# 1912 CAPITAL, LP

a Delaware limited partnership

## $50,000,000

of

## Preferred B Limited Partnership Interests

DATE: February 24, 2026

**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

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**THE INVESTMENT DESCRIBED HEREIN IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK OF LOSS OF AN INVESTOR'S ENTIRE INVESTMENT. SEE SECTION IX—"RISK FACTORS AND CONFLICTS OF INTEREST."**

# CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

# 1912 Capital, LP

## $50,000,000

of

## PREFERRED B LIMITED PARTNERSHIP INTERESTS

This confidential private placement memorandum (as it may be amended, supplemented or modified from time to time, this "Memorandum") is being furnished on a confidential basis by **1912 Capital GP Partners II, LLC**, a Delaware limited liability company (the "General Partner"), to a limited number of sophisticated prospective investors in connection with their evaluation of a proposed investment in **1912 Capital, LP**, a Delaware limited partnership (the "Partnership" or the "Fund").

Each person or entity who invests in the Partnership will acquire Preferred B limited partnership interests ("Interests") in and will become a limited partner (a "Limited Partner") of the Partnership. The Partnership seeks to achieve attractive risk-adjusted returns and preserve investors' capital by investing in a diversified portfolio of financing short-term, first position, residential transition loans to single family home investors.

The General Partner is seeking capital commitments ("Capital Commitments") in the aggregate ("Aggregate Commitments") for up to **$50,000,000** in Interests from investors seeking to be admitted as Limited Partners; provided, however, that the Partnership may accept commitments more than $50,000,000.

The General Partner will make all investment decisions on behalf of the Partnership and may, either directly or via its affiliates or engage a third party (the "Investment Manager"), to serve as investment manager of the Partnership and to recommend investment opportunities to the Partnership. Neither the U.S. Securities and Exchange Commission (the "SEC") nor any other federal, state, or foreign securities commission or similar authority has determined whether this Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The Interests are being offered privately and have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or country in reliance on exemptions from the registration requirements of such laws. There is no public market for the Interests, and the Interests are subject to significant restrictions on transfer. Each purchaser of the Interests offered hereunder must be an "accredited investor" as such term is defined in Regulation D promulgated by the SEC under the Securities Act and, if the Company seeks a 3(a)(7) exemption, a "qualified purchaser" as such term is defined under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act").

An investment in the Interests involves significant risk. Investors should have the financial ability and willingness to accept the risks and conflicts of interest which are characteristic of the investments described in this Memorandum. The sale of all Interests will be conducted on a "best-efforts" basis. This means that net Offering proceeds will be accessible to the Partnership upon receipt, acceptance, and clearance thereof, without the necessity of a minimum amount of Interest sales to complete and close this Offering. There can be no assurance that all offered Interests will be subscribed.

**Inquiries should be directed to:**

1912 Capital GP Partners II, LLC
8285 West Lake Pleasant Parkway
Peoria, Arizona 85382
Email: Dcuzick@1912capital.com
Phone: 602-790-8971

This Memorandum is dated February 24, 2026

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# CERTAIN NOTICES TO INVESTORS

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM") IS BEING FURNISHED TO A LIMITED NUMBER OF SOPHISTICATED INVESTORS ON A CONFIDENTIAL BASIS FOR THE SOLE PURPOSE OF EVALUATING AN INVESTMENT IN LIMITED PARTNERSHIP INTEREST (THE "INTERESTS") IN 1912 CAPITAL, LP (THE "FUND") AND MAY NOT BE USED FOR ANY OTHER PURPOSE. THE MEMORANDUM MAY NOT BE REPRODUCED OR PROVIDED TO OTHERS WITHOUT THE PRIOR WRITTEN CONSENT OF 1912 CAPITAL GP PARTNERS II, LLC (THE "GENERAL PARTNER"). UPON REQUEST, THE MEMORANDUM MUST BE RETURNED TO THE FUND. BY ACCEPTING DELIVERY OF THE MEMORANDUM, EACH PROSPECTIVE INVESTOR AGREES TO THE FOREGOING.

THE INTERESTS HAVE NOT BEEN REGISTERED WITH OR RECOMMENDED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER GOVERNMENTAL OR SELF-REGULATORY AGENCY. NO GOVERNMENTAL OR OTHER AGENCY HAS PASSED ON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE LIMITED PARTNERSHIP INTERESTS IN THE FUND ARE EXPECTED TO BE OFFERED ONLY TO INVESTORS WHO ARE (1) "ACCREDITED INVESTORS" FOR PURPOSES OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND (2) "QUALIFIED PURCHASERS" FOR PURPOSES OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), AND RULES PROMULGATED THEREUNDER. THE INFORMATION CONTAINED HEREIN IS FURNISHED FOR INFORMATIONAL PURPOSES ONLY. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL LIMITED PARTNERSHIP INTERESTS; SUCH AN OFFER CAN BE MADE ONLY DIRECTLY BY THE GENERAL PARTNER.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. PERSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX, INVESTMENT, OR ACCOUNTING ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH THEIR OWN ADVISORS WITH RESPECT TO LEGAL, TAX, REGULATORY, FINANCIAL, AND ACCOUNTING CONSEQUENCES OF THEIR INVESTMENT IN THE INTERESTS.

THE FUND'S INVESTMENTS WILL BE CHARACTERIZED BY A HIGH DEGREE OF RISK, VOLATILITY AND ILLIQUIDITY. A PROSPECTIVE PURCHASER SHOULD THOROUGHLY REVIEW THE INFORMATION CONTAINED HEREIN AND THE TERMS OF THE FUND'S LIMITED PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT, AND CAREFULLY CONSIDER WHETHER AN INVESTMENT IN THE FUND IS SUITABLE TO THE INVESTOR'S FINANCIAL SITUATION AND GOALS.

CERTAIN ECONOMIC AND MARKET INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM PUBLISHED SOURCES PREPARED BY OTHER PARTIES. WHILE SUCH SOURCES ARE BELIEVED TO BE RELIABLE, NEITHER THE FUND, THE GENERAL PARTNER, NOR THEIR AFFILIATES ASSUME ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NEITHER DELIVERY OF THIS MEMORANDUM NOR ANY STATEMENT HEREIN SHOULD BE TAKEN TO IMPLY THAT ANY INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY STATEMENT CONCERNING THE FUND OR THE SALE OF LIMITED PARTNERSHIP INTERESTS DISCUSSED HEREIN OTHER THAN AS SET FORTH IN THIS MEMORANDUM, AND ANY SUCH STATEMENTS, IF MADE, MUST NOT BE RELIED UPON.

IN CONSIDERING THE PRIOR PERFORMANCE INFORMATION CONTAINED HEREIN, PROSPECTIVE INVESTORS SHOULD BEAR IN MIND THAT PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE COMPARABLE RESULTS.

CERTAIN STATEMENTS IN THIS MEMORANDUM CONSTITUTE FORWARD-LOOKING STATEMENTS. WHEN USED IN THIS MEMORANDUM, THE WORDS "MAY," "WILL," "SEEK," "COULD," "SHOULD," "PLAN," "BELIEVE," "INTEND," "TARGET," "PROJECT," "ANTICIPATE," "BELIEVE," "ESTIMATE," OR "EXPECT," OR OTHER SIMILAR EXPRESSIONS ARE GENERALLY INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS, INCLUDING THE INTENDED ACTIONS AND PERFORMANCE OBJECTIVES OF THE GENERAL PARTNER, OR FUND INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS OF THE GENERAL PARTNER, OR FUND TO DIFFER MATERIALLY FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS IN THIS MEMORANDUM SPEAK ONLY AS OF THE DATE HEREOF. THE FUND AND THE GENERAL PARTNER EXPRESSLY DISCLAIM ANY OBLIGATION OR UNDERTAKING TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN ITS EXPECTATION WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS, OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

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

THE LIMITED PARTNERSHIP INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS AND ARE NOT BEING OFFERED OR SOLD TO THE PUBLIC BUT ARE PART OF A PRIVATE PLACEMENT TO A LIMITED GROUP OF OFFEREES WHO QUALIFY FOR INVESTMENT IN THE FUND. FURTHERMORE, THE FUND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT. CONSEQUENTLY, INVESTORS WILL NOT BE AFFORDED CERTAIN OF THE PROTECTIONS OF THE SECURITIES ACT AND THE INVESTMENT COMPANY ACT. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT IF AND TO THE EXTENT PERMITTED UNDER THE FUND'S LIMITED PARTNERSHIP AGREEMENT AND UNDER APPLICABLE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE SUMMARY OF PROPOSED TERMS CONTAINED IN THIS MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FUND'S LIMITED PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT.

ADDITIONAL INFORMATION MAY BE OBTAINED FROM THE GENERAL PARTNER.

# I. EXECUTIVE SUMMARY

The following sections I through XIII are an analysis by the General Partner and Investment Manager based on their current plans and understanding of their ability and the current market environment. All opinions expressed herein are those of the General Partner and Investment Manager, except where attributed to an external source. There can be no guarantee as to the availability of any opportunity or the realization of any particular outcome. References herein to the General Partner and Investment Manager's experience refer to the collective experience of their members, which may include members of the Investment Committee. Each person's individual experience differs. Prospective investors are encouraged to rely on their own examination of the underlying market and economic conditions, the merits and risks involved with an investment in the Partnership and the terms of the offering as described in this Memorandum prior to investing in the Interests.

The Fund (the "Fund") has been formed to provide investors with a predictable and consistent income stream through the making of asset-backed loans in the residential real estate "fix-and-flip" sector. Investors will not be making loans directly to borrowers. Rather, investors will acquire limited partner interests in the Fund (the "Interests"). The Fund will, in turn, deploy pooled investor capital by originating secured, first-position loans to qualified real estate operators.

In exchange for their capital contributions, investors will receive a fixed, simple annual return of **ten to twelve percent (10%–12%)** on the amount of their contributed capital until such time as their Interests are redeemed by the Fund. The Interests do not have a maturity date, and investors' participation is entirely passive. The Fund is structured to provide a return to investors within this range regardless of the Fund's actual portfolio performance.

The Manager believes this model offers an attractive value proposition to investors seeking stable returns uncorrelated with broader equity or bond markets. However, there can be no assurance that the Fund will be successful in achieving its objectives, that the Manager's assumptions will prove correct, or that investors will receive any specific return. Investment in the Fund involves substantial risks, including the potential loss of invested capital, and should be undertaken only by investors who can afford such risks.

## Organizational History and Conversion

Effective February 23, 2026 (the "Conversion Date"), 1912 Capital, LLC, an Arizona limited liability company formed on January 13, 2023 (the "Arizona LLC"), converted pursuant to applicable law into 1912 Capital, LP, a Delaware limited partnership (the "Partnership" or the "Fund"). In connection with such conversion, the Partnership succeeded to all of the assets, liabilities, contracts, rights and obligations of the Arizona LLC. As of the Conversion Date, the Partnership is the legal successor to the Arizona LLC and will continue its existing lending operations (the "Legacy Business") while also conducting the offering described herein.

## Prior Financing Structure

Prior to the February 23, 2026 statutory conversion of the Arizona LLC into the Partnership, the Arizona LLC raised capital from certain investors through the issuance of promissory notes (the "Legacy Notes"). As reflected in prior investor materials, such financing involved fixed-rate promissory note obligations of the Arizona LLC, rather than equity interests in a pooled partnership structure.

Investors in the Legacy Notes (if any remain outstanding) are creditors of the Partnership (as successor by conversion to the Arizona LLC) and are not limited partners of the Partnership. Such Legacy Noteholders do not participate in Partnership governance, do not hold partnership interests, and are entitled only to payment in accordance with the terms of their respective promissory notes. Any such Legacy Notes that remain outstanding constitute indebtedness of the Partnership **senior in priority to the Class A Interests, Class B Interests or other future classes of interest.**

## Shift to Limited Partnership Structure

This Offering represents a structural transition from a note-based financing model to a pooled limited partnership structure. Investors purchasing Preferred B Limited Partnership Interests (the "Interests") will become limited partners of the Partnership and will hold equity interests rather than debt obligations.

Key distinctions between the Legacy Note structure and the Preferred B LP structure include:

- Legal Status: Legacy Noteholders are creditors; Preferred B investors are equity limited partners.
- Payment Obligation: Legacy Notes represent contractual debt obligations; Preferred B Interests provide for a cumulative preferred return subject to available cash and Partnership performance.
- Priority of Claims: In the event of liquidation, creditors (including any outstanding Legacy Noteholders) will have priority over equity holders, including Preferred B Limited Partners.
- Governance: Preferred B investors are subject to the Partnership Agreement and limited partner rights therein; Legacy Noteholders have no equity governance rights.

Prospective investors should understand that the risk profile of an equity limited partnership interest differs from that of a promissory note.

## No Carried Interest; Economic Structure

The Partnership does not provide for a traditional carried interest or performance allocation to the General Partner. As disclosed herein, the carried interest is 0%, and investors are entitled solely to a 10% to 12% cumulative, preferred return on unreturned capital contributions. This structure differs from many private funds in which the sponsor receives a performance-based allocation. While the absence of a carried interest may align economic incentives differently than traditional private equity funds, it does not eliminate potential conflicts of interest, and the General Partner retains broad discretion over Partnership operations, originations, reinvestment, and distributions as set forth herein.

## Securities Law and Integration Considerations

The Legacy Note offerings and the Offering described in this Memorandum constitute separate securities offerings conducted at different times, under different legal entities (pre- and post-conversion), and involving different security types (debt instruments versus limited partnership equity interests).

The Partnership intends to rely on exemptions from registration under the Securities Act of 1933, as amended, including Regulation D. Although the Partnership believes that the Legacy

Note offerings and the present Offering should not be integrated for purposes of federal securities laws, there can be no assurance that a regulatory authority would not take a different view.

If prior offerings were deemed integrated with this Offering, potential consequences could include:

- Recharacterization of offering exemptions;
- Increased regulatory scrutiny;
- Rescission claims; or
- Additional compliance obligations.

The General Partner believes that the change in structure, the statutory conversion, the difference in security type (debt vs. equity), and the temporal separation of offerings support treatment as distinct offerings. However, no assurance can be given.

# II. PERFORMANCE HISTORY

## Organizational and Operating History

The Partnership is the legal successor to 1912 Capital, LLC, an Arizona limited liability company formed on January 13, 2023. The Arizona LLC conducted the business of originating and servicing short-term, first-position residential transition loans to real estate investors engaged in single-family “fix-and-flip” projects.

As of the Conversion Date:

- The Legacy Business has originated 106 loans totaling approximately $25 million since inception;
- 54 loans are currently active, totaling approximately $9.6 million;
- Since inception, three defaults have occurred (representing approximately 2.8% of total loans originated), and no realized losses have been incurred to date.

These historical results are attributable to the operations of the Arizona LLC prior to the Conversion and not to the Partnership as a separate legal entity. Although the Partnership is the legal successor to the Arizona LLC, there can be no assurance that future results will be consistent with historical performance.

No audited financial statements have been prepared for the Arizona LLC or the Partnership. All historical performance data presented herein has been derived from internal records of the Arizona LLC.

# III. SUMMARY OF TERMS

The following is a summary of the key terms on which the General Partner will offer and sell the Interests of the Partnership. Capitalized terms not defined below shall be as set forth in Section VIII—"DETAILED SUMMARY OF TERMS." This summary is qualified in its entirety by reference to the more detailed description in Section VIII—"DETAILED SUMMARY OF TERMS" and to the Partnership Agreement (as defined herein).

