Confidential Private Placement Memorandum

PHT OPPORTUNITY FUND LP

Dated November 14, 2022

16220 N. Scottsdale Road, Suite 260
Scottsdale, Arizona 85254
Attn: Jim White

Do Not Circulate or Copy.

Memorandum No. ____

PHT OPPORTUNITY FUND LP

Limited Partnership Interests

*This Confidential Private Placement Memorandum (this "**Memorandum**") is furnished on a confidential basis to a limited number of accredited investors for the purpose of providing certain information about an investment in limited partnership interests designated as units (the "**Units**") of PHT Opportunity Fund LP (together with its anticipated subsidiaries, or as the context requires, the relevant part thereof or parts thereof or each part thereof together, the "**Partnership**").*

*As a condition to accepting delivery of this Memorandum, you agree to keep its contents, and any information obtained by you in connection with the offering of Units (the "**Offering**"), in the strictest confidence.*

In making a decision to invest in the Partnership, you must rely on your own examination of the Partnership and the terms of this Offering, including the merits and risks involved. You should not construe the contents of this Memorandum as legal, tax or business advice. You and your investment, tax, legal, accounting and other advisors should review this Memorandum, as well as the nature of an investment in the Partnership.

*This Offering is made pursuant to Section 506(c) of Regulation D promulgated under the Securities Act of 1933, as amended (the "**Securities Act**") to "accredited investors" only as defined in Regulation D under the Securities Act.*

*No literature or advertising in any form regarding this Offering will or may be employed in this Offering, except for this Memorandum (including the exhibits and any amendments and supplements), the documents summarized in this Memorandum and other informational material prepared by PHT Investment Group LLC (the "**General Partner**") as referenced immediately below. In addition to this Memorandum, subject to limitations imposed by applicable securities laws, the Partnership expects to use additional advertising, sales and other promotional materials in connection with this Offering. These materials may include information relating to this Offering, the past performance of the Manager and its affiliates, and their officers, property brochures, articles and publications concerning real estate, or public advertisements and audio-visual materials, in each case only as authorized by the General Partner. No person, other than the Partnership and General Partner, is authorized to give any information or to make any representation not contained in this Memorandum or in the documents summarized herein and, if given or made, must not rely on such other information or representation. Notwithstanding anything to the contrary herein, this Offering is made only by means of this Memorandum and prospective accredited investors must read and rely on the information provided in this Memorandum in connection with their decision to invest in the Units.*

This Memorandum has been prepared solely for the benefit of prospective accredited investors interested in acquiring Units and constitutes an offer only to the person to whom the Memorandum was directly given by the General Partner. Distribution of this Memorandum to any person other than such named person and such other persons retained to advise such named person is not permitted, and any reproduction of this Memorandum, in whole or in part, without the General Partner's prior written consent is prohibited. By accepting delivery of this Memorandum, you agree to return it, and all other documents you receive, to the General Partner if you do not subscribe for the purchase of any Units, or if your subscription is not accepted, or if this Offering is terminated prior to your subscription.

You and your advisor(s) shall be given the opportunity to ask questions of the General Partner concerning this Offering and to obtain any additional information necessary to verify the information contained in this Offering Memorandum to the extent that such information is available without unreasonable effort or expense.

The General Partner reserves the right to reject any subscription, or to reduce the capital contribution (as hereinafter defined) subscribed for and accepted by the General Partner with respect to any prospective investor. This Memorandum is not an offer to sell or a solicitation of an offer to buy Units in any jurisdiction to any person to whom it is unlawful to make such an offer or sale.

*The Units have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), by the securities regulatory authority of any state, or any other jurisdiction nor has the SEC or any such securities regulatory authority passed upon the accuracy or adequacy of this Memorandum.*

The Units have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States or to U.S. persons unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act and applicable state laws is available. Hedging transactions involving these securities may not be conducted unless in compliance with the Securities Act.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The forward-looking statements included in this Memorandum are not historical facts, but rather are based on current expectations, estimates and projections about the Partnership's industry, the Partnership's beliefs and the Partnership's assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "predicts," "potential," "seeks" and "estimates," and variations of these words and similar expressions, are intended to identify forward-looking statements. These statements are only predictions, are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Partnership's control and difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties include those described in "Risk Factors" and elsewhere in this Memorandum. Actual events or results, particularly in the real estate industry, may differ materially.

