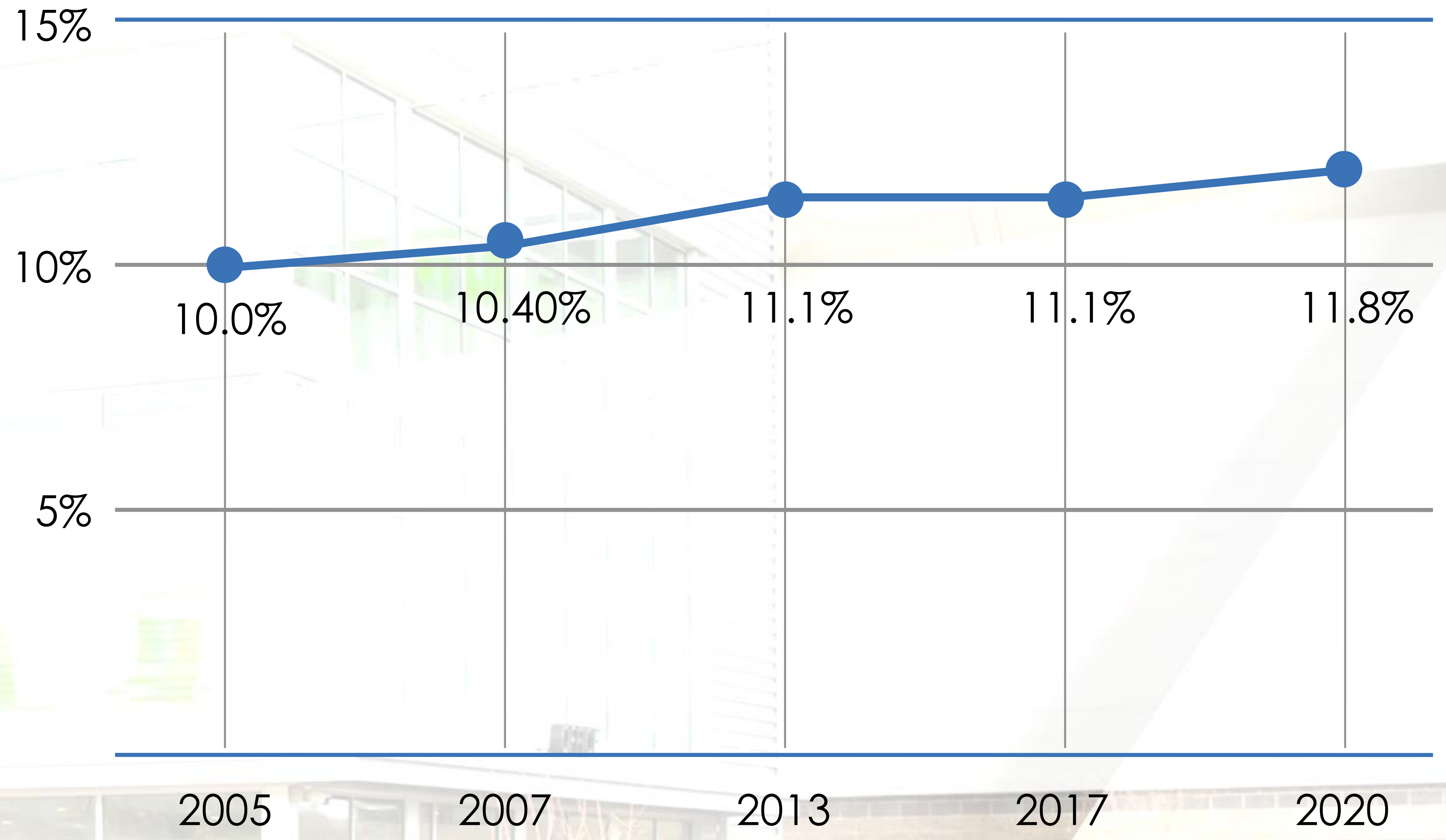
Self Storage Industry

Total Businesses vs. Self Storage Renter Businesses



Self Storage Penetration



Business penetration has increased since 2017 and is at a historic peak at nearly 12% in 2020

Source: SSA Demand Study

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Self Storage Industry

- Historically, self storage investments have outperformed other real estate sectors, and even the stock market.
- Across the board, real estate investments tumbled into red numbers in 2007. The one exception is healthcare, which fell precipitously but remained in the black. The dive went deeper in 2008, when even healthcare slid into the red.
- The surprise element, though, was self storage. After dropping about 24 percent in 2007, it rebounded with a 5 percent gain in 2008 and a continued rise in 2009. Self storage was the only real estate sector to post in the black in 2008, when losses climbed above 60 percent for some sectors.
  - Residential Investments: (6.53%)
  - Office Investments: (8.16%)
  - Retail Investments: (12.32%)
  - Industrial Investments: (18.31%)
  - Healthcare Investments: 4.92%
  - Lodging/Resorts Investments: (4.95%)
  - Mortgage Investments: (16.34%)
  - Self Storage Investments: (3.80%)
- Additionally, self storage investments have had the highest total return and highest price increase on average. Self storage averages a 16.73% total return since 1994 and an 11.72% annual increase in price, considerably higher than the next closest sector, industrial real estate, at 14.11% and 8.59%, respectively.

Source: https://www.neighbor.com

Self Storage Industry

What Makes Self Storage Recession-Resistant?