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| **Partnership** | 1912 Capital, LP, a Delaware limited partnership. |
| **General Partner** | 1912 Capital GP Partners II, LLC, a Delaware limited liability company. |
| **Investment Manager** | The General Partner will make all investment decisions on behalf of the Partnership but may, either directly or via its affiliates or engage a third party to serve as investment manager of the Partnership and to recommend investment opportunities to the Partnership. |
| **Investment Management Fee** | None. |
| **Offering** | Up to $50,000,000 of Capital Commitments from Limited Partners; provided, however, that the General Partner reserves the right in its sole and absolute discretion to accept Capital Commitments more than $50,000,000. |
| **Minimum Commitment** | $50,000, subject to the General Partner's sole and absolute discretion to accept a lesser amount. |
| **Preferred Return** | Investors will receive a preferred return ranging from ten percent (10%) to twelve percent (12%) per annum on contributed capital, as determined by the General Partner at the time of subscription. Investors may elect at the time of subscription to receive (i) monthly interest payments or (ii) monthly compounding of their return, which will be added to their capital account. Distributions may be made monthly or quarterly at the investor's election. |
| **Term** | The Interests do not have a maturity date. Investors' participation is entirely passive. |
| **Eligible Investors** | Each purchaser must be an "accredited investor" as defined in Regulation D under the Securities Act and, if applicable, a "qualified purchaser" as defined under the Investment Company Act. |
| **Transfer Restrictions** | The Interests are subject to significant restrictions on transfer and may not be transferred or resold except as permitted under the Partnership Agreement and applicable securities laws. |
| **General Partner Commitment** | The General Partner may make a Commitment in any amount and in the General Partner's sole and absolute discretion. |
| **Commitment Period** | The Fund will be open-ended and will conduct monthly closings, with a subscription cut-off on the 10th of each calendar month. Subscriptions received by the 10th will be included in that month's closing; subscriptions received after the 10th will roll to the following month. Interest begins accruing from the date the investor's wire is actually received by the Fund. The General Partner may, in its sole and |

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| | absolute discretion, suspend or terminate the acceptance of new subscriptions, or reopen the Fund to new subscriptions at any time. |
| **Target Return** | 10%–12% IRR. |
| **Term** | The Partnership will, unless earlier dissolved and terminated pursuant to the Partnership Agreement, continue in business until the close of business on the twentieth (20th) anniversary of the Initial Closing (the "Term"); provided, that the General Partner, in its sole and absolute discretion, may extend the Term of the Partnership for successive one (1)-year periods up to a maximum of two (2) years. |
| **Distributions** | The General Partner expects to reinvest net revenues into the Fund to acquire more assets and equity in accord with its investment strategy; however, distributions of income and other proceeds may be made at certain intervals at the General Partner's sole discretion. |
| **Preferred Return** | Investors in the Fund will be entitled to receive a preferred return equal to ten to twelve percent (10%–12%) per annum on their aggregate unreturned capital contributions (the "Preferred Return"). The Preferred Return will be calculated on a simple (non-compounded) basis, except that any portion of the Preferred Return not paid in full in a given fiscal year will accrue and carry forward into subsequent years until satisfied (the "Cumulative Preferred Return"). |
| **General Partner Catch-up** | 0% (n/a) |
| **Carried Interest** | 0% (n/a) |

# IV. THE MANAGER

The Fund is managed by 1912 Capital Management LLC, an Arizona limited liability company (the "Investment Manager"). The Manager is controlled by its Managing Directors, Damon Cuzick and Dr. Courtney Koshar, each of whom brings extensive professional experience in real estate, finance, operations, and entrepreneurial ventures.

Mr. Cuzick has co-founded and scaled real estate development and brokerage enterprises, participated in the development of nearly one million square feet of commercial real estate, and led multiple ventures including founding and selling a compressed natural gas fueling company and building a national transportation and logistics provider with over $300 million in revenue.

Dr. Koshar has experience in the acquisition, management, and disposition of single-family, multifamily, and commercial properties, as well as entrepreneurial ventures in healthcare, consumer goods, and professional coaching.

Together, the Investment Manager and its principals have overseen transactions in excess of $1 billion across multiple industries. This breadth of experience informs a disciplined underwriting approach, prudent risk management, and strong borrower relationships. Approximately 70% of the Investment Manager's loan volume is with repeat borrowers, underscoring the Manager's ability to build long-term client loyalty.

## THE GENERAL PARTNER

### Overview

The General Partner of the Partnership is 1912 Capital GP Partners II, LLC. The General Partner is managed by Court Koshar and Damon Cuzick. The General Partner has engaged the

Investment Manager to recommend investment opportunities to the Partnership; provided, however, the General Partner will make all operational and investment decisions on behalf of the Partnership. Once an investment recommendation is received from the Investment Manager, the Investment Committee will evaluate the investment opportunity to determine whether the Partnership should consider the Portfolio Investment. The Partnership's investment decisions will be made at the sole and absolute discretion of the General Partner.

## Investment Committee of the General Partner

As of the date of this PPM, Court Koshar and Damon Cuzick, through 1912 Capital Management LLC and 1912 Capital GP Partners II, LLC serve as the sole Investment Manager, General Partner, and Investment Committee members. Once the Fund is launched, Court Koshar and Damon Cuzick may add additional members to the General Partner and/or Investment Committee. After the Investment Manager makes recommendations to the General Partner, the Investment Committee may meet to evaluate those recommendations, generally on a weekly basis and more frequently as required, to review and approve all investment decisions for the Partnership, including the evaluation, selection, negotiation, acquisition, and disposition of assets.

The Investment Committee currently consists of Court Koshar and Damon Cuzick. The Investment Committee along with the Investment Manager act as the ultimate decision-making body for the management of the General Partner. The Investment Committee Members are intended to consist of experienced professionals with solid knowledge and experience in their respective fields.

# V. INVESTMENT OBJECTIVES AND STRUCTURE

The following discussion of the Fund's business plan is intended only to provide an overview of potential strategies which may be used by the Fund, but which are subject to change as market conditions may warrant.

The Fund's primary objective is to provide its limited partners with a fixed, contractually defined return ranging from ten to twelve percent (10%–12%) per annum, calculated on a simple (non-compounded) basis, until such time as their Interests are redeemed.

Passive Nature of Investment: Investors do not participate in the management of the Fund or in the selection of underlying loans. Their role is strictly limited to contributing capital in exchange for Interests and receiving the contractual return.

No Maturity Date: Interests do not have a set maturity. Redemption is subject to the terms of the Fund's governing documents and the Manager's discretion.

Use of Proceeds: Investor capital will be pooled and deployed into short-term, first-position mortgage loans made to real estate operators engaged in purchasing, renovating, and reselling single-family homes.

Risk Disclosure: While the Fund targets consistent returns, there can be no assurance that investors will receive their contractual return. The Fund's performance will depend on the Manager's ability to originate and service loans, as well as on the credit performance of borrowers.

# VI. STRATEGY TO ACHIEVE FUND OBJECTIVES

## Strategy

The Fund intends to achieve its objectives through a conservative and disciplined lending strategy:

- Focus on Collateral: All loans will be secured by first-position liens on single-family residential properties. The Fund generally lends up to a maximum of 65% of the after-repair value (LTARV) of the underlying collateral.
- Rapid Execution: Loans are structured to close in days, rather than the 45–60 day period typical of conventional lenders. This speed is a significant competitive advantage in the fix-and-flip sector.
- Borrower Relationships: By providing efficient and reliable capital, the Manager has cultivated a base of repeat borrowers, representing approximately 70% of loan volume.
- Market Selection: The Fund emphasizes lending in underserved middle-American markets, avoiding overheated, high-cost metropolitan areas. This enables the Fund to maintain above-market interest rates while reducing exposure to volatile housing markets.
- No “Points”: The Fund does not charge borrowers upfront “points” (origination fees), making its cost of capital competitive while enhancing borrower loyalty.
- Risk Considerations: While the Fund’s strategy emphasizes collateral coverage and borrower discipline, real estate lending is inherently subject to market cycles, declining property values, borrower defaults, and other risks. There can be no assurance that the Fund will avoid losses.

## Market

The Fund operates in the U.S. residential “fix-and-flip” lending market, which is substantial and expanding:

- In 2022, fix-and-flip activity accounted for more than $67 billion in transactions, with over 407,000 homes flipped.
- In 2023, approximately 9.6% of all U.S. home sales were fix-and-flip properties.
- Approximately 60% of real estate investors report difficulty securing financing from traditional lenders, creating demand for alternative capital providers.
- Fix-and-flip homes sell 18% faster than comparable unrenovated properties, increasing borrower liquidity.

Risk Factors: The fix-and-flip market is cyclical and sensitive to changes in interest rates, housing demand, construction costs, and economic conditions. A downturn could adversely affect borrowers’ ability to repay loans, reduce collateral values, and impair the Fund’s ability to meet its obligations to investors.

## Investment Process

The Fund follows a systematic investment process designed to protect capital and generate reliable income:

- Sourcing: Loan opportunities are generated through a network of established borrower relationships, averaging approximately $1 million in new loan requests weekly.

- Underwriting: Each loan is assessed based on collateral valuation (up to 65% LTARV), borrower track record, project viability, and exit strategy.
- Execution: Loans are documented, secured by first-position liens, and title insured.
- Servicing: Payments are collected electronically, improving efficiency and reducing delinquency risk.
- Monitoring: The Manager actively monitors collateral, project progress, and borrower compliance.
- Risk Disclosure: Notwithstanding these practices, defaults may occur. The Manager has reported three defaults since inception, representing a 2.8% default rate. In each case, the underlying collateral was sold within two weeks with full recovery of all principal, interest, and fees, resulting in zero losses to the Fund. Past performance is not indicative of future results.

## Monetization Of Portfolio Investments

The Fund monetizes its investments by capturing the interest income paid by borrowers on its loans. That income supports the Fund's obligation to pay a return to investors within the 10%–12% range.

**Historical Results (as reported by Investment Manager and its principals):**

- 230% year-over-year revenue growth as of the end of Q1.
- 106 loans originated since inception, totaling over $25 million in loan volume.
- 54 active loans currently outstanding, with total current lent value more than $9 million.
- Three defaults since inception, representing a 2.8% default rate. In each instance, the collateral property was sold within two weeks with full recovery of all principal, interest, and fees—resulting in zero losses to the Fund.
- 100% of projected returns met, generating approximately $600,000 for investors to date.

Risk Disclosure: These results are not the results of the Fund. The Fund has yet to launch as of the date of this Memorandum. These results are historical and do not guarantee future performance. Market conditions, borrower credit quality, and other factors could adversely affect the Fund's ability to generate sufficient cash flow to meet its obligations to investors.

# VII. FUND ADMINISTRATION

## Fund Management and Administration

All fund management functions, including but not limited to investment origination, underwriting, portfolio monitoring, investor relations, and administrative operations, will be performed by the the Investment Manager and General Partners of the Fund. The General Partners will oversee day-to-day operations and exercise all management authority as set forth in the Fund's governing documents. Notwithstanding the foregoing, the General Partners reserve the right, in their sole and absolute discretion, to engage one or more third-party fund managers, sub-advisers, or service providers at any time and from time to time in the future to perform any or all fund management or administrative functions on behalf of the Fund. Any such engagement shall be on terms determined by the General Partners to be in the best interests of the Fund and its investors, and shall not require prior approval of the Limited Partners unless otherwise required by applicable law or the Fund's governing documents.

## Financial Reporting and Audit

The Fund's financial statements will be audited annually by an independent, third-party certified public accounting firm that is registered with the Public Company Accounting Oversight Board ("PCAOB") and duly licensed in the applicable jurisdiction. Audits will be conducted in accordance with U.S. Generally Accepted Auditing Standards ("GAAS") and/or PCAOB standards, as applicable. Audited financial statements will be distributed to investors no later than 120 days following the end of each fiscal year.

# VIII. DETAILED SUMMARY OF TERMS

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum, and by the terms and conditions of the Limited Partnership Agreement of the Fund, as amended from time to time (individually and collectively, as the context requires, the "Partnership Agreement"), which is incorporated by reference herein, and the subscription application and agreement of the Fund, which is incorporated by reference herein (the "Subscription Documents"), each of which should be read carefully by any prospective investor prior to subscribing for Interests. To the extent that this summary conflicts with the Partnership Agreement of the Fund, the Partnership Agreement will control.

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|---|---|
| **Partnership** | 1912 Capital, LP, a Delaware limited partnership (the "Partnership" or "Fund"). |
| **General Partner** | 1912 Capital GP Partners II, LLC, a Delaware limited liability company (the "General Partner"). The General Partner will have complete discretion to acquire, finance, operate and dispose of Portfolio Investments on behalf of the Partnership, subject to the limitations described herein. |
| **Investment Manager** | The General Partner will make all investment decisions on behalf of the Partnership but may, either directly or via its affiliates or engage a third party (the "Investment Manager"), to serve as investment manager of the Partnership. The Investment Manager will enter into an agreement with the Partnership (the "Investment Management Agreement") pursuant to which the Investment Manager will be retained by the Partnership to identify, evaluate, structure, and recommend investment opportunities for the Partnership to the General Partner and to provide investment management services to the Partnership in connection with the Portfolio Investments. |
| **Investment Management Fee** | None. |
| **Offering of Limited Partner Interests** | The Fund is privately offering, through this Memorandum, its Preferred B limited partnership interests (the "Interests") to investors who satisfy the eligibility standards described herein. Persons whose subscriptions are accepted by the Fund will be admitted as Limited Partners of the Fund (each, a "Limited Partner" and together with the General Partner, the "Partners"). Each Interest in the Fund includes the right of such Limited Partner to any and all benefits to which a Limited Partner may be entitled pursuant to the Partnership Agreement and under applicable law, together with all obligations of the Limited Partner to comply with the terms and provisions of the Partnership Agreement and applicable law. |
| **Offering** | The General Partner is seeking up to $50,000,000 of capital commitments (the "Capital Commitments") from investors for the purchase of Preferred B Limited Partner Interests; provided, however, that the General Partner reserves the right in its sole and absolute discretion to accept Capital Commitments in excess of $50,000,000. |
| **Minimum Commitment** | $50,000, subject to the General Partner's sole and absolute discretion to accept a lesser amount. |

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| **Members of the General Partner's Investment Committee** | The General Partner's Investment Committee will initially include Court Koshar and Damon Cuzick. |
| **No Specified Investments** | The Partnership is a blind pool that has no specified Portfolio Investments. Prior to each closing of the admission of investors, the General Partner will provide information, if available, about the Portfolio Investments already acquired or expected to be acquired by the Partnership. |
| **Closing** | The Fund will conduct monthly closings. Each monthly closing will occur on or around the 10th of each calendar month (the "Monthly Closing Date"), with a subscription cut-off on the 10th of that month. Subscriptions received by the 10th will be included in that month's closing; subscriptions received after the 10th will be held for the following month's closing. The initial closing of the Partnership (the "Initial Closing") will occur as soon as practicable once the General Partner determines that sufficient Capital Commitments have been obtained for the Partnership to commence operations. The General Partner reserves the right in its sole and absolute discretion to modify the closing schedule, suspend or terminate the acceptance of new subscriptions, or reopen the Fund to new subscriptions at any time. |
| **Preferred Return** | Investors will be entitled to receive a preferred return ranging from ten percent (10%) to twelve percent (12%) per annum on their aggregate unreturned capital contributions (the "Preferred Return"), as determined by the General Partner at the time of subscription. The Preferred Return will begin accruing from the date on which the investor's subscription wire is actually received and cleared by the Fund (the "Investment Date"), regardless of the applicable Monthly Closing Date. The Preferred Return will be calculated on a simple (non-compounded) basis, except that any portion of the Preferred Return not paid in full in a given fiscal year will accrue and carry forward into subsequent years until satisfied (the "Cumulative Preferred Return"). Payment of the Preferred Return is dependent on the Fund generating sufficient cash flow from its operations. If cash is insufficient, the unpaid portion will accumulate and remain payable in future periods. Investors will not be entitled to participate in any profits of the Fund beyond the Preferred Return. Any earnings of the Fund in excess of the Preferred Return will inure to the benefit of the Fund and/or the General Partner in accordance with the governing documents. |
| **General Partner Commitment** | The General Partner and/or its Affiliates, at its sole discretion, may make a Capital Commitment in any amount. The General Partner and its affiliates will invest on the same terms and conditions as the other Limited Partners, except their Interests will be non-voting regarding matters presented to the Partners. The General Partner Commitment for the Partnership is $0. |
| **Partnership Percentage** | The partnership percentage for each Partner (the "Partnership Percentage") shall be equal to the Capital Commitment of such Partner stated as a percentage of the Aggregate Commitments of the Fund. |
| **Acceptance / Rejection of Subscriptions** | The General Partner reserves the right to accept or reject any subscription, in whole or in part. The General Partner may, in its sole discretion, allocate Interests among Subscribers in any manner it |