*In addition, Congress may enact new legislation that prospectively or retrospectively changes the tax benefits that may result from opportunity zone investments or the criteria that must be satisfied in order to obtain tax benefits. Also, the Internal Revenue Service ("**IRS**") may issue new guidance on the opportunity zone and/or opportunity zone fund rules (the "**OZ Guidance**"), and the existing OZ Guidance might differ from the final rules that ultimately apply. California has not yet provided for any tax benefits relating to opportunity zones, so any potential California income tax benefits relating to investments in opportunity zones are uncertain. New guidance and legislation may require amendments to the Offering.*

Each prospective investor therefore should consult with such prospective investor's own advisors to evaluate the forward-looking statements and the associated assumptions and make such prospective investor's own independent determination of the feasibility of the forward-looking statements and such assumptions.

Moreover, neither the Partnership nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The General Partner is under no duty to update any of these forward-looking statements after the date of this Memorandum to conform prior statements to actual results.

EXECUTIVE SUMMARY

*The following summary is intended to provide information regarding PHT Opportunity Fund LP (together with its anticipated subsidiaries, including the Project Entity (as defined below), or as the context requires, the relevant part thereof or parts thereof or each part thereof together, the "**Partnership**") and the Offering and should be read together with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Memorandum (together with any supplements), the Exhibits and the Subscription Agreement. Each prospective purchaser of Units is urged to carefully read the entire Memorandum (together with any supplements from time to time) and the Agreement of Limited Partnership (the "**LP Agreement**") attached as Exhibit A before investing in the Partnership. Questions or requests for information should be directed to the General Partner:*

PHT INVESTMENT GROUP LLC
16220 N. Scottsdale Road, Suite 260
Scottsdale, Arizona 85254
Attn: Jim White

The Partnership has been organized by its general partner, PHT Investment Group LLC ("**General Partner**"), as a Delaware limited partnership which was formed for the purpose of acquiring, redeveloping, improving, managing, operating, holding for investment, and/or leasing, and as appropriate, disposing of, part or all of a 28.41 acre campus located in Salinas, California. The property is located in an Opportunity Zone (as defined below), the development of which is expected to provide the investors with tax benefits that are described below.

The General Partner seeks to raise a minimum of $36,000,000 in aggregate capital commitments from the sale of Units in the Partnership (the "**Minimum Offering**") and a maximum of $100,000,000 in aggregate capital commitments (the "**Maximum Offering**") for the Partnership (together, the "**Offering**"). The Offering will commence on the date of this Memorandum and terminate on the earlier of (i) December 31, 2023; or (ii) the date that subscriptions representing the Maximum Offering ($100,000,000 in capital commitments) have been received and accepted by the General Partner. The Offering may also be terminated or extended at any time in the sole discretion of the General Partner. If the Offering is terminated prior to the General Partner having received and accepted subscriptions representing the Minimum Offering ($36,000,000), then the Offering will be terminated and all subscription funds received from such subscribers will be returned to the subscribers.

The minimum capital commitment for investors is $500,000 or one Unit.

SUMMARY OF TERMS

*The following information is presented as a summary of principal terms only and is qualified in its entirely by reference to the Partnership's Agreement of Limited Partnership (the "**LP Agreement**"), a copy of which is attached as* Exhibit A *to this Memorandum. The LP Agreement should be reviewed carefully. In the event that the terms described herein are inconsistent with or contrary to the terms of the LP Agreement, the LP Agreement will control.*

The Partnership:

PHT Opportunity Fund LP is structured as a limited partnership organized under the laws of Delaware for the purpose of acquiring, redeveloping, operating, and/or leasing a 28.41 acre campus property located west of Abbott Street and south of Merrill Street in Salinas, California (the "**Property**").

The Property will be acquired indirectly through GIC Salinas Campus LLC, a Wyoming limited liability company or other entity designated by the Partnership (the "**Project Entity**") formed by the Partnership and the General Partner, and managed by the Manager, that is intended to qualify as a "qualified opportunity zone business" (a "**QOZB**"). The activities of the Partnership, including the ownership, redevelopment, leasing, operation and the fulfilling of other Partnership Objectives (as defined below) related to the Property are intended to be conducted primarily through the Project Entity and Manager. The General Partner will be admitted as a member of the Project Entity to receive carried interest distributions, when and if made by the Project Entity.