- What is it that makes the self storage sector perform better in a recession? The simple answer is: we do. Americans love their stuff. We buy lots of it. Even if we have to downsize our homes, we don't want to give up our stuff. And we don't want to give up our parents' stuff. And our grandparents' stuff.
- Self-storage occupancy rates have exceeded 90 percent nationwide historically.
- That's still not a bad figure when you consider storage businesses normally need to maintain 45 percent occupancy to break even. Low overhead is the key to strong profitability for self storage.

The Low Overhead of Self Storage Investments

Consider the difference compared to other types of real estate:

- Appearance needs are minimal as you only need to meet municipal requirements for green space, signage, etc.
- Maintenance is limited as traffic is lower. You also don't need to have costly systems for heating and cooling. (However, climate control is now largely necessary for new and successful self storage businesses.)
- Staffing can be retained at minimal numbers to handle marketing, register new customers, collect rent, and manage the small amount of maintenance. For mom-and-pop operations (which account for about 80 percent of self- storage), the owners often handle all of these tasks.
- Managing turnover is a challenge for all types of real estate, and turnover is high in the storage business. But these issues are less concerning in self storage investments. You don't have to deal with background checks, credit checks, etc. for new renters.
- Security has become a greater concern in the storage business, but technology makes this easier to cope with. Cameras, sensors, and other devices can replace the need for 24-hour staff.

Source: https://www.neighbor.com

Self Storage Industry

- There are several factors that are driving the self-storage industry higher, including growing urbanization, increased downsizing from the coronavirus pandemic, lifestyle changes, and more.
- it is one of the most recession-resistant asset classes.
- According to Mordor Intelligence Research, the valuation of the self storage market reached $87.65 billion in 2019. By 2025, that valuation is expected to grow to $115.62 billion. This puts the compound annual growth rate at 134.79% over the forecast period of 2020-2025.
- Self storage was strong during the looming coronavirus-inspired economic shifts due partly to urbanization. Renters needed a place to store the belongings that no longer fit when their rental spaces shrink, they need to create space to work from home, they move home with family, choose a more nomadic lifestyle. Because of these trends, self storage is benefiting.
- Another source of demand comes from businesses. During a recession, many businesses, unfortunately, risk the loss of failing. The hope is that these businesses are able to get back on their feet. Until then, however, they need a place to store their belongings — self storage facilities.
- Another factor supporting the success of self storage is that the cost of development for facilities is often lower than multifamily dwellings with similar rates of rent per square rent.

Source: https://www.forbes.com

Disclosures

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Prospective investors should make their own investigations and evaluations of the information contained herein. Prior to the acquisition, the General Partner will give investors the opportunity to ask questions and receive answers concerning the terms and conditions of the investment and other relevant matters and to obtain any additional information (to the extent that the General Partner possesses such information or can obtain it without unreasonable effort or expense) necessary to verify the accuracy of the information in this document. Each prospective investor should consult its own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning the information contained herein including the merits and risks involved with this investment.

Investment in these types of properties are suitable only for sophisticated investors and requires the financial ability and willingness to accept the high risks and lack of liquidity inherent in this investment. Investors must be prepared to bear such risks for an indefinite period of time. No assurance can be given that the investment objective will be achieved or that investors will receive a return of their capital. Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof.

Risks and Considerations

Certain Investment Considerations

An investment in the Partnership is speculative and involves significant risks, including the risk of loss of the entire investment. There can be no assurance that the Partnership will achieve returns on investments or that there will be any return of capital. The following list is not a complete list of all risks involved in connection with an investment in the Partnership.

- Investment Risk - The profitability and survival prospects of leveraged real estate in which the Partnership may invest may be particularly sensitive to recessions, Partnership difficulties, general economic and business conditions and increased interest rates.
- General Real Estate Risks - The Partnership's investments will be subject to the risks generally associated with real estate investments, such as, among others, changes in the general economic climate, local conditions, the quality and philosophy of the property managers, competition based on rental rates, attractiveness and location of the properties, the financial condition of tenants, availability of buyers and sellers of properties, quality of maintenance, insurance services, and changes in operating costs.
- Development Risks and Redevelopment Risks - Development and redevelopment activities conducted in connection with real property investments require additional time, which may delay or adversely affect the realization of the Partnership's investment objectives for such investment.
- Leverage and Interest Rates - Use of borrowed funds to leverage acquisitions involves a high degree of financial risk and can exaggerate the effect of any increase or decrease in value of any investment.
- Recent Events in the Financial Markets - Significant risks for the Partnership and its Partners exist due to recent events in the financial markets including, among others, (i) the possibility that the prices at which the Partnership's investments can be sold will have deteriorated from their effective purchase price, (ii) the possibility that opportunities for the Partnership to sell its assets in an appropriate market may be impaired and (iii) a decrease in the availability of financing for the acquisition of investments or acquisitions where the financing is materially different than originally expected.
- Environmental Considerations - The Partnership and any other entity in which the Partnership acquires an interest may be exposed to substantial risk of loss from environmental claims.
- Collateral - There is a risk that any collateral securing a debt investment may decline in value. Debt investments are also subject to risk of loss from casualty or condemnation.
- Time Required to Maturity of Investment; Illiquid Investments - It is anticipated that investments may take a significant period of time before they are realized.
- Diverse Limited Partners - Conflicts of interest among limited partners may arise in connection with, among other things, the nature of investments made by the Partnership, the structuring or acquisition of investments and the timing of dispositions of investments.
- Investor Liability - The Partnership may have potential liability for its actions under the general doctrines of lender liability and equity investor liability, which may adversely affect the Partnership's returns.


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