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| | determines. Each Subscriber will be notified as to whether its subscription for Interests in the Fund has been accepted. |
| **Commitment Period** | The Fund will be open-ended and will conduct monthly closings, with a subscription cut-off on the 10th of each calendar month. Subscriptions received by the 10th will be included in that month's closing; subscriptions received after the 10th will roll to the following month. Interest begins accruing from the date the investor's wire is actually received and cleared by the Fund. The General Partner may, in its sole and absolute discretion, suspend or terminate the acceptance of new subscriptions, or reopen the Fund to new subscriptions at any time. |
| **Capital Contributions** | Capital Commitments generally will be drawn down proportionately to Partners' Capital Commitments on an as-needed basis, as the General Partner shall determine in its sole and absolute discretion, to fund Portfolio Investments and Partnership Expenses, with ten (10) business days' prior notice to the Limited Partners (each such drawing, a "Capital Contribution"). Limited Partners also may be required to pay Partnership Expenses directly to the General Partner or the Investment Manager until the Partnership makes its first Portfolio Investment. Any amount drawn down from Remaining Capital Commitment to pay Partnership Expenses may, to the extent Limited Partners receive subsequent distributions, either be retained or added back to Remaining Capital Commitment and be subject to recall for future investment. |
| **Target Return** | 10%–12% IRR. |
| **Term** | The Partnership will, unless earlier dissolved and terminated pursuant to the Partnership Agreement, continue in business until the close of business on the twentieth (20th) anniversary of the Initial Closing (the "Term"); provided, that the General Partner, in its sole and absolute discretion, may extend the Term of the Partnership for successive one (1)-year periods up to a maximum of two (2) years. If the General Partner deems it appropriate based on evolving market conditions, the General Partner shall cease to originate and acquire new fund assets and shall distribute any return of capital from the disposition of assets back to the Limited Partners in accordance with the liquidation provisions until all assets have been liquidated. The General Partner may choose to return capital to the Limited Partners at any time during the life of the Fund. |
| **Potential Sale of Assets to the Fund** | The General Partner, in its discretion, may have the Fund purchase assets of the General Partner's Affiliates and other funds established by the General Partner at "fair market value" established by an independent third party if such investments satisfy the investment criteria of the Fund. |
| **Investment Manager and General Partner Expenses** | The Investment Manager and General Partner will be responsible for all of their respective normal and recurring routine operating expenses of managing the Partnership, including compensation of employees, rent, utilities and other expenses of management (but not including any Partnership Expenses or Organizational Expenses). Notwithstanding the foregoing, legal, accounting, or other specialized consulting or professional services that the Investment Manager and the General Partner determine they would not normally be expected to render with their own professional staff shall not be considered normal operating |

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| | expenses and shall be borne by the Partnership as Partnership Expenses. |
| **Organizational Expenses** | Organizational Expenses shall be borne by the Partnership and shall include all costs and expenses incurred in connection with the formation and organization of the Partnership, including legal, accounting, filing fees, and related costs. Organizational Expenses may be amortized over a period determined by the General Partner. |
| **Operating Expenses / Partnership Expenses** | The Partnership shall pay all expenses (other than routine general and administrative expenses, such as staff salaries, office rent, and overhead) attributable to the ordinary and extraordinary activities of the Partnership ("Partnership Expenses"), including but not limited to: all third-party costs of maintaining Fund operations; costs of appraising, valuing, acquiring, financing, hedging and disposing of Portfolio Investments; broken deal expenses; taxes, fees and governmental charges; insurance; administrative and research fees; expenses of custodians, outside advisors, counsel, accountants, auditors, and other professionals; technological expenses; interest and fees arising out of financings entered into by the Fund; travel expenses; brokerage commissions; litigation expenses; winding up and liquidation expenses; expenses of tax audits, investigations or settlements; costs of any services provided by the General Partner or its Affiliates; expenses associated with Advisory Committee meetings and preparation of reports, financial statements, tax returns and K-1s; indemnification and unreimbursed expenses; and extraordinary expenses not reimbursed by insurance, but specifically excluding Organizational Expenses. For administrative convenience, the Fund and the General Partner may from time to time pay certain expenses that would otherwise qualify as expenses of the other, and in such circumstances will reimburse each other for all such expenses. |
| **Co-Investment Policy** | The General Partner may, in its sole and absolute discretion, but shall not be obligated to, offer co-investment opportunities alongside the Partnership to certain Limited Partners or other Persons on such terms and conditions as determined by the General Partner. Co-investment opportunities may be allocated to Persons that may provide a benefit to the Fund in the General Partner's sole discretion. Amounts contributed in respect of a co-investment shall not reduce the Remaining Capital Commitment of such Limited Partner. No Limited Partner shall have any obligation to participate in any co-investment opportunity. |
| **Capital Accounts** | The Partnership shall establish and maintain for each Partner a separate capital account (a "Capital Account") on its books and records. The Capital Account of each Limited Partner shall be determined by reference to such Limited Partner's capital contribution, withdrawals (if any), distributions, and allocations of net profit and net loss. |
| **Allocation of Profits** | All items of income, gain, loss, and deduction will be allocated to the Partners' Capital Accounts in a manner generally consistent with the distribution procedures outlined under "Distributions" below. |
| **Distributions** | Subject to the terms of the Limited Partnership Agreement, available cash of the Partnership, after payment of all expenses and liabilities, will be distributed in the following order of priority: (i) Preferred Return to Limited Partners. First, to the Limited Partners, pro rata in |

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| | accordance with their respective capital contributions, until each Limited Partner has received their applicable preferred return (10%–12% per annum) on unreturned capital contributions. Investors may elect to receive their preferred return as (a) monthly cash distributions, (b) quarterly cash distributions, or (c) monthly compounding added to their capital account. (ii) Return of Capital. Second, to Limited Partners, pro rata, in redemption of capital contributions, to the extent of valid redemption requests, honored as soon as reasonably practicable following liquidation of sufficient underlying investments. (iii) Profit Distributions to General Partner. Thereafter, to the General Partner in its sole discretion, provided the Partnership has sufficient assets to satisfy operational expenses, Preferred Return obligations, and redemption requests in an orderly manner. The General Partner has broad discretion to determine the timing and amount of all distributions. No assurance can be given that the Partnership will generate sufficient cash to pay the Preferred Return on a current basis or to satisfy redemption requests within any specified timeframe. |
| **Tax Distributions and Withholding** | Notwithstanding the foregoing, the General Partner may cause the Partnership to make distributions in amounts sufficient to permit payment of tax obligations of the General Partner and its direct and indirect owners in respect of allocations of income related to the Carried Interest, based on assumed tax rates. Any such distributions will be taken into account in making subsequent distributions. The General Partner will be entitled to withhold from any distribution amounts necessary to create appropriate reserves for expenses, liabilities, and required tax withholdings. |
| **Redemptions** | Interests in the Fund are illiquid and not freely transferable. Investors should be prepared to hold their investment for the initial two (2) year term. Term and Auto-Renewal. Each investor's initial term is two (2) years from their Investment Date. At the end of the initial term, and at the end of each one (1)-year extension period thereafter, the term will automatically renew for an additional one (1)-year period unless the investor provides written notice of redemption to the General Partner no later than six (6) months prior to the expiration of the then-current term. Redemption Process. Following the expiration of the applicable term (or upon timely redemption notice), redemption requests will be honored on a quarterly basis, subject to the availability of cash and orderly liquidation of underlying Partnership investments. Redemptions will be funded as soon as reasonably practicable after sufficient proceeds from the sale, repayment, or refinancing of investments are realized. Discretion of the General Partner. The General Partner retains broad discretion to determine the timing, amount, and manner of redemptions, including the ability to delay, suspend, or limit redemptions where fulfilling such requests would be imprudent, unduly disruptive to the Fund, or detrimental to non-redeeming Limited Partners. There can be no assurance that redemption requests will be satisfied in whole or in part within any specified timeframe. |
| **Indemnification** | The Partnership will indemnify the General Partner, the Investment Manager, their affiliates and any of their respective officers, members, directors, agents, stockholders and partners, and any other Indemnitee, for any loss, damage or expense arising out of or in connection with the Partnership and its Portfolio Investments; provided, that an Indemnitee will only be entitled to indemnification to the extent |

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| | that such Indemnitee's conduct did not constitute fraud, willful misconduct, gross negligence, bad faith, a material breach of the Partnership Agreement or the Investment Management Agreement, or material violation of applicable securities laws. |
| **Reports** | The Partnership will furnish annual financial statements no later than 120 days after year-end (or as soon as practicable thereafter), and tax information (including K-1s) within 120 days after year-end. On a quarterly basis, no later than 60 days after each quarter-end, each Limited Partner will be furnished with unaudited financial statements of the Partnership. |
| **ERISA** | The General Partner will use reasonable efforts either to (a) limit equity participation by "benefit plan investors" to less than 25% of the total value of each class of equity interests in the Partnership, or (b) structure Portfolio Investments and operate the Partnership so as to qualify as a "venture capital operating company" or "real estate operating company" under ERISA so that the underlying assets of the Partnership should not constitute "plan assets." Prospective investors should consult with their own advisors as to ERISA consequences. |
| **Exclusion and Withdrawal** | The General Partner may in its sole discretion exclude a particular Limited Partner from participating in all or any part of a Portfolio Investment if participation by such Limited Partner would have a reasonable likelihood of violating applicable law or would result in significant delay, extraordinary expense, or material adverse effect. If the continued participation of a Limited Partner would be reasonably likely to result in a violation of any applicable law or regulation (a "Legal Violation"), the General Partner shall notify such Limited Partner and such Limited Partner shall be required to withdraw from the Partnership immediately following such notification. |
| **Failure to Make Contributions / Default** | If a Limited Partner fails to make the required capital contribution by the specified deadline (a "Defaulting Partner"), the General Partner may have the right to take certain actions, including but not limited to reducing the Defaulting Partner's Partnership Interest, charging interest on the unpaid contribution, or pursuing legal remedies to compel payment. Failure to comply with a capital call may result in dilution, suspension of voting rights, or other sanctions as determined by the General Partner. |
| **Valuation** | The General Partner will periodically value Portfolio Investments using a fair value methodology determined by the General Partner in its sole and absolute discretion. |
| **Certain Tax Matters** | It is intended that, for U.S. federal income tax purposes, the Partnership will be treated as a partnership and will not be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code. As a result, each Limited Partner will be required to include in computing its U.S. federal income tax liability its distributive share of the Partnership's income, loss, deduction, and credit, regardless of whether any distributions have been made by the Partnership to that Limited Partner. State tax filing obligations may also apply in states where the Partnership owns property or does business. |
| **UBTI / ECI Considerations** | The Partnership is expected to make Portfolio Investments that may result in the incurrence of unrelated business taxable income ("UBTI") |

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| | by tax-exempt Limited Partners. Each prospective tax-exempt investor should consult its own tax and other advisors as to the incurrence of UBTI and other income tax consequences of an investment in the Partnership. |
| **Amendments** | Except as required by law and subject to certain limitations, the Partnership Agreement may be amended from time to time with the consent of the General Partner and a Majority in Interest of the Limited Partners. In certain circumstances, the General Partner may unilaterally amend the Partnership Agreement. The Partnership or the General Partner may enter into side letters or other writings with individual Limited Partners that have the effect of establishing rights under, or altering or supplementing, the terms of the Partnership Agreement. |
| **No Voting Rights** | Limited Partners will not have management rights. Limited Partners will not have voting rights except under the limited circumstances expressly provided in the Partnership Agreement. |
| **Confidentiality** | Subject to certain standard exceptions, each Limited Partner will agree to hold in confidence, and not to disclose to any third party without the consent of the General Partner, the private placement memorandum, the Partnership Agreement, and any information disseminated by the Fund or the General Partner to the Limited Partners. |
| **Partnership Counsel** | David S. Hunt, P.C. (“DSHPC”) or another law firm selected by the General Partner. DSHPC represents the General Partner and the Investment Manager and does not represent or owe any duty to any Limited Partner or to the Limited Partners as a group in connection with the Partnership. |
| **Governing Law** | Delaware |
| **Partnership Administrator** | The General Partner, at its sole discretion, may engage a third party as the Partnership’s fund administrator (the “**Administrator**”). |
| **General Partner Contact Information** | 1912 Capital GP Partners II, LLC 8285 West Lake Pleasant Parkway Peoria, Arizona 85382 Email: Dcuzick@1912capital.com Phone: 602-790-8971 |
| **Additional Information** | Subscribers are invited and strongly recommended to contact the General Partner for a further explanation of the terms and conditions of this offering and to obtain any additional information necessary to verify the information contained in this Memorandum to the extent the General Partner possesses such information or can acquire it without unreasonable effort or expense. |

Risk Considerations. The Preferred Return is not guaranteed and depends on the performance of the Fund’s investments. The cumulative feature increases the Fund’s obligation to investors in future years, which could reduce cash available for operations or increase the risk of liquidity shortfalls. If the Fund is unable to generate sufficient income or liquidity over time, accrued Preferred Returns may never be paid in full. The Preferred Return does not accrue interest and will not be compounded. In the event of redemption or liquidation, payment of accrued Preferred Returns will be subject to the availability of distributable assets after satisfaction of the Fund’s liabilities.

# IX. RISK FACTORS AND CONFLICTS OF INTEREST

Prospective investors should be aware that an investment in the Fund involves a high degree of risk. There can be no assurance that the Fund's investment objectives will be achieved, or that an investor will receive a return of its capital. In addition, there will be occasions when the General Partner, the Investment Manager and their affiliates may encounter potential conflicts of interest in connection with the Fund. The following considerations, among others, should be carefully evaluated before making an investment in the Fund.

## Disease, Epidemics and Pandemics

The occurrence of a pandemic, such as COVID-19, poses significant risks to global economic conditions and the operations of the Partnership. Pandemics can lead to widespread health crises, disrupt global supply chains, reduce consumer and business activity, and cause significant volatility in financial markets. These disruptions can adversely affect the financial performance of the entities and properties underlying the Partnership's investments, potentially leading to reduced revenue, increased costs, and financial instability. There is substantial uncertainty regarding the duration and impact of pandemics, and no assurance can be given that future outbreaks will not have a material adverse effect on the business, financial condition, and results of operations of the Partnership.

## No Operating History

The Fund is or will be a newly formed entity and has no operating history. The Fund's investment program should be evaluated on the basis that there can be no assurance that the General Partner's assessment of the prospects of investments will prove accurate or that the Fund will achieve its investment objective. Past performance of the investment professionals of the General Partner is not necessarily indicative of future results.

## Forward-Looking Statements

To the extent that this Memorandum contains forward-looking statements, including observations about investment performance, markets and industry and regulatory trends, such forward-looking statements are made as of the original date of this Memorandum. Forward-looking statements may be identified by, among other things, the use of words such as "may," "will," "could," "should," "plan," "predict," "project," "target," "continue," "intends," "expects," "anticipates," "believes," "seeks" or "estimates," or the negatives of these terms, and similar expressions. Forward-looking statements reflect the General Partner's views as of such date with respect to possible future events. Actual results could differ materially from those in the forward-looking statements as a result of factors beyond the Partnership's, the General Partner's or the Investment Manager's control. Prospective investors are cautioned not to place undue reliance on such statements. None of the General Partner or its affiliates have an obligation to update any of the forward-looking statements in this Memorandum.

## Investment Hypothesis

The Fund's investment hypothesis may not be correct.

## Risk Factor: Regulatory Compliance and Advisor Registration Risks

The Investment Manager of the Fund, and/or its agents (together "Investment Advisor"), may not be a registered investment advisor under the Investment Advisers Act of 1940 (the "Advisers Act") or applicable state laws. The Investment Manager may intend to rely on an exemption from registration as an investment advisor by maintaining assets under management ("AUM")

below the applicable thresholds that trigger registration requirements. Specifically, the Investment Manager may seek to qualify as an "Exempt Reporting Advisor" ("ERA") under relevant federal or state regulatory frameworks.

While the Investment Manager believes this plan is viable and has made efforts to understand and comply with the relevant exemptions, there can be no assurance that the Investment Manager will successfully meet the requirements to maintain its exempt status. The viability of the Investment Manager's plan depends on several factors, including:

- Ongoing Monitoring of AUM. The Fund's total AUM must remain below the applicable thresholds (e.g., $150 million for SEC registration as a private fund advisor). If the Fund's AUM exceeds these thresholds, the Investment Manager could be required to register as an investment advisor.
- Changes in Regulatory Standards. Federal and state regulators may change the thresholds or conditions for registration, potentially requiring the Investment Manager to register regardless of its current exemption strategy.
- State-by-State Variability. State-level regulatory requirements for investment advisors vary. The Investment Manager's compliance efforts may be complicated by differing state-level thresholds or reporting obligations.
- Errors or Misinterpretations. There is a risk that the Investment Manager misinterprets or incorrectly applies the rules and exemptions, inadvertently violating registration requirements.

## Risks of Noncompliance

If the Investment Manager fails to maintain its exemption or otherwise violates registration requirements, the following risks may materialize:

- Regulatory Sanctions. The Investment Manager could face significant fines, penalties, or other disciplinary actions imposed by regulatory authorities.
- Reputational Harm. Noncompliance with regulatory requirements could damage the Investment Manager's and the Fund's reputation, potentially discouraging prospective investors.
- Legal Exposure. Failure to properly register could result in litigation from investors, who may claim that the Fund's disclosures were inadequate or misleading regarding the Investment Manager's regulatory status.
- Operational Disruptions. If required to register, the Investment Manager may need to allocate substantial resources to meet compliance obligations, including hiring additional staff, implementing compliance systems, and undergoing regular regulatory examinations.
- Rescission Risks. Under certain circumstances, investors could demand rescission of their investments if the Fund is deemed to have been improperly managed by an unregistered advisor, potentially resulting in significant financial liabilities for the Fund.

While the Investment Manager is making reasonable efforts to comply with applicable regulatory requirements under its exemption strategy, there can be no assurance that these efforts will be successful.