General Partner:

PHT Investment Group LLC, a Delaware limited liability company is the general partner of the Partnership (the "**General Partner**").

Manager:

The General Partner will engage Post Harvest Technologies, Inc. (the "**Manager**"), to provide certain advisory and management services to the Partnership and/or Project Entity.

Securities Offered:

The securities offered (the "**Offering**") are limited partnership interests designated as Units in the Partnership ("**Units**"). The General Partner seeks to raise between $36,000,000 (the "**Minimum Offering**") and $100,000,000 ("**Maximum Offering**") in aggregate capital commitments for the Partnership.

Minimum Capital Commitment:

The minimum capital commitment for a limited partner is $500,000, which is the amount to be paid in exchange for one Unit. The General Partner and its affiliates do not contemplate making capital commitments to the Partnership.

Control by General Partner:

The General Partner has the exclusive management and control over all aspects of the Partnership's business. The limited partners have no right to participate in the Partnership's management except for certain limited voting rights as specifically set forth in LP Agreement. Matters requiring limited partner approval generally require the vote or consent of at least a majority-in-interest of the limited partners.

Description of Units:

Purchasers of Units will become limited partners of the Partnership (the "**Limited Partners**," and together with the General Partner, the "**Partners**"). The Units entitle the holder to participate in certain allocations and distributions from the Partnership as set forth in the LP

Agreement and as summarized below. Each Limited Partner's liability generally will be limited to the amount of such Limited Partner's capital contributions to the Partnership, distributions and undistributed profits.

Investment Plan and Use of Proceeds: The Partnership was organized to achieve certain goals with the Property through the Project Entity (as defined below) and with the help of the Manager, including but not limited to the following: (i) to acquire the Property; (ii) to design, improve, redevelop, construct, renovate, repurpose, rehabilitate, subdivide, obtain permits and/or re-zone part or all of the Property to comply with the substantial improvement test for QOZP (as defined below) under Section 1400Z-2 of the Code and the rules and regulations related thereto; (iii) to manage, operate and/or lease part or all of the Property; (iv) to dispose of part or all of the Property; and/or (v) for such other purposes relating to the Property as determined by the General Partner in its sole discretion consistent with the purposes and powers of the Partnership as set forth in the LP Agreement (jointly and severally, the "**Partnership Objectives**"). The Property is currently owned by Growers Ice Company ("**GIC**"), an affiliate of the General Partner and of the Manager. GIC has offered the Property for sale for the appraised value of $32,900,000. The Partnership intends to purchase the Property through the Project Entity for $32,900,000 with funds from the Offering and/or through the use of leverage (See "**Related Party Transactions**" below). The remaining funds from the Offering, if any, will be utilized to help achieve the Partnership Objectives referenced above. The Property is in a designated Opportunity Zone and the development plan for the Property is intended to provide investors in the Partnership with tax advantages included in the 2017 Tax Cuts and Jobs Act ("**TCJA**"). The TCJA created a new tax incentive program which encourages investors to make long-term financial investments in low-income communities identified as qualified opportunity zones ("**Opportunity Zones**"), in exchange for (i) deferred recognition of capital gains realized by previous investments until up to December 31, 2026, (ii) eliminating recognition of up to 10% of the amount of such capital gains (*this is only possibly applicable if the New Law (as defined below) passes*), and (iii) potentially avoiding recognition of (a) gains realized by the investor upon the sale of its Units or (b) gains realized by the fund upon the sale or exchange of its assets. No similar benefits are available for California (and certain other states') income tax purposes.

Opportunity Zones: The General Partner intends that the Partnership will qualify as a qualified opportunity fund ("**QOF**") under Code Section 1400Z-2(d), and as a result, a qualifying investment in the Partnership is expected to be eligible for the tax benefits further described below.

New Law and Disclaimer: PLEASE NOTE THAT the examples below and herein of a 10% reduction of the tax on a deferred gain ("**10% Basis Step-Up**") are no longer applicable under the current law since a qualified investment would have had to have been made into a QOF by December 31, 2021. However, there is a proposed new law in Congress ("**New Law**") that, if passed, would extend the tax deferral period from December 31, 2026 until December 31, 2028, which would once again make the 10% Basis Step-Up applicable if the qualified investment is made by December 31, 2023 and held for 5 years, plus an additional 5% basis step-up is possible under the New Law for qualified investments made by December 31, 2022 and held for 6 years. The New Law is expected

to be taken up for a vote during the "lame duck" session in Congress between November 9, 2022 and January 3, 2023.

Tax Benefits of Opportunity Zone Investment:

In connection with the TCJA, enacted in December 2017, new Code Sections 1400Z-1 and 1400Z-2 were promulgated providing the following incentives for taxpayers to invest in a "qualified opportunity zone" through a QOF. In summary, the Partnership is intended to be a QOF producing the following federal tax benefits: (i) deferral of capital gain until up to December 31, 2026 (or December 31, 2028 *if the New Law passes*), (ii) up to a 10% reduction on the tax on such deferred gain if the qualified investment is made into a QOF on or prior to December 31, 2023 and held for 5 years (*if the New Law passes*), and (iii) elimination of tax on future gains upon a sale of the interest in the Partnership or the Partnership's or Project Entity's (QOZB's) sale of assets after a minimum 10-year holding period.

The following is a more detailed explanation of the tax benefits under the current TJCA and will be subject to change if the New Law passes as discussed above, along with a disclaimer:

1. **Deferral of Capital Gain**. At the election of the taxpayer, the new provision allows taxpayers to defer, until the earlier of (i) a disposition of the investment in the Partnership, or (ii) December 31, 2026, the short-term or long-term capital gains tax due upon a sale or exchange of property (including stocks) if the gain portion of the sale or exchange is reinvested in a QOF by the taxpayer within a one hundred and eighty day period (the "**180-Day Investment Period**") that generally begins on the date the investor recognizes the gain (the "**Deferred Gain**"). This 180-Day Investment Period may start on a different date if the asset is a so-called Section 1231 asset (typically real estate or depreciable assets held for at least one year in a trade or business) or is an asset held by an entity that is treated as a partnership for tax purposes. The taxpayer's initial tax basis in the investment in the Partnership (to the extent of the taxpayer's election for deferral of gains in the investment) shall be zero. Each Limited Partner is responsible for filing the proper forms with the IRS to make a timely election to reinvest the Deferred Gain.

2. **Reduced Tax on Deferred Gain**. This is no longer available under the current TCJA. However, it should be noted that, *if the New Law Passes*, and if the investment is made in a QOF on or before December 31, 2023 and maintained in that QOF for five years, the taxpayer will receive a step-up in the tax basis of its interest in the QOF equal to 10% of the original Deferred Gain. A recognition event will occur on December 31, 2026 (or December 31, 2028 *if the New Law passes*) (or upon the investor's earlier sale of its interest in the QOF) in the amount of the lesser of (i) the remaining Deferred Gain (less earned basis step-ups if applicable) or (ii) the fair market value of the investment in the QOF (less earned basis step-ups if applicable). This gain will be taxed at the rate that applies to gains recognized in 2026 (*or 2028 if the New Law passes*) (or, if earlier, the year in which the gain is recognized). When the Deferred Gain is recognized, the investor may increase the basis of the investor's QOF interest by the amount of gain recognized. The Deferred Gain will retain its character as short-term or long-term capital gain as of the original date the Deferred Gain was realized.

3. **Elimination of Tax on Future Capital Gains**. If an investment of a Deferred Gain is held in a QOF for at least 10 years and is sold or liquidated by 2047, at the election of the investor, the post-acquisition gain from the sale of the investment in such QOF may be permanently excluded from gross income. A similar benefit may also be possible with respect to gain recognized in the QOF's or QOZB's sale of an asset after the investor has held its investment in the QOF for at least 10 years, but in that case the election to exclude gain might reduce the future tax benefits available with respect to the QOF, as discussed below in "Certain Tax, ERISA and Regulatory Matters - U.S. Federal Income Tax Considerations - Exclusion of Gain).