## Government Regulation and Regulators

The Fund is engaged in the business of financing short-term, first-position residential transition loans to investors in single-family properties. Although the Fund does not hold itself out as a

bank, savings institution, or consumer lender, its operations are nonetheless subject to numerous federal, state, and local laws, rules, and regulations. The legal and regulatory framework applicable to real estate lending and pooled investment vehicles is complex and continues to evolve. The following summary highlights certain regulatory considerations that may apply to the Fund, its Manager, or its activities; it is not intended to be an exhaustive list.

## Securities Laws

The offering of limited partner interests is being conducted in reliance on exemptions from registration under the Securities Act of 1933, as amended, and applicable state securities laws. Accordingly, the Fund is subject to the anti-fraud provisions of such statutes and the oversight of the SEC and relevant state securities regulators. The Fund is not registered as an investment company under the Investment Company Act of 1940, nor is the Manager registered as an investment adviser under the Investment Advisers Act of 1940, in each case in reliance on available exemptions.

## Lending and Mortgage Laws

The Fund's primary business involves making short-term, first-lien loans secured by residential property. While such loans are generally made to real estate investors for business purposes and not to consumers for personal, family, or household use, the Fund may nonetheless be subject to certain federal and state lending statutes and regulations, including but not limited to:

- State mortgage lending, licensing, and usury laws, which vary by jurisdiction;
- Federal and state laws regarding foreclosure, debt collection, and servicing practices;
- Recording and title insurance requirements; and
- Local ordinances governing real estate transactions.

Failure to comply with applicable lending and mortgage regulations could result in fines, penalties, or the voiding of loan obligations.

## Consumer Financial Protection Bureau (CFPB)

Although the Fund does not intend to originate consumer mortgage loans, the CFPB and other federal and state regulators have broad authority to interpret and enforce consumer financial protection laws. Any determination that a loan falls within the definition of a "consumer credit transaction" could subject the Fund to additional compliance obligations.

## Banking and Anti-Money Laundering (AML) Requirements

The Fund is not a bank or depository institution and is not insured by the Federal Deposit Insurance Corporation. However, the Fund is subject to federal anti-money laundering statutes and regulations, including the Bank Secrecy Act and the USA PATRIOT Act, as administered by the U.S. Department of the Treasury and the Financial Crimes Enforcement Network ("FinCEN"). The Fund must maintain policies and procedures reasonably designed to detect and prevent money laundering, terrorist financing, and other illicit activity.

## Tax and Reporting Authorities

The Fund is subject to oversight from the Internal Revenue Service ("IRS") with respect to partnership tax classification and investor reporting obligations, as well as state and local taxing authorities.

## Other Regulators

Depending on the geographic scope of its operations, the Fund may be subject to oversight by state banking and financial services departments, real estate commissions, attorneys general, and other regulators charged with enforcing financial services and consumer protection laws.

### Regulatory Risks

The statutes, regulations, and interpretations described above are subject to change at any time, and new laws or regulations may be adopted that increase compliance burdens or otherwise adversely affect the Fund. Government regulators have broad enforcement powers, and any failure by the Fund or the Manager to comply with applicable law could result in investigations, enforcement actions, monetary penalties, reputational harm, and restrictions on business operations. Investors should recognize that the regulatory environment for private lending and pooled investment vehicles is evolving, and there can be no assurance that future regulatory changes will not materially and adversely impact the Fund.

### Risks Unique to Financing Short-term, First-Position, Residential Transition Loans to Single Family Home Investors

There are a number of risks to investing in financing short-term, first-position, residential transition loans to single family home investors. If our Investment Manager, Investment Committee and General Partner fail to successfully navigate these risks, Limited Partners could suffer losses, including a loss of their entire investment.

### General Investment Risks

### No Assurance of Returns

Although the Fund intends to pay investors a fixed, simple annual return ranging from 10% to 12%, there can be no assurance that the Fund will generate sufficient cash flow from its investments to meet such obligations.

### Illiquidity of Interests

Interests in the Fund are illiquid, have no public market, and are subject to restrictions on transfer. Redemption of Interests is subject to the discretion of the Manager and to the availability of Fund assets. Investors should be prepared to hold their Interests for an indefinite period.

### Lack of Diversification

The Fund expects to concentrate its investments in a relatively narrow asset class — short-term loans to fix-and-flip real estate operators. Lack of diversification increases vulnerability to downturns in this specific market segment.

### Dependence on Manager

The success of the Fund depends heavily on the experience, relationships, and expertise of the Manager and its principals. The loss of their services or a decline in their performance could materially and adversely affect the Fund.

### Risks Related to Lending Strategy

### Credit Risk and Default

Borrowers may default on their obligations. Although loans will be secured by first-position liens and capped at 65% of after-repair value ("LTARV"), foreclosure may not fully cover the outstanding balance, particularly in a declining real estate market.

### Valuation Risk

The Fund relies on appraisals and market assessments to determine after-repair value. These estimates may prove inaccurate, leading to loans that are under-collateralized relative to actual market value.

### Market Cyclicality

The fix-and-flip housing market is cyclical and sensitive to interest rates, employment levels, housing demand, and construction costs. A downturn could impair borrower liquidity, depress property values, and increase default risk.

### Illiquidity of Collateral

Even when loans are secured by real estate, foreclosing, maintaining, and liquidating such assets may involve delays, additional expenses, and uncertain recoveries.

### Geographic Concentration

While the Fund targets underserved middle-American markets, adverse conditions in those regions could disproportionately affect the Fund's performance.

### Regulatory Risk

Real estate lending is subject to federal and state laws. Changes in lending, foreclosure, or consumer protection regulations could increase compliance costs, limit enforceability of loan terms, or restrict operations.

### Operational Risks

### Reliance on Repeat Borrowers

Approximately 70% of the Manager's loans are made to repeat borrowers. While this indicates loyalty, it also concentrates exposure. A decline in the creditworthiness of these borrowers could adversely affect performance.

### Manager Conflicts of Interest

The Manager and its principals may engage in other business ventures, including real estate investment and development, which may compete for their time, attention, or resources.

### Operational Capacity

The Manager must process and service loans quickly to meet its competitive advantage. Any failure in underwriting, due diligence, or operational execution may result in losses.

### Technology and Payment Systems

Loan payments are collected electronically. Disruptions in electronic payment systems, cybersecurity breaches, or errors could adversely impact cash flow.

### Investor-Specific Risks

No Voting Rights. Investors have no role in the management of the Fund. All decisions regarding the Fund's operations, investments, and distributions rest solely with the Manager.

Tax Considerations. Investment in the Fund may have adverse tax consequences for certain investors. Each investor should consult with their own tax advisor regarding the tax consequences of an investment in the Fund.

No Insurance or Guarantee. The Interests are not insured by the FDIC, SIPC, or any other governmental agency. No person or entity guarantees the return of capital or any return on investment.

## Changing Economic Conditions

The success of any investment activity is determined to some degree by general economic conditions. The availability, unavailability, or hindered operation of external credit markets, equity markets and other economic systems which the Fund may depend upon to achieve its objectives may have a significant negative impact on the Fund's operations and profitability. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. There can be no assurance that such markets and economic systems will be available or will be available as anticipated or needed for the Fund to operate successfully. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.

## No Assurance of Investment Return

The General Partner and the Investment Manager cannot provide assurance that they will be able to choose, make, and realize investments in any particular type of Investment. There can be no assurance that the Partnership will be able to generate returns for the Limited Partners or that the returns will be commensurate with the risks of investing in the type of assets described herein. There can be no assurance that any Limited Partner will receive any distribution from the Partnership. Accordingly, an investment in the Partnership should only be considered by persons who can afford a loss of their entire investment.

## Future and Past Performance

The past performance of the principals of the General Partner or the Investment Manager is not necessarily indicative of the Fund's future results. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.

## Reliance on the General Partner and Key Management Personnel

The General Partner will have sole discretion over the investment of the funds committed to the Fund as well as the ultimate realization of any profits. The Limited Partners will not receive the detailed financial information for potential Investments that will be available to the Fund. Accordingly, the Limited Partners will not have the opportunity to evaluate the relevant economic, financial and other information that will be utilized by the General Partner in its selection of investments. The success of the Partnership will depend, in large part, upon the skill and expertise of the Investment Committee Members and other key involved persons. These individuals are under no contractual obligation to remain with the General Partner, the Investment Manager or the Partnership and are not required to devote all of their time to the Partnership's affairs. The loss of one or more of the principals of the General Partner or the Investment Manager could have a significant adverse impact on the business of the Fund.

The principals will not be required to devote substantially all of their business time to the Fund, and will be permitted to engage in other businesses and activities unrelated to the Fund. There can be no assurance that the principals will be able to duplicate prior levels of success.

## Compensation Arrangement with the General Partner

The Carried Interest allocation to be made to the General Partner may create an incentive for the General Partner to make Investments that are riskier or more speculative than the Investments the General Partner would otherwise recommend if its compensation did not include a Carried Interest component.

## Competitive Marketplace

The marketplace has become increasingly competitive. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. Some of the Fund's potential competitors may have greater financial and personnel resources than the General Partner. There can be no assurances that the General Partner will locate an adequate number of attractive investment opportunities.

## Availability of Attractive Investment Candidates

The ultimate success of the Fund will hinge on its ability to locate attractive investment candidates. There can be no assurances that attractive candidates will be found in sufficient quantity to allow all of the capital commitments to be drawn within the investment period.

## Phantom Income

Investors in the Partnership will be required to take into account for U.S. federal income tax purposes their allocable shares of the Partnership's income without regard to the amount, if any, of distributions they have received from the Partnership. Certain of the Partnership's Investments may be structured so as to cause the Partnership to recognize taxable income in excess of its economic income ("phantom income"). Accordingly, to the extent the Partnership recognizes phantom income or is not otherwise in a position to distribute its income, investors may be required to pay federal income tax on amounts substantially in excess of cash distributions.

## Lack of Information for Monitoring and Valuing the Fund's Assets

Despite the General Partner's efforts to acquire sufficient information to monitor certain of the Fund's investments, the General Partner may only be able to obtain limited information at certain times and may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of its investments. Further, the General Partner will have to make valuation determinations without the benefit of an adequate amount of relevant information. Prospective investors should be aware that because of these difficulties, as well as other uncertainties, any valuation made by the General Partner may not represent the fair market value of the securities acquired by the Fund.

## Partnership Borrowing

The Partnership may borrow on a secured or unsecured basis for any purpose, including to make Investments and to increase investment capacity, pay fees and expenses or to make distributions. Although the Partnership does not intend to employ significant leverage at the Partnership level, the Partnership may achieve leverage in certain transactions. If Investment results fail to cover the cost of borrowings, the Partnership's returns could decrease faster than

if there had been no borrowings. Such leverage will increase the exposure of an Investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Investment. The presence of leverage substantially increases the risk profile of the Partnership and its Investments.

## Limitations on Ability to Exit Investments

The General Partner expects to exit from its investments by private sales. At any particular time, this avenue may not be open to the Fund, or timing with respect to these exit mechanisms may be inopportune. At present, the market for private sales remains illiquid. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

## No Market; Illiquidity of Fund Interests

An investment in the Fund will be illiquid and involves a high degree of risk. There is no public market for the Interests, and it is not expected that a public market will develop. Consequently, Limited Partners will bear the economic risks of their investment for the term of the Fund. Prospective investors will be required to represent and agree that they are purchasing the Interests for their own account for investment only and not with a view to the resale or distribution thereof.

## Restrictions on Transfer and Withdrawal

Interests have not been registered under the Securities Act, the securities laws of any U.S. state, or the securities laws of any other jurisdiction, and therefore, cannot be sold unless they are subsequently registered or an exemption from registration is available. It is not expected that registration will ever be effected. A Limited Partner will not be permitted to assign, sell, exchange or transfer any of its interest without the prior written consent of the General Partner, which consent may be withheld in the sole and absolute discretion of the General Partner. Except in extremely limited circumstances, voluntary withdrawals from the Partnership will not be permitted.

## Limited Portfolio Diversification

To the extent the Investment Manager concentrates the Partnership's Investments in a particular market, the Partnership's portfolio may become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular market. Because the Partnership's Investments are expected to be concentrated within targeted markets, portfolio diversification will be less than would be possible if the Partnership were to invest in a range of opportunities across several markets.

## Legal and Regulatory Risks

The Fund is not and does not expect to be registered as an "investment company" under the Investment Company Act of 1940, pursuant to an exemption set forth in Sections 3(c)(1), 3(c)5 and/or 3(c)(7) of the Investment Company Act. There is no assurance that such exemptions will continue to be available to the Fund. In addition, neither the General Partner nor its affiliates are registered as an "investment adviser" under the Investment Advisers Act of 1940. The Fund does not plan to register the offering of the Interests under the Securities Act. As a result, Limited Partners will not be afforded the protections of such Acts with respect to their investment in the Fund.

## AIFMD

The EU Alternative Investment Fund Managers Directive ("AIFMD") came into force on July 22, 2013. The AIFMD regulates the activities of private fund managers undertaking fund management activities or marketing fund interests to investors within the EU. If the Fund is

marketed to EU-based investors the Fund will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses.

## Cybersecurity Risks

With the increased use of technologies such as the Internet and the dependence on computer systems, the Partnership and its service providers may be prone to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Partnership, the General Partner, and/or third-party service providers may adversely impact the Partnership or the Limited Partners, including interference with processing of Limited Partner transactions, release of private Limited Partner information, reputational damage, and subject the Partnership to regulatory fines, penalties or financial losses.

## Dodd-Frank Act

As a result of the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), there have been and will continue to be extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial services industry as a whole. Additionally, under the Dodd-Frank Act, the SEC has mandated new recordkeeping and reporting requirements for investment advisers, which will add costs to the legal, operational and compliance obligations of the General Partner, the Investment Manager and the Partnership.

## The Investment Manager is Subject to Extensive Regulation

The Investment Manager is subject to extensive regulation, including periodic examinations, by governmental agencies and self-regulatory organizations. These authorities have regulatory powers dealing with many aspects of financial services, including the authority to grant, and in specific circumstances to cancel, permissions to carry on particular activities. Many of these regulators are also empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel, changes in policies, procedures or disclosure or other sanctions.

## Natural Disasters, Terrorist Acts and Similar Dislocations

Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest, the impacted country or region may not efficiently and quickly recover from such event, which can have a material adverse effect on the Partnership's Investments. Terrorist attacks and related events can result in increased short-term economic volatility. Such disruptions of the world financial markets could affect interest rates, ratings, credit risk, inflation, availability of borrowing and other factors relating to the Partnership's Investments.

## Tax Risks

Certain tax risks relating to an investment in the Fund are discussed in the Section titled "CERTAIN TAX AND REGULATORY MATTERS," which prospective investors should read carefully. No assurances can be given that current tax laws, rulings and regulations will not be changed during the life of the Fund. Prospective investors should consult their tax advisors for further information about the tax consequences of purchasing an Interest in the Fund.

## Diverse Investors

The Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Fund. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of investments and the timing of disposition of investments. In selecting and structuring investments appropriate for the Fund, the General Partner will consider the investment and tax objective of the Fund and the Partners as a whole, not the investment, tax or other objective of any Limited Partner individually.

### Failure to Make Capital Contributions

If a Limited Partner fails to pay when due installments of its capital commitment to the Fund, and the contributions made by non-defaulting Limited Partners and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties that could materially and adversely affect the returns to the Limited Partners. If a Limited Partner defaults, it may be subject to various remedies as provided in the Partnership Agreement.

### OFAC and FCPA Considerations

Economic sanction laws in the United States and other jurisdictions may prohibit the General Partner, the principals and the Fund from transacting with or in certain countries and with certain individuals and companies. The U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders, and regulations establishing United States economic and trade sanctions. In addition, the General Partner, the principals and the Fund are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws, anti-bribery laws and regulations. Any determination that the Fund or the General Partner has violated the FCPA or other applicable anti-corruption laws could subject the Fund or the General Partner to civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, and securities litigation.

## CONFLICTS OF INTEREST

The Partnership may be subject to a number of actual and potential conflicts of interest. Although the General Partner and the Investment Committee Members will devote to the Partnership as much time as is necessary or appropriate, in their judgment, to manage the Partnership's activities, certain of the Investment Committee Members and their affiliates also provide discretionary investment management services to other investment programs. The following briefly summarizes some of the conflicts to which the Partnership is subject but is not intended to be an exclusive list of all such conflicts.

### Investment Opportunities

Instances may arise where the interest of the General Partner (or its members or affiliates) or Investment Committee Members may potentially or actually conflict with the interests of the Fund and the Limited Partners. For example, the existence of the General Partner's carried interest may create an incentive for the General Partner to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such performance-based arrangements. By subscribing for an Interest in the Fund, each Limited Partner understands, consents and agrees to such conflicts of interest.