4. **The Tax Benefits to Limited Partners are Subject to Compliance with Tax Laws, which cannot be Guaranteed.** Each Limited Partner acknowledges and agrees that it will not be eligible for any Opportunity Zone-related tax benefits ("**Opportunity Zone Tax Benefits**") unless it invests eligible capital gains in the Partnership within a 180-Day Investment Period pursuant to Code Section 1400Z-2(a)(1)(A) and the General Partner accepts such investment within such investment window, which the General Partner is not obligated to do, and the Limited Partner makes certain elections, including a valid election for the Opportunity Zone Tax Benefits to apply. In addition, a Limited Partner may be required to report information to the IRS or other tax agency, or report information to the Partnership, in order to comply with the rules that apply with respect to Opportunity Zone Tax Benefits. It is each Limited Partner's sole responsibility to ensure that its capital contributions are made during this 180-Day Investment Period, and if accepted by the General Partner during that window, that the Limited Partner makes any elections that must be made in order to achieve the intended Opportunity Zone Tax Benefits, and to properly report any information to the IRS, other tax agency, or the Partnership. Neither the General Partner nor its Affiliates nor the Partnership shall be liable for the failure to accept a subscription or receive an investment within an investor's 180-Day Investment Period, or for the failure to qualify as a QOF or remain qualified as a QOF, or for the failure of a Limited Partner or the Partnership or the Project Entity to qualify for any of the Opportunity Zone Tax Benefits or other tax benefits to Limited Partners referenced in this Memorandum.

"Qualified Opportunity Fund" Requirements:

A QOF is an investment vehicle organized as a corporation or a partnership for the purpose of investing in and holding at least 90% of its assets in "qualified opportunity zone property" ("**QOZ Property**"). Every QOF will be tested semi-annually as of the last day of the first 6-month period of the taxable year of the QOF and on the last day of the taxable year of the QOF to verify that the QOF holds at least 90 percent of its assets in QOZ Property, determined by the average percentage of QOZ Property held by such QOF on each measuring date. The QOF must maintain its investment in QOZ Property on the two measuring dates each year. A QOF, however, may exclude contributions received within the prior 6 months from the testing date.

A QOF is subject to self-certification to be made on the initial tax return of the QOF with Form 8996. The General Partner will cause the Partnership to self-certify as a QOF on its tax return. A QOF must be

a partnership or a corporation for federal tax purposes (e.g., not a disregarded entity), must be formed for the purposes of investing in QOZ Property, and must meet the semi-annual 90% investment test above. The Treasury Department has designated the census tracts proposed by the governors of the various states that will constitute "qualified opportunity zones."

Qualified Opportunity Zone Property. Pursuant to Section 1400Z-2(d)(2) of the Code, QOZ Property includes (i) qualified opportunity zone stock ("**QOZ Stock**"), (ii) qualified opportunity zone partnership interest ("**QOZ Partnership Interest**"), and (iii) direct investment and ownership by the QOF of "qualified opportunity zone business property" ("**QOZ Business Property**").

Qualified Opportunity Zone Business Property. Pursuant to Section 1400Z-2(d)(2)(D) of the Code, QOZ Business Property generally means tangible property of a QOF if (i) such property was acquired by the QOF by purchase after December 31, 2017 from an unrelated party, (ii) the original use of the property is in the QOZ and commences with the QOF or the QOF "substantially" improves the property (hereinafter discussed), (iii) the property is used in a trade or business of the QOF (ownership of triple net leased property will generally not constitute a trade or business but gross leases will) and (iv) during at least 90% of the QOF's holding period of the property, at least 70% of the use of the property was in a QOZ. For purposes of the unrelated party rule of clause (i) in the preceding sentence, the rules in Code Sections 267(b) and 707(b) apply, except the references therein to 50% are changed to 20% (meaning that a related party is a party with more than 20% common ownership of capital or profits).

QOZ Stock and QOZ Partnership Interests. QOZ Stock and QOZ Partnership Interest (i) must be acquired by the QOF after December 31, 2017 solely in exchange for cash, (ii) at the time of the issuance of the QOZ Stock or QOZ Partnership Interest, the corporation or partnership must be a QOZB or organized for the purpose of being a QOZB, and (iii) during at least 90% of the QOF's holding period of the QOZ Stock or QOZ Partnership Interest, the corporation or partnership must be qualified as a QOZB.