### Other Activities of the Investment Committee Members

The Investment Committee Members will devote such time as shall be reasonably necessary to conduct the business affairs of the Partnership in an appropriate manner. The Investment Committee Members and their affiliates are not prohibited from engaging directly or indirectly, in any other business venture. Because certain of the Investment Committee Members may

devote significant time to other projects, including other financial services firms or other financing investment funds and businesses, conflicts may arise in the allocation of management resources.

## Related-Party Transactions

In the operation of the Partnership, the General Partner and the Investment Committee Members may have conflicts of interest in connection with transactions with or services provided to the Partnership itself. If the General Partner or any of its respective affiliates engages in any related-party transaction in which compensation is paid, the General Partner will evaluate the terms of such transactions to ensure that the terms will, in the good faith judgment of the General Partner, be fair to the Partnership and will be consistent with market rates.

## General Partner Counsel

Legal counsel for the General Partner, the Partnership, and the Investment Manager ("Counsel") may be retained in connection with the formation of the Partnership. Counsel renders legal services to the General Partner, the Partnership and the Investment Manager and does not represent the interests of any Limited Partner. Prospective investors should seek their own legal, tax and financial advice before making an investment in the Partnership. Counsel has not investigated or verified the accuracy and completeness of any information set forth in this Memorandum.

## Use of Placement Agents

The Partnership or the General Partner on behalf of the Partnership may engage placement agents in respect of the offering of Interests to certain prospective investors. Any such placement agent acts for the Partnership and/or the General Partner and not as an investment adviser to prospective investors in connection with the offering of Interests. Any placement agent fees and expenses will be borne by the Partnership. Prospective investors should recognize that each placement agent's participation as a placement agent for the Interests may be influenced by its interest in current or future fees and commissions.

**NO ASSURANCE CAN BE GIVEN THAT THIS OFFERING OR THE FUND'S INVESTMENT OBJECTIVES CAN BE ACHIEVED.**

**THE FOREGOING LISTS OF RISK FACTORS AND CONFLICTS OF INTERESTS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE ACTUAL OR POTENTIAL RISKS AND CONFLICTS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS MUST READ THE ENTIRE MEMORANDUM, THE PARTNERSHIP AGREEMENT AND THE SUBSCRIPTION DOCUMENTS BEFORE DETERMINING WHETHER TO INVEST IN THE FUND. ALL POTENTIAL INVESTORS SHOULD OBTAIN PROFESSIONAL GUIDANCE FROM THEIR TAX AND LEGAL ADVISORS IN EVALUATING ALL OF THE TAX IMPLICATIONS AND RISKS INVOLVED IN INVESTING IN THE FUND.**

# X. CERTAIN TAX AND REGULATORY MATTERS

## Certain Federal Income Tax Considerations

Set forth below is a discussion, in summary form, of certain United States federal income tax consequences relating to an investment in the Fund. This summary does not attempt to present all aspects of the United States federal income tax laws or any state, local or foreign laws that may affect an investment in the Fund. In particular, foreign investors, financial institutions, insurance companies, tax-exempt entities and other investors of special status must consult with their own professional tax advisors. No ruling has been or will be requested from the United States Internal Revenue Service (the "IRS") and no assurance can be given that the IRS will agree with the tax consequences described in this summary. Each prospective Limited Partner should consult with its own tax adviser in order to fully understand the United States federal, state, local and foreign income tax consequences of an investment in the Fund.

Except as otherwise indicated below, references in this discussion to Partners or Limited Partners refer to "U.S. persons," which include an individual who is a citizen of the United States or is treated as a resident of the United States for United States federal income tax purposes, a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust that (i) is subject to the supervision of a court within the United States and the control of one or more United States persons as described in Section 7701(a)(30) of the United States Internal Revenue Code of 1986, as amended (the "Code"), or (ii) has a valid election in effect under applicable Treasury regulations to be treated as a United States person. If a partnership holds Interests, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Persons that are partners in a partnership investing in the Fund should consult their own tax advisors. For purposes of this discussion, a "Non-U.S. Limited Partner" is a person (other than a partnership for United States federal income tax purposes) that is not a U.S. person as defined above.

## Fund Status

The Fund will be classified and reported as a partnership for United States federal income tax purposes.

## Taxation of Partners

Each constituent Partner will report on its federal income tax return its distributive share of the Fund's items of income, gain, loss, deduction and credit for the taxable year. The character of such items, determined at the Fund level, will pass through to the Partners (for example, Partners will treat as interest, dividends or capital gain, their distributive shares of such items recognized by the Fund).

Each Partner will be required to report on its federal income tax return its distributive share of any income or gain recognized by the Fund, whether or not amounts representing such distributive share have been distributed to it.

Distributions from the Fund, whether made currently or upon liquidation of the Fund, generally may be received by a Partner without further United States federal income tax. The general rules relating to the United States federal income tax treatment of distributions to the Partners may be summarized as follows:

(A) Cash distributions will not be taxable to a Partner except to the extent they exceed the Partner's tax basis for its Interest. The excess would generally be taxable as long-term or short-term capital gain, depending on the Partner's holding period for its Fund interest;

(B) In-kind distributions of portfolio securities or other assets of the Fund generally will not be taxable to the recipient Partner or the Fund. A partner that receives a distribution of marketable securities from a partnership generally is required to recognize taxable gain to the extent that the fair market value of the distributed securities exceeds the partner's tax basis in its partnership interest. There are a number of exceptions to this rule, including an exception for distributions by qualified "investment partnerships." It is expected that the Fund will qualify as an "investment partnership" and that, accordingly, distributions of marketable securities by the Fund generally will not give rise to the current recognition of taxable gain;

(C) For purposes of determining a Partner's gain or loss on a subsequent sale of the Fund's assets distributed in-kind (other than in liquidation of the Partner's Interest), the Partner's tax basis for such assets will be equal to the Fund's adjusted basis for the assets or, if less, the Partner's tax basis for its Fund interest immediately before the distribution. A Partner's tax basis for assets distributed in liquidation of its Fund interest will be equal to its tax basis in its Fund interest. The Partner's capital gain holding period for assets distributed without the recognition of gain will include the period during which the assets were held by the Fund; and

(D) No loss will be recognized by a Partner upon the receipt of a distribution from the Fund except where the distribution is a liquidating distribution consisting solely of cash, and the amount of cash is less than the Partner's tax basis in its Fund interest immediately before the distribution.

## Deductions

Subject to certain limitations described below, a Partner will be entitled to deduct on its United States federal income tax return its distributive share of Fund loss, but not in excess of its tax basis in its Fund interest. If a Partner's distributive share of Fund loss exceeds the Partner's tax basis in its Fund interest, such excess may not be deducted but may be carried over and deducted in any later year if and to the extent the Partner's tax basis exceeds zero and such loss carryover is otherwise deductible. Each Limited Partner should have a sufficient tax basis in its Interest to deduct losses up to an amount equal to its cash investment in the Fund.

The "at risk" provisions of Section 465 of the Code impose additional limitations on the deductibility of partnership losses. These provisions may limit the Partners' ability to deduct Fund losses if the Fund incurs indebtedness or in certain other situations.

In the case of a Partner who is an individual, expenses of producing income, including management fees, are to be aggregated with unreimbursed employee business expenses and other expenses of producing income, and the aggregate amount of such expenses will be deductible only to the extent such amount exceeds 2% of a taxpayer's adjusted gross income. In addition, total allowable itemized deductions, other than medical costs, casualty and theft losses and investment interest expense, are reduced by a percentage of the amount of the taxpayer's adjusted gross income in excess of a threshold amount. The threshold amount is to be adjusted for inflation each year.

Expenses subject to the limitations described in the preceding paragraph do not include expenses incurred in connection with a trade or business. The issue of whether the Fund will be engaged in a trade or business for United States federal income tax purposes is unclear. The

General Partner believes that the Fund will not be engaged in a trade or business. Assuming the Fund is not engaged in a trade or business, an individual Partner's share of certain expenses of the Fund will be subject to the limitations described in the preceding paragraph.

Section 469 of the Code limits the deductibility of losses from passive activities. These provisions apply to individuals, estates, trusts, personal service corporations and closely held corporations. In general, a taxpayer's losses from passive activities may only be offset against income from passive activities and not against income such as salary or investment income. Any amount of passive activity loss that is disallowed may be carried over to the following years to offset passive activity gains in such subsequent years. A passive activity is any activity that involves the conduct of any trade or business and in which the taxpayer does not materially participate. The General Partner believes that the Fund's activities will not be considered trade or business activities to which the passive activity loss provisions of the Code would apply.

## Capital Gain and Dividend Tax Rates

The Fund expects that its gains and losses from its securities transactions typically will be capital gains and capital losses. Property held for more than one year generally will be eligible for long-term capital gain or loss treatment.

Under current United States federal income tax law, the maximum ordinary income tax rate for individuals is 39.6% and, in general, the maximum individual income tax rate for long-term capital gains of U.S. individuals is 20%, although the actual rates may be higher due to the phase out of certain tax deductions, exemptions and credits. The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of $3,000; unused capital losses may be carried forward indefinitely but may not be carried back. For corporate taxpayers, the maximum income tax rate is currently 35%. A 3.8% Medicare tax is generally imposed on the net investment income of individuals, estates and trusts.

In general, non-corporate investors that, directly or via a pass-through entity such as the Fund, hold "qualified small business stock" ("QSBS") for more than 5 years are permitted to exclude from taxable income 50% of any gain subsequently recognized upon a sale or exchange of such stock. For each non-corporate investor, the amount of gain eligible for the QSBS exclusion generally is limited to the greater of: (i) 10 times the investor's basis in the stock or (ii) a total of $10 million with regard to stock in the issuing corporation.

To be treated as small business stock eligible for the QSBS exclusion, stock must have been acquired at original issue from a qualified small business corporation after August 10, 1993. In general, a qualified small business corporation is a domestic "C" corporation that, immediately after issuing the stock in question, has $100 million or less in gross assets and satisfies certain other requirements. Accordingly, there can be no assurance that any stock acquired directly or indirectly by the Fund would qualify for the QSBS exclusion.

## Rollover for Qualified Small Business Stock

Under Section 1045 of the Code, if an individual (i) realizes gain on a sale of QSBS that has been held by the individual for more than six months, and (ii) within 60 days after such sale, purchases new QSBS, the individual generally is required to recognize (and pay tax on) such gain only to the extent that the net proceeds from the original stock exceed the cost of the newly purchased stock. The benefits of Section 1045 are generally available to individuals who purchase, hold and sell qualified small business stock indirectly through a pass-through entity such as the Fund, although the extent to which a qualifying rollover may be made through a pass-through entity is limited.

## Investment by the Fund in Controlled Foreign Corporations

A non-United States corporation in which the Fund invests may be classified as a controlled foreign corporation ("CFC") in one or more taxable years while the corporation's stock is held by the Fund. In general, a foreign corporation will be classified as a CFC if five or fewer 10% United States shareholders own in the aggregate more than 50% of the voting power or value of the corporation's stock. Each 10% United States shareholder who owns shares, directly or indirectly, in a CFC on the last day of the corporation's taxable year will be required to include in gross income, as ordinary income, such shareholder's pro rata share of the corporation's Subpart F income. In addition, a 10% United States shareholder may recognize ordinary income on all or a portion of the gain from the sale of stock of a CFC.

## Investment by the Fund in Passive Foreign Investment Companies

A non-United States corporation in which the Fund invests may be classified as a passive foreign investment company ("PFIC") in one or more taxable years while the corporation's stock is held by the Fund. In general, a foreign corporation will be classified as a PFIC if (i) at least 75% of its gross income for the tax year is passive, or (ii) at least 50% of the assets held by the corporation during the year produces passive income. A direct or indirect United States shareholder of stock in a PFIC may defer United States tax until the stock is disposed of or until a distribution is received from the corporation.

## Tax-Exempt Limited Partners

Income recognized by United States tax-exempt entities, including qualified retirement plans and individual retirement accounts, is generally exempt from United States federal income tax. Section 511 of the Code, however, imposes a tax on such an entity's "unrelated business taxable income" ("UBTI"). UBTI is income from an unrelated trade or business regularly carried on. Most types of passive investment income, including dividends, interest, royalties and gains from the sale of securities are excluded from UBTI. Certain income generated with debt financing (so-called "unrelated debt financed income") may also constitute UBTI.

## Non-U.S. Limited Partners

The United States federal income tax treatment of Non-U.S. Limited Partners will vary depending on whether the Fund is treated as being engaged in a trade or business in the United States. If, as is expected, the Fund is treated as not engaged in a United States trade or business, Non-U.S. Limited Partners will be subject to United States taxation only in limited instances. For Non-U.S. Limited Partners that are not engaged in a United States trade or business, United States source investment income including dividends, royalties, certain interest and other similar income paid to the Fund and allocable to such Non-U.S. Limited Partners will generally be subject to a 30% U.S. withholding tax. The withholding tax may be reduced or eliminated in some circumstances for residents of countries with which the United States has income tax treaties.

Interest from certain investments is exempt from U.S. withholding tax under the portfolio interest exception. In order to constitute portfolio interest, the debt obligation must either be issued in registered form and the foreign partner must have provided the withholding agent with a properly completed IRS Form W-8 BEN, or the obligation must be issued in bearer form and sold only overseas to foreign buyers.

If the Fund were engaged in a trade or business (either directly or indirectly through an investment in a flow-through entity such as a partnership or limited liability company) at any time during the taxable year, each Non-U.S. Limited Partner would be treated as being engaged in a

United States trade or business and would be subject to United States income taxation on income that is effectively connected with the conduct of that trade or business.

Each potential investor that is a non-resident alien with respect to the United States is urged to consult with and must rely upon the advice of its own professional tax advisors with respect to the United States and foreign tax treatment of an investment in the Fund.

### Reporting and Certain Future Withholding Taxes

The General Partner will furnish each Partner with an annual statement setting forth information relating to the operations of the Fund (including information regarding such Partner's distributive share of partnership income and gains, losses, deductions and credits for the taxable year) as is reasonably required to enable the Partner to properly report to the IRS with respect to such Partner's participation in the Fund.

The United States federal information tax returns filed by the Fund may be subject to audit by the IRS and the audit of the Fund's returns could result in an audit of the Partners' own United States federal income tax returns. The General Partner will serve as the Fund's "Partnership Representative" for purposes of coordinating any such proceedings and providing any required notices about such proceedings to the Partners.

### FATCA

Pursuant to Code Sections 1471-1474 and complex tax regulations ("FATCA"), the Fund will be required to deduct a 30% withholding tax from payments of certain United States source income, including capital gains, made to its foreign Partners unless the foreign Partners are individuals or establish an exemption from this new withholding tax. The FATCA withholding tax cannot be reduced under a tax treaty. Each Partner will be required to provide the Fund any and all information required for the Fund to meet its obligations under FATCA.

### General

The foregoing discussion is for general information purposes and intended only as a general summary of some of the principal United States federal income tax aspects of participation in the Fund. The tax rules applicable with respect to the treatment of the Partners, the Fund and the transactions that the Fund may engage in are highly complex, and their effect, in certain instances, may not be free from doubt. It also must be emphasized that the tax rules presently applicable with respect to the transactions described in this offering are subject to change at any time, and any such changes may or may not be made with retroactive effect.

*Circular 230 Disclaimer. This summary was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. This summary was written to support the promotion or marketing of interests in the Fund. Each prospective investor should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.*

## Certain Securities Law and Anti-Money Laundering Considerations

### Investment Company Act of 1940

The Fund will not be subject to the provisions of the Investment Company Act in reliance upon either Section 3(c)(1), 3(c)(5) or Section 3(c)(7) of the Investment Company Act. The Fund's Subscription Agreement and the Partnership Agreement will contain representations and restrictions on transfer designed to ensure that the conditions of one or both of these provisions will be met.

In addition, the General Partner will be entitled to form a separate, side-by-side partnership that would avoid the application of the Investment Company Act based on application of either Section 3(c)(1) of the Investment Company Act (if the Fund is relying on Section 3(c)(7) of the Investment Company Act) or Section 3(c)(7) of the Investment Company Act (if the Fund is relying on Section 3(c)(1) of the Investment Company Act).

## Investment Advisers Act of 1940

Neither the General Partner nor the Investment Manager is currently registered under the Advisers Act. However, as a consequence of the amendments to the Advisers Act under the Dodd-Frank Act and rules recently promulgated thereunder by the SEC, the General Partner and/or the Investment Manager may be required to become registered under the Advisers Act as an investment adviser. In such event, the General Partner and/or the Investment Manager could become subject to additional regulatory and compliance requirements associated with such legislation. Any such additional requirements may be costly and/or burdensome to the General Partner and/or the Investment Manager and could result in the imposition of restrictions and limitations on the operations of the Fund and/or the disclosure of information to United States regulatory authorities regarding the operations of the Fund.

The Advisers Act and rules promulgated thereunder provide for exemptions from registration under the Advisers Act on which the General Partner and the Investment Manager will rely upon to the extent they are able to meet the requirements of such exemptions, but there is no assurance that they will be able to comply with such requirements. While the General Partner and the Investment Manager remain exempt, investors in the Fund will not be afforded the full protections under the Advisers Act that would apply if the General Partner or the Investment Manager were to register as an investment adviser with the SEC. Even if the Investment Manager and the General Partner can comply with exemptions to registration, they may nonetheless be required to file certain reports with the SEC regarding their activities.

## Securities Act of 1933

The Interests described herein are not being registered under the Securities Act, in reliance upon exemptions for transactions not involving a public offering. Each investor will be required to execute certain agreements in connection with its subscription for an Interest, and in so doing will make certain representations to the General Partner, including: (i) that it is an “accredited investor” as defined in Regulation D under the Securities Act; (ii) that it is acquiring its Interest for its own account, for investment purposes only, and not with a view to its distribution; (iii) that it has received or had access to all information it deems relevant to evaluate the merits and risks of the prospective investment and that it has reviewed and understood all such information; (iv) that it has the ability to bear the economic risk of an investment in the Fund for an indefinite period of time; and (v) that it has such knowledge and experience of financial and business matters that it is capable of evaluating the merits of an investment in the Fund.

Prior to sale, offerees and their advisors are invited to ask questions and obtain additional information from the General Partner concerning the Interests described herein, the terms and conditions of the offering, and any other relevant matters (including, but not limited to, additional information to verify the accuracy of the information set forth herein).

## Anti-Money Laundering Regulations

All subscriptions for the Interests described herein are subject to applicable anti-money laundering regulations. Investors will be required to comply with such anti-money laundering procedures as are required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT Act) Act of 2001 (Pub. L. No. 107-56).

As part of the Fund's responsibility to comply with regulations aimed at the prevention of money laundering, the Fund may require verification of identity from all prospective investors. The Fund may seek to: verify the identity of a prospective investor; ensure that the prospective investor is not named on one of the prohibited lists maintained by the U.S. Treasury Department; verify the source of a prospective investor's funds; once a prospective investor becomes a limited partner, monitor communications, capital contributions and withdrawals, and other payments involving the limited partner; and report suspicious activity to appropriate authorities. The Fund may be required to exercise special scrutiny when prospective investors employ certain kinds of financial institutions or financial institutions from certain countries or when prospective investors are senior governmental or military officials or senior executives of government-owned businesses. U.S. anti-money laundering regulations are developing and changing continually and the Fund may be required to implement other anti-money laundering measures from time to time. Prospective investors should be aware that in order to comply with any applicable anti-money laundering regulations, whether in the United States or any other applicable jurisdiction, certain information regarding prospective investors and partners may be required to be transmitted to, or held in, the United States or disclosed to certain regulatory authorities in any applicable jurisdiction. Depending on the circumstances of each subscription, it may not be necessary to obtain full documentary evidence of identity.

The Fund reserves the right to request such information as is necessary to verify the identity of a prospective investor. The Fund also reserves the right to request such identification evidence in respect of a transferee of the Interests. In the event of delay or failure by the prospective investor or transferee to produce any information required for verification purposes, the Fund may refuse to accept the application or (as the case may be) to give effect to the relevant transfer and (in the case of a subscription for the Interests) any funds received will be returned without interest to the account from which the monies were originally debited.

The Fund also reserves the right to refuse to make any distribution to a Limited Partner, if the General Partner suspects or is advised that the payment of any distribution proceeds to such Limited Partner might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the General Partner with any such laws or regulations in any relevant jurisdiction.

## Certain ERISA Considerations

Each prospective investor that is an employee benefit plan (an "**ERISA Plan**") within the meaning of, and subject to the provisions of, the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or a plan within the meaning of, and subject to the provisions of, Section 4975 of the Code, such as an individual retirement account (IRA) (a "**Code Plan**"), should consider the matters described in this section in determining whether to invest in the Fund. The provisions of ERISA are complex and their application to an investment in the Fund should be reviewed by the appropriate representatives of any prospective investor that is an ERISA Plan or a Code Plan (each a "**Plan**"). In particular, each such prospective investor should consult with legal counsel concerning the issues described below. The following is intended to be a summary only and is not a substitute for careful planning with a professional adviser.

## Fiduciary Matters and Prohibited Transactions Generally

In considering an investment in the Fund of a portion of the assets of any ERISA Plan, any Code Plan and any entity whose underlying assets include plan assets by reason of an investment in such entity by an ERISA Plan or a Code Plan (but not a foreign or governmental benefit plan that

is not subject to ERISA or the Code) (a "benefit plan investor"), a fiduciary should consider, among other factors, (i) whether the investment is in accordance with the documents and instruments governing the Plan; (ii) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA, if applicable; (iii) whether the investment provides sufficient liquidity to permit benefit payments to be made as they become due; (iv) any requirement that the fiduciary annually value the assets of the Plan; (v) whether the investment is prudent, since there is a high degree of risk in purchasing the Interest and it is not expected that there will be any public market in which the Interests may be sold or otherwise disposed of; and (vi) whether the investment is for the exclusive purpose of providing benefits to participants and their beneficiaries.

ERISA and the Code prohibit Plan fiduciaries from engaging in various transactions ("**Prohibited Transactions**") involving Plan assets with persons who have certain relationships with respect to the Plan, such as Plan fiduciaries (a "party in interest"). Thus, for example, absent an exemption, the fiduciaries of a Plan should not purchase the Interests with assets of any Plan if the General Partner or any of its affiliates (i) has investment discretion with respect to such assets; or (ii) gives individualized investment advice where there is an understanding that it will serve as the primary basis for the investment decisions made with respect to such assets.

## Plan Assets

If the underlying assets of the Fund (as opposed to interests in the Fund alone) were deemed to be "plan assets" under ERISA, (i) the prudence and other fiduciary responsibility standards of Title I of ERISA would extend to investments made by the Fund; and (ii) certain transactions in which the Fund might seek to engage could constitute Prohibited Transactions.

Under a regulation (the "**Plan Assets Regulation**") issued by the U.S. Department of Labor ("**DOL**"), the assets and properties of certain entities in which a Plan makes an equity investment (other than an investment in a publicly offered security or a security issued by an investment company registered under the Investment Company Act) would be deemed to be assets of the investing Plan unless (i) the entity is an "operating company" (including a "venture capital operating company") or (ii) equity participation by "benefit plan investors" is less than 25% of any class of equity of the entity. Interests in the Fund will be neither publicly offered nor securities issued by an investment company registered under the Investment Company Act, within the meaning of the Plan Assets Regulation, and it is possible that benefit plan investors may purchase 25% or more of the Interests.

In general, the Fund will be considered to be a venture capital operating company if (i) as of the date of its initial long-term investment and on any date of each "annual valuation period" at least 50% of its assets, valued at cost and exclusive of short-term investments pending long-term commitment, are investments in operating companies as to which the Fund has contractual rights directly with the operating company to substantially participate in, or substantially influence, the conduct of such companies ("management rights") and (ii) the Fund actually exercises its management rights in at least one of such companies in the ordinary course of its business each year.

While the Fund expects to invest in operating companies (as defined in the Plan Assets Regulation) and generally to receive certain rights with respect to such companies (e.g., the right to appoint directors to the board of the operating companies, the right to consult on the day-to-day operation of operating companies and to discuss financing and acquisition opportunities with management of the operating companies, and the right to receive financial information from, and examine the books of, operating companies), it is not clear whether, even if the Fund were to receive and exercise all the rights it expects to obtain, such rights would be deemed to constitute

management rights within the meaning of the Plan Assets Regulation, because the DOL has said that such determination will be made on the basis of the particular facts involved in each case.

In the event that benefit plan investors purchase 25% or more of the Interests, the Fund expects to be operated as a venture capital operating company and intends to structure its investments in compliance with the requirements to qualify as such; however, the Fund cannot give any assurances as to whether it will be so considered.

## Plan Asset Consequences – Prohibited Transaction Exemptions

If the Fund's assets were deemed to constitute "plan assets" subject to Title I of ERISA or Section 4975 of the Code and a non-exempt Prohibited Transaction were to occur, then the General Partner, as a fiduciary and "party in interest," and any other "party in interest" that engaged in the Prohibited Transaction could be required (i) to restore to the Plan any profit realized on the transaction and (ii) to reimburse the Plan for any losses suffered by the Plan as a result of such investment. In addition, each "party in interest" involved could be subject to an excise tax equal to 15% of the amount involved in the Prohibited Transaction for each year such transaction continues and, unless such transaction were corrected within statutorily required periods, to an additional tax of 100%. Plan fiduciaries who make the decision to invest in an interest in the Fund could, under certain circumstances, be liable as co-fiduciaries for actions taken by the Fund or the General Partner.

Furthermore, unless appropriate administrative exemptions were available or were obtained, the Fund could be restricted from acquiring an otherwise desirable investment or from entering into an otherwise favorable transaction, if such acquisition or transaction would constitute a Prohibited Transaction.

## Form 5500 – Alternative Reporting Option

Most Plans must annually prepare and file with the Internal Revenue Service a Form 5500, Annual Return/Report of Employee Benefit Plan ("**Form 5500**"). Schedule C of Form 5500 requires expanded reporting of "indirect compensation" received by service providers to a Plan. "Indirect compensation" refers to compensation received from sources other than directly from a Plan or the sponsor of a Plan if received in connection with services rendered to the Plan. For this purpose, persons providing investment management services to a pooled investment vehicle in which a Plan invests are treated as indirectly providing investment management services to the Plan. Reportable "indirect compensation" thus includes fees received by a person from a pooled investment vehicle in which a Plan invests to the extent that such fees are charged against the pooled investment vehicle and reflected in the value of the Plan's investment, such as, for example, an investment adviser asset-based investment management fee. The disclosure and description of the Fund's compensation arrangements contained in this Memorandum and/or the Partnership Agreement are intended to satisfy the requirements for the alternative reporting option for "eligible indirect compensation" that are set forth in the instructions to Schedule C of Form 5500 because they disclose and describe (a) the existence of the indirect compensation, (b) the services provided for the indirect compensation or the purpose for the payment of the indirect compensation, (c) the amount (or estimate) of the compensation or a description of the formula used to calculate or determine the compensation, and (d) the identity of the party or parties paying and receiving the compensation.

***EACH PLAN FIDUCIARY SHOULD CONSULT ITS LEGAL ADVISER CONCERNING THE POTENTIAL CONSEQUENCES UNDER ERISA, SECTION 4975 OF THE CODE OR SIMILAR STATE LAW BEFORE MAKING AN INVESTMENT IN THE FUND.***

***ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN INTERESTS THAT IS, OR IS ACTING ON BEHALF OF, A PLAN (OR A GOVERNMENTAL PLAN SUBJECT TO LAWS SIMILAR TO ERISA AND/OR SECTION 4975 OF THE CODE) IS STRONGLY URGED TO CONSULT ITS OWN LEGAL, TAX AND ERISA ADVISERS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT AND THE ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE.***

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# XI. INVESTOR SUITABILITY STANDARDS

Prospective investors should satisfy themselves that an investment in the Fund is suitable for them, should examine this Memorandum, the Partnership Agreement, and Subscription Documents, and should avail themselves of access to such additional information about this offering of Interests, the Fund, the General Partner and its affiliates as they consider necessary to make an informed investment decision.

Interests in either Fund may be purchased only by sophisticated investors who: (i) are "accredited investors" (as defined in Rule 501(a) of Regulation D under the Securities Act); and (ii) satisfy the Fund's suitability criteria for such investors, as set forth in greater detail in the Subscription Documents. The General Partner may require that certain Subscribers (but not others) meet heightened net worth requirement and/or demonstrate knowledge or experience with venture investment.

In addition to net worth and income standards, each Subscriber must have funds adequate to meet personal needs and contingencies, must have no need for prompt liquidity from the investment, and must purchase Interests for investment only and not with a view to their sale or distribution.

Each Subscriber must also have sufficient knowledge and experience in financial and business matters generally and in securities investment in particular to be capable of evaluating the merits and risks of investing in the Fund. Because of the inability to withdraw from the Fund and the risks of the Fund's Investments (some of which are discussed under "***RISK FACTORS AND CONFLICTS OF INTEREST***"), a purchase of Interests would not be suitable for a Subscriber who does not meet the suitability standards discussed in this Memorandum.

The General Partner reserves the right to accept or reject any Subscriber's subscription to purchase Interests, in whole or in part, in its sole discretion.

A prospective Subscriber may not, however, rely on the General Partner to determine the suitability of an investment in the Interests for such prospective Subscriber. The General Partner assumes no liability for a Subscriber's decision to invest in the Fund.

***Reliance on Subscriber Information.*** The Fund requests certain information regarding the satisfaction of Subscriber suitability standards in the Investor Suitability Certification that each prospective Subscriber must complete. Limited Partners will make representations to the Fund and certain third-party beneficiaries in the Subscription Documents that they rely upon in accepting the Limited Partner's Subscription Documents or otherwise facilitating Limited Partner's participation in the offering of Interests. The Interests have not been registered under the Securities Act and are being offered in reliance on Section 4(2) thereof and Regulation D promulgated by the SEC thereunder, and in reliance on applicable exemptions from state law registration or qualification provisions. Accordingly, prior to selling Interests to any Subscriber, the General Partner intends to make all inquiries reasonably necessary to satisfy itself that the prerequisites of such exemptions have been met. Each prospective Subscriber will also be required to provide whatever additional evidence is deemed necessary by the General Partner to substantiate information or representations contained in its Subscription Documents (including the investor suitability certifications and questionnaires contained therein). The General Partner may reject any subscription for any reason, regardless of whether a prospective Subscriber meets the suitability standards. In addition, the General Partner may waive minimum suitability standards not imposed by law. The standards set forth above are only minimum standards.

***Investment Company Act.*** As a result of provisions of the Investment Company Act, no corporation, limited liability company, partnership, trust, association, or other entity that is registered as an investment company under the Investment Company Act or that relies on the exclusions from the definition of investment company contained in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act may own 10% or more of the outstanding equity Interests of the Fund.

***Transfers of Interests.*** Transfers of Interests without the prior written consent of the General Partner, which may be granted, withheld, conditioned or delayed in its sole discretion, are not permitted. The transferee of any Interests must meet all investor suitability standards, complete subscription documents and comply with any applicable anti-money laundering requirements. Any attempted Transfer that is not made in accordance with the Partnership Agreement will be null and void *ab initio*.

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# XII. SUBSCRIPTION PROCEDURE

No later than 24 hours prior to the closing (unless the General Partner waives such untimeliness), Subscriber must sign the Subscription Documents and deliver, via mail or electronically, to the Fund all required supporting documentation. Once made, subscriptions are irrevocable. By electronically agreeing to the Subscription Agreement and the Partnership Agreement, the investor agrees to all relevant terms and makes all necessary representations set forth in each such agreement. Each investor is responsible for reading and understanding each provision in the Subscription Documents and this Memorandum before signing. The General Partner may reject or accept, in whole or in part, any subscription in its sole discretion.

# XIII. ADDITIONAL INFORMATION

Subscribers are invited and strongly recommended to contact the General Partner for a further explanation of the terms and conditions of this offering and to obtain any additional information necessary to verify the information contained in this Memorandum to the extent the General Partner possesses such information or can acquire it without unreasonable effort or expenses. Requests for such information should be directed to the General Partner Contact at the General Partner's address listed on the preamble of this Memorandum.