Qualified Opportunity Zone Business. If a QOF invests through a QOZ Partnership Interest or QOZ Stock, as will be the case with the Partnership investing in the Project Entity and receiving a QOZ Partnership Interest in exchange for such investment, the partnership or corporation must constitute a QOZB. Pursuant to Section 1400Z-2(d)(3) of the Code, a QOZB means a trade or business (i) in which substantially all of the tangible property owned or leased by the partnership or corporation is QOZ Business Property; (ii) from which at least 50% of the gross income of the partnership or corporation for such year is derived from the active conduct of the trade or business of the entity in a qualified opportunity zone (which may be determined based on all facts and circumstances, or may instead be satisfied under one of three possible safe harbors; one of which is based on the hours of work performed in a qualified opportunity zone equaling 50% or more of all hours; the second of which is based on compensation for services performed in a qualified opportunity zone equaling 50% or more of all compensation; and the third is based on whether the

tangible property located in a qualified opportunity zone and the management or operational functions performed in the zone are necessary for generating at least 50% of the gross income of the trade or business); (iii) a substantial portion of the intangible property of the partnership or corporation is used in the active conduct of the trade or business of the entity; (iv) less than five percent (5%) of the average aggregate unadjusted basis of the property of such partnership or corporation for such year is attributable to nonqualified financial property ("**NQFP**"); and (v) where no portion of the trade or business includes any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises. Regulations provide that the requirement that "substantially all" of the tangible property owned or leased by the partnership or corporation is QOZ Business Property means that at least 70% of the partnership's or corporation's tangible property must be QOZ Business Property.

Working Capital Safe Harbor. As set forth above, less than 5% of the average aggregate unadjusted bases of the property of such partnership or corporation for such year must be attributable to NQFP. Pursuant to Section 1397C(e) of the Code, NQFP means debt, stock, partnership interests, options, futures contracts, forward contracts, warrants, notional principal contracts, annuities, and other similar property specified in regulations; except that NQFP does not include reasonable amounts of working capital held in cash, cash equivalents, or debt instruments. The Regulations provide a safe harbor in which working capital assets are deemed to be reasonable if:

(i) the amount of working capital is designated in writing and is for the development of a trade or business in a QOZ, including the acquisition, construction, and/or substantial improvement of tangible property in such a QOZ,

(ii) there is a written schedule for the expenditure of those assets and, under that schedule, the working capital must be spent within 31 months of receipt of those assets, and

(iii) the working capital assets are actually used in a manner that is substantially consistent with the written designation and the schedule.

This working capital safe harbor is subject to extension under certain conditions as permitted by the TJCA and its regulations.

The General Partner and the Manager may utilize the working capital safe harbor to NQFP in order to meet the deployment requirements of Section 1400Z-2(d)(1) of the Code.

The General Partner will use commercially reasonable efforts to cause the Partnership to meet all requirements for self-certification as a QOF under the foregoing requirements. However, because the TCJA is relatively new legislation that is subject to change and further interpretation and additional developments are expected, the General Partner will be authorized and directed to cause the Partnership to take such actions as are reasonably necessary to comply with such

requirements as they evolve (including amendments to the LP Agreement as necessary to do so), and the General Partner may rely on the advice of tax counsel and accountants in doing so.

Any investor who is interested in obtaining Opportunity Zone tax benefits must consult with its own tax counsel to evaluate the risks, requirements and potential tax benefits associated with an investment in the Partnership, to determine if it complies with the requirement that it is making its investment in the 180-Day Investment Period, and to make any elections that are necessary to obtain associated tax benefits. The Partnership and its Affiliates are not providing tax advice or ensuring that an investor will obtain the intended tax benefits from its investment.

Each investor may also be required to comply with other TCJA requirements that are applicable to the investor from time to time as they evolve, including the annual reporting of the amount of Deferred Gain that has not yet been taxed. An investor should consult with its own tax counsel or other advisor regarding such obligations.

Return Objective: Each Investor should be aware that its returns are not "guaranteed" returns, but will only be paid to the extent the General Partner determines that the Partnership has sufficient proceeds to both meet its Partnership Objectives and to make such a distribution.

Term of Partnership: The term of the Partnership shall not exceed December 31, 2047.

Initial Closing: The initial closing of the Offering will occur at the General Partner's discretion after subscriptions representing capital commitments of at least $36,000,000 have been received by the General Partner from prospective investors. Neither the General Partner nor the Partnership nor any of their Affiliates shall be liable to any Limited Partner if the subscriptions are not accepted by the General Partner or the investments are not received by the Partnership during the 180-Day Investment Period.

If the Offering is terminated prior to the Partnership having received and accepted subscriptions representing the Minimum Offering ($36,000,000), then the Offering will be terminated and all subscription funds received from such subscribers will be returned to the subscribers. The General Partner may continue to solicit additional capital commitments from both new and existing Investors until the Offering Termination Date (as defined below).