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# NOTICES TO NON-U.S. PERSONS

*Prospective foreign investors should carefully consider the applicable legends stated below prior to deciding whether or not to invest in the Fund.*

NOTICE TO INVESTORS IN CANADA (ALBERTA, BRITISH COLUMBIA, ONTARIO AND QUEBEC)

THIS MEMORANDUM CONSTITUTES AN OFFERING OF THE INTERESTS ONLY IN THOSE JURISDICTIONS AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY LAWFULLY BE OFFERED FOR SALE, AND THEREIN ONLY BY PERSONS PERMITTED TO SELL THE INTERESTS. THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, A PROSPECTUS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE INTERESTS IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THIS MEMORANDUM OR THE MERITS OF THE INTERESTS, AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

**PURCHASERS' REPRESENTATIONS, COVENANTS AND RESALE RESTRICTIONS**

CONFIRMATIONS OF THE ACCEPTANCE OF OFFERS TO PURCHASE INTERESTS WILL BE SENT TO PURCHASERS IN CANADA WHO HAVE NOT WITHDRAWN THEIR OFFERS TO PURCHASE PRIOR TO THE ISSUANCE OF SUCH CONFIRMATIONS. EACH PURCHASER OF INTERESTS IN CANADA WHO RECEIVES A PURCHASE CONFIRMATION, BY THE PURCHASER'S RECEIPT THEREOF, REPRESENTS TO THE FUND AND ANY DEALER FROM WHOM SUCH PURCHASE CONFIRMATION IS RECEIVED THAT SUCH PURCHASER IS A PERSON OR COMPANY TO WHICH INTERESTS MAY BE SOLD WITHOUT THE BENEFIT OF A PROSPECTUS QUALIFIED UNDER APPLICABLE PROVINCIAL SECURITIES LAWS. IN PARTICULAR, PURCHASERS RESIDENT IN ONTARIO REPRESENT TO THE FUND THAT THE PURCHASER IS AN "ACCREDITED INVESTOR" AS SUCH TERM IS DEFINED IN SECTION 1.1 OF NATIONAL INSTRUMENT 45-106 - PROSPECTUS AND REGISTRATION EXEMPTIONS OF THE CANADIAN SECURITIES ADMINISTRATORS (THE "NI"). THE PURCHASER MUST PURCHASE THE UNITS AS PRINCIPAL. THE DISTRIBUTION OF INTERESTS IN CANADA IS BEING MADE ON A PRIVATE PLACEMENT BASIS TO RESIDENTS OF ONTARIO, QUÉBEC, BRITISH COLUMBIA AND ALBERTA (TOGETHER THE "CANADIAN JURISDICTIONS") AND IS EXEMPT FROM THE REQUIREMENTS IN THE CANADIAN JURISDICTIONS THAT THE FUND PREPARE AND FILE A PROSPECTUS WITH THE RELEVANT SECURITIES REGULATORY AUTHORITIES.

IN ONTARIO, THE INTERESTS WILL, AND IN OTHER CANADIAN JURISDICTIONS, THE INTERESTS MAY, BE DISTRIBUTED THROUGH ONE OR MORE DEALERS ("DEALERS") REGISTERED WITH THE RELEVANT SECURITIES REGULATORY AUTHORITY, PURSUANT TO SECTION 2.3 OF THE NI. THE MEMORANDUM IS FOR THE CONFIDENTIAL USE OF THOSE PERSONS TO WHOM IT IS DELIVERED BY THE DEALERS IN CONNECTION WITH THE OFFERING OF THE INTERESTS IN CANADA. THE DEALERS RESERVE THE RIGHT TO REJECT ALL OR PART OF ANY OFFER TO PURCHASE INTERESTS FOR ANY REASON, OR ALLOCATE TO ANY PROSPECTIVE PURCHASER LESS THAN ALL OF THE INTERESTS FOR WHICH IT HAS SUBSCRIBED. THE FUND IS NOT A "CONNECTED ISSUER" OR "RELATED ISSUER", WITHIN THE MEANING OF NATIONAL INSTRUMENT 33-105 – UNDERWRITING CONFLICTS OF THE CANADIAN SECURITIES ADMINISTRATORS, OF ANY SUCH DEALER.

**RESPONSIBILITY**

EXCEPT AS OTHERWISE EXPRESSLY REQUIRED BY APPLICABLE LAW OR AS AGREED TO IN CONTRACT, NO REPRESENTATION, WARRANTY OR UNDERTAKING (EXPRESS OR IMPLIED) IS MADE AND NO RESPONSIBILITIES OR LIABILITIES OF ANY KIND OR NATURE WHATSOEVER ARE ACCEPTED BY ANY DEALER AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION

CONTAINED IN THIS MEMORANDUM OR ANY OTHER INFORMATION PROVIDED BY THE FUND IN CONNECTION WITH THE OFFERING OF THE INTERESTS IN CANADA.

INVESTING IN THE INTERESTS INVOLVES RISKS. PROSPECTIVE PURCHASERS SHOULD REFER TO THE RISK FACTOR DISCLOSURE CONTAINED IN THIS MEMORANDUM FOR ADDITIONAL INFORMATION CONCERNING THESE RISKS.

**ENFORCEMENT OF LEGAL RIGHTS**

ALL OF THE FUND, ITS LEGAL REPRESENTATIVES, THE ADVISER, AND THEIR RESPECTIVE DIRECTORS AND OFFICERS MAY BE LOCATED OUTSIDE OF CANADA AND, AS A RESULT, IT MAY NOT BE POSSIBLE FOR CANADIAN PURCHASERS TO EFFECT SERVICE OF PROCESS WITHIN CANADA UPON THE FUND, ITS LEGAL REPRESENTATIVES, THE ADVISER, OR THEIR DIRECTORS OR OFFICERS. ALL OR A SUBSTANTIAL PORTION OF THE ASSETS OF THE FUND, ITS LEGAL REPRESENTATIVES, THE ADVISER, AND SUCH PERSONS MAY BE LOCATED OUTSIDE OF CANADA AND, AS A RESULT, IT MAY NOT BE POSSIBLE TO SATISFY A JUDGMENT AGAINST THE FUND, ITS LEGAL REPRESENTATIVES, THE ADVISER, AND SUCH PERSONS IN CANADA OR TO ENFORCE A JUDGMENT OBTAINED IN CANADIAN COURTS AGAINST THE FUND, ITS LEGAL REPRESENTATIVES, THE ADVISER, OR SUCH PERSONS OUTSIDE OF CANADA.

SECURITIES LEGISLATION IN CERTAIN OF THE CANADIAN JURISDICTIONS REQUIRES PURCHASERS TO BE PROVIDED WITH A REMEDY FOR RESCISSION OR DAMAGES, OR BOTH, IN ADDITION TO AND NOT IN DEROGATION FROM ANY OTHER RIGHT THEY MAY HAVE AT LAW, WHERE AN OFFERING MEMORANDUM AND ANY AMENDMENT TO IT CONTAINS A MISREPRESENTATION. THESE REMEDIES MUST BE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMITS PRESCRIBED BY THE APPLICABLE SECURITIES LEGISLATION.

PURCHASERS SHOULD REFER TO THE APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION FOR THE COMPLETE TEXT OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

THE APPLICABLE CONTRACTUAL AND/OR STATUTORY RIGHTS ARE SUMMARIZED BELOW. THE SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS OF THE APPLICABLE PROVINCIAL SECURITIES LAWS AND THE REGULATIONS AND RULES THERE UNDER AND REFERENCE IS MADE THERETO FOR THE COMPLETE TEXT OF SUCH PROVISIONS.

**RIGHTS FOR PURCHASERS IN ONTARIO**

PURCHASERS IN ONTARIO TO WHOM THIS MEMORANDUM IS DELIVERED AND WHO PURCHASE INTERESTS IN RELIANCE ON THE PROSPECTUS EXEMPTION PROVIDED BY SECTION 2.3 OF ONTARIO SECURITIES COMMISSION RULE 45-501 ARE HEREBY GRANTED THE FOLLOWING RIGHTS:

IN THE EVENT THAT THIS MEMORANDUM OR ANY AMENDMENT THERETO DELIVERED TO A PURCHASER OF INTERESTS IN ONTARIO CONTAINS AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMITS TO STATE A MATERIAL FACT THAT IS REQUIRED TO BE STATED OR THAT IS NECESSARY TO MAKE ANY STATEMENT THEREIN NOT MISLEADING IN THE LIGHT OF THE CIRCUMSTANCES IN WHICH IT WAS MADE (HEREIN CALLED A “MISREPRESENTATION”) AND IT WAS A MISREPRESENTATION AT THE TIME OF PURCHASE, THE PURCHASER WILL BE DEEMED TO HAVE RELIED UPON THE MISREPRESENTATION AND WILL, SUBJECT AS HEREINAFTER PROVIDED, HAVE A RIGHT OF ACTION AGAINST THE FUND FOR DAMAGES, OR, WHILE STILL THE OWNER OF THE INTERESTS PURCHASED BY THAT PURCHASER FOR RESCISSION, IN WHICH CASE, IF THE PURCHASER ELECTS TO EXERCISE THE RIGHT OF RESCISSION, THE PURCHASER WILL HAVE NO RIGHT OF ACTION FOR DAMAGES AGAINST THE FUND, PROVIDED THAT:

- THE RIGHT OF ACTION FOR RESCISSION WILL BE EXERCISABLE BY A PURCHASER ONLY IF THE PURCHASER GIVES NOTICE TO THE FUND NOT LATER THAN 180 DAYS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION;

- THE RIGHT OF ACTION FOR DAMAGES OR ANY OTHER ACTION OTHER THAN THE RIGHT OF ACTION FOR RESCISSION WILL BE EXERCISABLE BY A PURCHASER ONLY IF THE PURCHASER GIVES NOTICE TO THE FUND NOT LATER THAN THE EARLIER OF (I) 180 DAYS AFTER THE PURCHASER HAD KNOWLEDGE OF THE FACTS GIVING RISE TO THE CAUSE OF ACTION OR (II) THREE YEARS AFTER THE DATE OF THE TRANSACTION THAT GAVE RISE TO THE CAUSE OF ACTION;

- THE FUND WILL NOT BE LIABLE IF IT PROVES THAT THE PURCHASER PURCHASED THE INTERESTS WITH KNOWLEDGE OF THE MISREPRESENTATION;

- IN THE CASE OF AN ACTION FOR DAMAGES, THE FUND WILL NOT BE LIABLE FOR ALL OR ANY PORTION OF THE DAMAGES THAT IT PROVES DOES NOT REPRESENT THE DEPRECIATION IN VALUE OF THE INTERESTS AS A RESULT OF THE MISREPRESENTATION RELIED UPON; AND

- IN NO CASE WILL THE AMOUNT RECOVERABLE IN ANY ACTION EXCEED THE PRICE AT WHICH THE INTERESTS WERE SOLD TO PURCHASER.

- THE STATUTORY RIGHTS DISCUSSED ABOVE ARE IN ADDITION TO AND WITHOUT DEROGATION FROM ANY OTHER RIGHT THE PURCHASER MAY HAVE AT LAW.

THE FUND WILL NOT BE LIABLE FOR A MISREPRESENTATION IN FORWARD-LOOKING INFORMATION IF THE FUND PROVES THAT:

- THIS MEMORANDUM CONTAINS, PROXIMATE TO THE FORWARD-LOOKING INFORMATION, REASONABLE CAUTIONARY LANGUAGE IDENTIFYING THE FORWARD-LOOKING INFORMATION AS SUCH, AND IDENTIFYING MATERIAL FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM A CONCLUSION, FORECAST OR PROJECTION IN THE FORWARD-LOOKING INFORMATION, AND A STATEMENT OF MATERIAL FACTORS OR ASSUMPTIONS THAT WERE APPLIED IN DRAWING A CONCLUSION OR MAKING A FORECAST OR PROJECTION SET OUT IN THE FORWARD-LOOKING INFORMATION; AND

- THE FUND HAS A REASONABLE BASIS FOR DRAWING THE CONCLUSION OR MAKING THE FORECASTS AND PROJECTIONS SET OUT IN THE FORWARD LOOKING INFORMATION.

THE FOREGOING RIGHTS DO NOT APPLY IF THE PURCHASER IS:

(A) A CANADIAN FINANCIAL INSTITUTION (AS DEFINED IN NATIONAL INSTRUMENT 45-106 - PROSPECTUS AND REGISTRATION EXEMPTIONS OF THE CANADIAN SECURITIES ADMINISTRATORS) OR A SCHEDULE III BANK;

(B) THE BUSINESS DEVELOPMENT BANK OF CANADA INCORPORATED UNDER THE BUSINESS DEVELOPMENT BANK OF CANADA ACT (CANADA); OR

(C) A SUBSIDIARY OF ANY PERSON REFERRED TO IN PARAGRAPHS (A) AND (B), IF THE PERSON OWNS ALL OF THE VOTING SECURITIES OF THE SUBSIDIARY, EXCEPT THE VOTING SECURITIES REQUIRED BY LAW TO BE OWNED BY DIRECTORS OF THAT SUBSIDIARY.

THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS OF THE SECURITIES ACT (ONTARIO) AND THE RULES, REGULATIONS AND OTHER INSTRUMENTS THERE UNDER, AND REFERENCE IS MADE TO THE COMPLETE TEXT OF SUCH PROVISIONS CONTAINED THEREIN. SUCH PROVISIONS MAY CONTAIN LIMITATIONS AND STATUTORY DEFENCES ON WHICH THE FUND MAY RELY. THE RIGHTS OF ACTION DESCRIBED HEREIN ARE IN ADDITION TO AND WITHOUT DEROGATION FROM ANY OTHER RIGHT OR REMEDY THAT THE PURCHASER MAY HAVE AT LAW.

**RIGHTS FOR PURCHASERS IN QUÉBEC**

UNDER LEGISLATION ADOPTED BUT NOT YET IN FORCE IN QUÉBEC, IF THIS MEMORANDUM, TOGETHER WITH ANY AMENDMENT TO THIS MEMORANDUM, DELIVERED TO AN INVESTOR RESIDENT IN QUÉBEC CONTAINS A MISREPRESENTATION, THE INVESTOR WILL HAVE (A) A RIGHT OF ACTION FOR DAMAGES AGAINST THE FUND, EVERY OFFICER AND DIRECTOR OF THE FUND, THE DEALER (IF ANY) UNDER CONTRACT TO THE FUND AND ANY EXPERT WHOSE OPINION, CONTAINING A MISREPRESENTATION, APPEARED, WITH THE EXPERT'S CONSENT IN THIS MEMORANDUM, OR (B) A RIGHT OF ACTION AGAINST THE FUND FOR RESCISSION OF THE PURCHASE CONTRACT OR REVISION OF THE PRICE AT WHICH THE INTERESTS WERE SOLD TO THE INVESTOR.

NO PERSON OR COMPANY WILL BE LIABLE IF IT PROVES THAT:

(I)THE INVESTOR PURCHASED THE INTERESTS WITH KNOWLEDGE OF THE MISREPRESENTATION; OR

(II) IN AN ACTION FOR DAMAGES, THAT IT ACTED PRUDENTLY AND DILIGENTLY (EXCEPT IN AN ACTION BROUGHT AGAINST THE FUND).

NO ACTION MAY BE COMMENCED TO ENFORCE SUCH A RIGHT OF ACTION:

(I) FOR RESCISSION OR REVISION OF PRICE MORE THAN 3 YEARS AFTER THE DATE OF THE PURCHASE; OR

(II) FOR DAMAGES LATER THAN THE EARLIER OF (A) 3 YEARS AFTER THE INVESTOR FIRST HAD KNOWLEDGE OF THE FACTS GIVING RISE TO THE CAUSE OF ACTION, EXCEPT ON PROOF OF TARDY KNOWLEDGE IMPUTABLE TO THE NEGLIGENCE OF THE INVESTOR, OR (B) 5 YEARS FROM THE FILING OF THE MEMORANDUM WITH THE AUTORITÉ DES MARCHÉS FINANCIERS.

**DESIGNATION OF ONTARIO DEALER (ONTARIO ONLY)**

UNLESS THE FUND HAS ENGAGED AN ONTARIO-REGISTERED DEALER TO PLACE THE INTERESTS IN ONTARIO, EACH PURCHASER OF INTERESTS IN ONTARIO WILL BE REQUIRED TO DESIGNATE AN ONTARIO-REGISTERED DEALER TO COMPLETE THE PURCHASE OF THE INTERESTS ON ITS BEHALF. THE STAFF OF THE ONTARIO SECURITIES COMMISSION TAKE THE POSITION THAT A PERSON THAT PROVIDES INVESTMENT ADVICE TO A FUND THAT DISTRIBUTES ITS INTERESTS IN ONTARIO IS CONSIDERED TO BE ACTING AS AN ADVISER IN ONTARIO, AND IS SUBJECT TO THE REQUIREMENT TO REGISTER AS AN ADVISER, NOTWITHSTANDING THAT THE ADVICE MAY BE GIVEN TO AND RECEIVED BY THE FUND OUTSIDE OF ONTARIO. THE INVESTMENT MANAGER IS NOT REGISTERED IN ONTARIO. HOWEVER, THE INVESTMENT MANAGER MAY RELY UPON AN EXEMPTION FROM THE ADVISER REGISTRATION REQUIREMENT IF THE INTERESTS ARE DISTRIBUTED THROUGH AN ONTARIO-REGISTERED DEALER. ACCORDINGLY, UNLESS THE FUND HAS ENGAGED AN ONTARIO-REGISTERED DEALER TO PLACE THE INTERESTS IN ONTARIO, NO SALE WILL BE MADE TO A PURCHASER RESIDENT IN

ONTARIO UNLESS THE DESIGNATION FORM CONTAINED IN THE SUBSCRIPTION AGREEMENT HAS BEEN COMPLETED AND DELIVERED TO THE FUND.

**CERTAIN CANADIAN INCOME TAX CONSIDERATIONS**

ANY DISCUSSION OF TAXATION AND RELATED MATTERS CONTAINED IN THIS MEMORANDUM IS NOT A COMPREHENSIVE DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO PURCHASE THE INTERESTS. PROSPECTIVE PURCHASERS OF INTERESTS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO ANY TAXES EXIGIBLE IN CONNECTION WITH THE ACQUISITION, HOLDING OR DISPOSITION OF INTERESTS. IT IS RECOMMENDED THAT TAX ADVISORS BE EMPLOYED IN CANADA, AS THERE ARE A NUMBER OF SUBSTANTIVE CANADIAN TAX COMPLIANCE REQUIREMENTS FOR CANADIAN INVESTORS, INCLUDING WITH RESPECT TO THE ELIGIBILITY OF THE INTERESTS FOR INVESTMENT BY THEM UNDER APPLICABLE TAX AND OTHER LAWS IN CANADA, AND WITH RESPECT TO THE APPLICATION OF THE PROPOSED "FOREIGN INVESTMENT ENTITY" PROVISIONS OF THE INCOME TAX ACT (CANADA) WHICH, IF APPLICABLE, MAY RESULT IN A REQUIREMENT TO RECOGNIZE INCOME FOR TAX PURPOSES EVEN THOUGH NO CASH DISTRIBUTION OR PROCEEDS OF DISPOSITION HAVE BEEN RECEIVED.

**CONVERSION OF AMOUNTS INTO CANADIAN DOLLAR EQUIVALENT**

UNLESS SPECIFICALLY STATED OTHERWISE, ALL DOLLAR AMOUNTS CONTAINED IN THIS MEMORANDUM ARE IN U.S. DOLLARS AND MUST BE CONVERTED INTO CANADIAN DOLLARS BASED ON THE PREVAILING RELEVANT FOREIGN EXCHANGE RATE AT THE TIME SUCH AMOUNTS ARISE.

**FORWARD-LOOKING STATEMENTS**

CERTAIN STATEMENTS IN THE MEMORANDUM MAY CONSTITUTE "FORWARD-LOOKING STATEMENTS." FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING THE PLANS, OBJECTIVES, GOALS, STRATEGIES AND FUTURE OPERATIONS AND PERFORMANCE OF THE FUND AND THE ASSUMPTIONS UNDERLYING THESE FORWARD-LOOKING STATEMENTS. THE FUND USES THE WORDS "ANTICIPATES," "ESTIMATES," EXPECTS," "BELIEVES," "INTENDS," "PLANS," "MAY," "WILL," "SHOULD," AND ANY SIMILAR EXPRESSIONS TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE FUND'S ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON NUMEROUS ASSUMPTIONS REGARDING PRESENT AND FUTURE BUSINESS STRATEGIES AND THE ENVIRONMENT IN WHICH THE FUND WILL OPERATE IN THE FUTURE. AS A RESULT OF THESE RISK, UNCERTAINTIES AND ASSUMPTIONS, A PROSPECTIVE INVESTOR SHOULD NOT PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS.

THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE MEMORANDUM. THE FUND IS NOT OBLIGED, AND DOES NOT INTEND, TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE FUND, OR PERSONS ACTING ON BEHALF OF THE FUND, ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS CONTAINED THROUGHOUT THIS MEMORANDUM.

INVESTING IN THE INTERESTS INVOLVES RISKS. PROSPECTIVE PURCHASERS SHOULD REFER TO THE RISK FACTOR DISCLOSURE CONTAINED IN THIS MEMORANDUM FOR ADDITIONAL INFORMATION CONCERNING THESE RISKS.

## RESALE RESTRICTIONS IN CANADA

THE DISTRIBUTION OF INTERESTS IN CANADA IS BEING MADE ON A PRIVATE PLACEMENT BASIS ONLY AND IS EXEMPT FROM THE REQUIREMENT THAT THE FUND PREPARE AND FILE A PROSPECTUS WITH THE RELEVANT CANADIAN REGULATORY AUTHORITIES. ACCORDINGLY, ANY RESALE OF THE INTERESTS MUST BE MADE IN ACCORDANCE WITH APPLICABLE SECURITIES LAWS WHICH MAY REQUIRE RESALES TO BE MADE IN ACCORDANCE WITH EXEMPTIONS FROM REGISTRATION AND PROSPECTUS REQUIREMENTS. PURCHASERS IN CANADA ARE ADVISED TO SEEK LEGAL ADVICE PRIOR TO ANY RESALE OF THE FUND INTERESTS.

THE FUND IS NOT A "REPORTING ISSUER" AS SUCH TERM IS DEFINED UNDER APPLICABLE CANADIAN SECURITIES LEGISLATION, IN ANY PROVINCE OR TERRITORY OF CANADA IN WHICH THE FUND INTERESTS WILL BE OFFERED. UNDER NO CIRCUMSTANCES WILL THE FUND BE REQUIRED TO FILE A PROSPECTUS OR SIMILAR DOCUMENT WITH ANY SECURITIES REGULATORY AUTHORITY IN CANADA QUALIFYING THE RESALE OF THE FUND INTERESTS TO THE PUBLIC IN ANY PROVINCE OR TERRITORY OF CANADA. CANADIAN INVESTORS ARE ADVISED THAT THE FUND CURRENTLY DOES NOT INTEND TO FILE A PROSPECTUS OR SIMILAR DOCUMENT WITH ANY SECURITIES REGULATORY AUTHORITY IN CANADA QUALIFYING THE RESALE OF THE INTERESTS TO THE PUBLIC IN ANY PROVINCE OR TERRITORY OF CANADA IN CONNECTION WITH THIS OFFERING. THEREFORE, THERE WILL BE NO PUBLIC MARKET IN CANADA FOR THE INTERESTS AND THE RESALE OR TRANSFER OF THE INTERESTS WILL BE SUBJECT TO RESTRICTIONS.

## REPRESENTATIONS OF CANADIAN PURCHASERS

EACH CANADIAN PURCHASER OF INTERESTS WILL BE DEEMED TO HAVE REPRESENTED TO THE FUND, ITS SPONSOR AND AFFILIATES, ANY PLACEMENT AGENT AND ANY DEALER WHO SELLS INTERESTS TO SUCH PURCHASER THAT:

- THE OFFER AND SALE OF INTERESTS WAS MADE EXCLUSIVELY THROUGH THIS MEMORANDUM SUCH PURCHASER HAS NOT RECEIVED OR RELIED ON ANY OTHER DOCUMENT OR FACT IN MAKING ITS INVESTMENT DECISION IN RESPECT OF THE PURCHASE OF INTERESTS;

- SUCH PURCHASER HAS REVIEWED AND ACKNOWLEDGES THE TERMS OF THIS MEMORANDUM;

- WHERE REQUIRED IN ORDER TO RELY ON THE EXEMPTION CONTAINED IN SECTION 2.3 OF THE NI, SUCH PURCHASER IS PURCHASING AS PRINCIPAL FOR ITS OWN ACCOUNT AND NOT AS AGENT; AND

- SUCH PURCHASER IS ENTITLED UNDER APPLICABLE CANADIAN SECURITIES LAWS TO PURCHASE SUCH INTERESTS WITHOUT THE BENEFIT OF A PROSPECTUS QUALIFIED UNDER SUCH SECURITIES LAWS, AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING:

  – SUCH PURCHASER IS RESIDENT IN ONE OF THE CANADIAN JURISDICTIONS, IS AN "ACCREDITED INVESTOR" AS DEFINED IN SECTION 1.1 OF THE NI, HAS NOT BEEN CREATED AND IS NOT BEING USED SOLELY TO QUALIFY AS AN ACCREDITED INVESTOR AND IS PURCHASING THE INTERESTS AS PRINCIPAL (WITHIN THE MEANING OF THE NI) FOR INVESTMENT ONLY AND NOT WITH A VIEW TO RESALE OR DISTRIBUTION;

- SUCH PURCHASER UNDERSTANDS AND ACKNOWLEDGES THAT THE FUND IS NOT OBLIGATED TO FILE AND HAS NO PRESENT INTENTION OF FILING WITH ANY SECURITIES REGULATORY AUTHORITY IN THE CANADIAN JURISDICTIONS ANY PROSPECTUS IN RESPECT OF THE RESALE OF THE INTERESTS, AND THAT THE INTERESTS WILL BE SUBJECT TO RESALE RESTRICTIONS UNDER THE REQUIREMENTS OF APPLICABLE SECURITIES LAWS;

- IF SUCH PURCHASER IS IN ONTARIO, IT (I) IS PURCHASING FROM A BROKER, INVESTMENT DEALER OR A LIMITED MARKET DEALER WITHIN THE MEANING OF APPLICABLE SECURITIES LAWS; OR (II) IS NOT AN INDIVIDUAL AND IS AN "ACCREDITED INVESTOR" AS DEFINED IN SECTION 1.1 OF THE NI, AND IS PURCHASING THE INTERESTS FROM AN INTERNATIONAL DEALER WITHIN THE MEANING OF APPLICABLE SECURITIES LAWS, AND (III) HAS NOT RELIED, IN MAKING A DECISION TO INVEST IN THE INTERESTS, ON ANY "FORWARD-LOOKING INFORMATION", AS DEFINED IN APPLICABLE SECURITIES LAWS IN ONTARIO, CONTAINED IN THIS DRAFT MEMORANDUM AND ACCORDINGLY THAT NONE OF SUCH "FORWARD-LOOKING INFORMATION" CONTAINED IN THIS DRAFT MEMORANDUM IS MATERIAL TO ITS INVESTMENT DECISION REGARDING THE INTERESTS; AND

- IF SUCH PURCHASER IS IN QUÉBEC, IT IS ITS EXPRESS WISH THAT ALL DOCUMENTS EVIDENCING OR RELATING IN ANY WAY TO THE SALE OF INTERESTS BE DRAFTED IN THE ENGLISH LANGUAGE ONLY. C'EST LA VOLONTÉ EXPRESSE DE CHAQUE ACHETEUR QUE TOUS LES DOCUMENTS FAISANT FOI OU SE RAPPORTANT DE QUELQUE MANIÈRE À LA VENTE DES INTERÊTS SOIENT RÉDIGÉS UNIQUEMENT EN ANGLAIS.

IN ADDITION, EACH PURCHASER OF INTERESTS RESIDENT IN CANADA WILL BE DEEMED TO HAVE REPRESENTED TO THE FUND, ITS SPONSOR AND AFFILIATES, ANY PLACEMENT AGENT, AND ANY OTHER DEALER FROM WHOM A PURCHASE CONFIRMATION WAS RECEIVED, THAT SUCH PURCHASER

- HAS BEEN NOTIFIED BY THE FUND THAT:

  - THE FUND AND ITS AFFILIATES ARE REQUIRED TO PROVIDE INFORMATION ("PERSONAL INFORMATION") PERTAINING TO THE PURCHASER AS REQUIRED TO BE DISCLOSED IN SCHEDULE I OF FORM 45-106F1 UNDER THE NI (INCLUDING ITS NAME, ADDRESS, TELEPHONE NUMBER AND THE NUMBER AND VALUE OF ANY INTERESTS PURCHASED), WHICH FORM 45-106F1 IS REQUIRED TO BE FILED BY THE FUND AND THE GENERAL PARTNER UNDER THE NI;

  - SUCH PERSONAL INFORMATION WILL BE DELIVERED TO THE ONTARIO SECURITIES COMMISSION (THE "OSC") IN ACCORDANCE WITH THE NI;

  - SUCH PERSONAL INFORMATION IS BEING COLLECTED INDIRECTLY BY THE OSC UNDER THE AUTHORITY GRANTED TO IT UNDER THE SECURITIES LEGISLATION OF ONTARIO;

  - SUCH PERSONAL INFORMATION IS BEING COLLECTED FOR THE PURPOSES OF THE ADMINISTRATION AND ENFORCEMENT OF THE SECURITIES LEGISLATION OF ONTARIO;

- THAT THE PUBLIC OFFICIAL IN ONTARIO WHO CAN ANSWER QUESTIONS ABOUT THE OSC'S INDIRECT COLLECTION OF SUCH PERSONAL INFORMATION IS THE ADMINISTRATIVE ASSISTANT TO THE DIRECTOR OF CORPORATE FINANCE AT THE OSC, SUITE 1903, BOX 5520 QUEEN STREET WEST, TORONTO, ONTARIO M5H 3S8, TELEPHONE: (416) 593-8086; AND

- HAS AUTHORIZED THE INDIRECT COLLECTION OF THE PERSONAL INFORMATION BY THE OSC.

- HAS ACKNOWLEDGED THAT ITS NAME, ADDRESS, TELEPHONE NUMBER AND OTHER SPECIFIED INFORMATION, INCLUDING THE NUMBER OF INTERESTS IT HAS PURCHASED AND THE AGGREGATE PURCHASE PRICE PAID BY THE PURCHASER, MAY BE DISCLOSED TO OTHER CANADIAN SECURITIES REGULATORY AUTHORITIES AND MAY BECOME AVAILABLE TO THE PUBLIC IN ACCORDANCE WITH THE REQUIREMENTS OF APPLICABLE LAWS.

BY PURCHASING INTERESTS, THE PURCHASER CONSENTS TO THE DISCLOSURE OF SUCH INFORMATION.

NOTICE TO RESIDENTS IN THE CAYMAN ISLANDS

INTERESTS MAY BE BENEFICIALLY OWNED BY PERSONS RESIDENT, DOMICILED, ESTABLISHED, INCORPORATED OR REGISTERED IN THE CAYMAN ISLANDS PURSUANT TO THE LAWS OF THE CAYMAN ISLANDS. THE FUND, HOWEVER, WILL NOT UNDERTAKE BUSINESS WITH THE PUBLIC IN THE CAYMAN ISLANDS OTHER THAN SO FAR AS MAY BE NECESSARY FOR THE CARRYING ON OF THE BUSINESS OF THE FUND EXTERIOR TO THE ISLANDS. "PUBLIC" FOR THESE PURPOSES DOES NOT INCLUDE ANY EXEMPTED OR ORDINARY NON-RESIDENT COMPANY REGISTERED UNDER THE COMPANIES LAW OR A FOREIGN COMPANY REGISTERED PURSUANT TO PART IX OF THE COMPANIES LAW OR ANY SUCH COMPANY ACTING AS GENERAL PARTNER OF A PARTNERSHIP REGISTERED PURSUANT TO SECTION 9(1) OF THE EXEMPTED LIMITED PARTNERSHIP LAW (2007 REVISION) OR ANY DIRECTOR OR OFFICER OF SUCH PARTNERSHIP ACTING IN SUCH CAPACITY OR THE TRUSTEE OF ANY TRUST REGISTERED OR CAPABLE OF REGISTRATION PURSUANT TO SECTION 74 OF THE TRUSTS LAW (2007 REVISION).

NOTICE TO RESIDENTS OF THE PEOPLE'S REPUBLIC OF CHINA

THE INTERESTS MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY IN THE PEOPLE'S REPUBLIC OF CHINA (WHICH, FOR SUCH PURPOSES, DOES NOT INCLUDE THE HONG KONG OR MACAU SPECIAL ADMINISTRATIVE REGIONS OR TAIWAN) (THE "PRC"). THE INFORMATION CONTAINED IN THIS MEMORANDUM WILL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY INTERESTS WITHIN THE PRC. THIS MEMORANDUM AND THE INFORMATION CONTAINED IN THIS MEMORANDUM HAVE NOT BEEN AND WILL NOT BE SUBMITTED TO OR APPROVED/VERIFIED BY OR REGISTERED WITH ANY RELEVANT GOVERNMENTAL AUTHORITIES IN THE PRC AND MAY NOT BE SUPPLIED TO THE PUBLIC IN THE PRC OR USED IN CONNECTION WITH ANY OFFER FOR THE SUBSCRIPTION OR SALE OF THE INTERESTS IN THE PRC. THE INTERESTS MAY ONLY BE OFFERED OR SOLD TO PRC INVESTORS THAT ARE AUTHORIZED TO ENGAGE IN THE PURCHASE OF INTERESTS OF THE TYPE BEING OFFERED OR SOLD. PRC INVESTORS ARE RESPONSIBLE FOR OBTAINING ALL RELEVANT GOVERNMENT REGULATORY APPROVALS/LICENSES, VERIFICATION AND/OR REGISTRATION THEMSELVES, INCLUDING, BUT NOT LIMITED TO, ANY WHICH MAY BE REQUIRED FROM THE STATE ADMINISTRATION OF FOREIGN EXCHANGE, THE CHINA SECURITIES REGULATORY COMMISSION, THE CHINA BANKING REGULATORY COMMISSION, THE CHINA INSURANCE REGULATORY COMMISSION AND OTHER REGULATORY BODIES, AND COMPLYING WITH ALL RELEVANT PRC REGULATIONS, INCLUDING, BUT NOT LIMITED TO, ANY RELEVANT FOREIGN EXCHANGE REGULATIONS AND/OR OVERSEAS INVESTMENT REGULATIONS.