Multiple Closings: The Partnership may complete multiple closings of this Offering.

Commitments: Each Limited Partner's full capital commitment will be drawn-down and payable within 10 business days of notification from the General Partner of acceptance of the Limited Partner's subscription for Units. **An investor will not become a Limited Partner until the investor makes their entire capital contribution to the Partnership.**

Additional Capital Calls: No additional capital calls will be made once the investor's total committed capital in the Partnership has been called for and received by the Partnership.

Termination of Offering: This Offering will terminate on the earlier of (i) the date on which the General Partner terminates the Offering at its sole discretion, (ii) December 31, 2023, or (iii) the date that subscriptions representing the Maximum Offering ($100,000,000) in capital commitments have been received and accepted by the General Partner (the "**Offering Termination Date**"). The Offering may be terminated or extended at any time in the sole discretion of the General Partner.

Reinvestment: Net proceeds from the sale or refinancing of a portion or all of the Property may be reinvested by the General Partner in further redevelopment or improvement of the Property and/or may be put to other uses as set forth in the LP Agreement. The sale of an asset may generate taxable income that the Limited Partners may recognize even if the proceeds are reinvested by the Partnership.

Co-Investments: In connection with any transaction that requires or permits a larger investment than the General Partner deems appropriate for the Partnership, the General Partner may (but shall not be required to) offer to third parties, including but not limited to certain Limited Partners, the opportunity to co-invest with the Partnership on such terms and conditions as the General Partner determines.

Leverage: The Partnership, either directly or indirectly through the Project Entity or other special purpose entity, expects to utilize leverage to, among other things, enhance total returns to its Partners. The General Partner may in its sole discretion structure the terms and uses of indebtedness as it deems appropriate, including without limitation with the Partnership, Project Entity or special purpose entity as the borrower for construction or property development loans, for meeting operational needs, for funding current or anticipated expenses, for incurring indebtedness to pay off construction or other loans, for other refinance or takeout loans, or for other purposes at the discretion of General Partner.

Leverage Limits: The General Partner will have discretion to incur, or cause to be incurred, secured and/or unsecured debt. Under no circumstance will Limited Partners, other than the General Partner, assume liabilities or recourse in excess of their total capital commitments to this Partnership.

Distributions: Pursuant to the LP Agreement, to the extent the General Partner determines a Distribution should be made, the General Partner will declare and make such Distribution. This determination will be based on, among other factors, the General Partner's determination of the present a reasonably projected future cash flow, the appreciated value of the underlying assets, and/or the need to maintain reserves. Prior to making any Distributions, the General Partner shall first ensure all Partnership Expenses are paid and current and that there are adequate reserves therefor. Any such cash flow authorized for Distribution shall be distributed by the Project Entity or other special purpose entity as applicable to the Partnership, and then by the Partnership to the Partners in the following order of priority:

(i) first, 100% to the Limited Partners until the Limited Partners have received an amount equal to the aggregate unreturned capital contributions made to the Partnership by such Limited Partners;

(ii) second, 100% to the Limited Partners until the Limited Partners have received an 8% cumulative, non-compounded, preferred annual return on unreturned capital contributions;

(iii) third, to the General Partner until it has received 20% of the sum of the preferred return amounts distributed to the Limited Partners plus the distributions to General Partner under this clause (iii);

(iv) then, 80% to the Limited Partners and 20% to the General Partner.

For purposes of determining each Limited Partner's accrued and unpaid preferred return on contributed amounts, capital contributions will be credited to a Limited Partner's unreturned contribution account on the date the General Partner determines, in its sole and absolute discretion, that the Partnership requires such funds for the purpose of satisfying any Partnership Expense, or that the Project Entity or a special purpose entity requires such funds for the conduct of its trade or business, including the payment of fees to the Manager.

Investment Management Fee: An investment management fee equal to 0.25% per annum of the greater of (i) the Limited Partners' aggregate total capital contributions, (ii) the fair market value of the Partnership based on net operating income, or (iii) the book value of the Partnership based on historical costs will be paid to the General Partner for the management of the Partnership. The investment management fee will be calculated and paid quarterly at the commencement of each calendar quarter. The General Partner will not receive any compensation other than the investment management fee.

Asset Management Fee: An asset management fee equal to 1.25% per annum of the greater of (i) the Limited Partners' aggregate total capital contributions, (ii) the fair market value of the Partnership based on net operating income, or (iii) the book value of the Partnership based on historical costs will be paid to the Manager for the management of the Partnership and the Project Entity. The asset management fee will be calculated and paid quarterly at the commencement of each calendar quarter (together with the above investment management fee, the "**Management Fees**").

Development Management Fee: To the extent the Manager or its Affiliates (or designee of Manager) provide development or construction management services to the Project Entity or Partnership, the Manager or its Affiliates will be paid a fee equal to 5.00% of the total cost of the design, architectural fees, engineering fees, legal fees, other professional fees, permitting, demolition, construction, improvement, renovation, rehabilitation, development, redevelopment, subdividing, repurposing, rezoning, interior improvements, automation or other equipment, and/or other similar costs related thereto for the Property ("**Development Management Fees**"). The Development Management Fees will be

calculated and payable on no more than a monthly basis and no less than on a quarterly basis

Property Management Fee: The Manager or an Affiliate and/or a designee of Manager will provide property management services with respect to the Property and will receive a property management fee equal to 6.00% of gross property rental amounts received from the managed Property for the preceding month ("**Property Management Fees**"). The Property Management Fees will be calculated and payable on no more than a monthly basis and no less than on a quarterly basis.

Leasing Fee: The Manager or an Affiliate and/or a designee of Manager will provide exclusive leasing services with respect to the Property and will receive a leasing fee equal to 2.5% of the base rent calculated over the term of each lease on the Property ("**Leasing Fees**"). The Leasing Fees will be payable as follows: (i) half (50%) upon the execution of a lease by a tenant; and (ii) half (50%) upon the tenant taking possession of the leased premises.

Other Fees for Services: The General Partner, the Manager, or their affiliates may be paid other fees based on market rates for services they provide to the Property.

Partnership Expenses: The Project Entity, in the discretion of the Manager, will pay directly or reimburse the General Partner, the Partnership and/or the Project Entity for any and all legal, accounting and other professional costs, and other out-of-pocket expenses, relating to the preparation and provision of this Offering and the formation and organization of the General Partner, the Partnership and the Project Entity, including in each case any travel expenses and other expenses related thereto ("**Organizational Expenses**").

In addition, the Project Entity, in the discretion of the Manager, will pay directly or reimburse the General Partner, the Partnership, Manager and/or the Project Entity for any and all expenses, costs and liabilities incurred by them in the conduct of the business of the Project Entity, the General Partner, the Manager and/or the Partnership, including: (i) all administrative and operating expenses, including (A) legal, accounting, and other professional fees, including any and all fees and disbursements of attorneys relating to Partnership, General Partner or Project Entity matters, fees relating to the preparation of financial reports and portfolio valuations, (B) fees and expenses of service companies, custodians, consultants, economists, tax preparers, and other experts engaged by the General Partner or the Manager; (C) third-party fees for administrative, accounting, bookkeeping, tax preparation, audit, legal and compliance services (including preparing and distributing the reports described in the LP Agreement, any Subscription Agreement or any side letter), including costs of compliance programs, regulatory examinations, reporting and filings made by the Partnership, the Project Entity, the General Partner or the Manager; (D) all reasonable costs and expenses associated with reporting and providing information to existing and prospective Limited Partners; (E) data production and maintenance services and other third-party research expenses, including specific expenses incurred in obtaining systems, research and other information, including information service subscriptions, utilized for portfolio management, valuations, accounting or reporting purposes, including the costs of

pricing services, phone and internet charges; (F) any governmental, regulatory, licensing, filing or registration fees incurred in connection with the compliance by the Partnership, the Project Entity, the General Partner, or the Manager with the rules of any self-regulatory organization or any federal, state, local or foreign laws; (G) expenses relating to any governmental inquiry or public relations undertaking relating to the Partnership, General Partner or the Project Entity; (H) taxes, fees or other governmental charges levied against the Partnership or the Project Entity, and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Partnership or the Project Entity; (I) any withholding, taxes, fees or other governmental charges levied against any Limited Partners (to the extent not recoverable from such Limited Partners pursuant to the LP Agreement); (J) costs and expenses of any litigation involving the Partnership or the Project Entity and the amount of any judgments or settlements paid in connection therewith relating to the business, activities and interests of the Partnership or the Project Entity, including any indemnification expenses payable in accordance with the LP Agreement; (K) costs of director and officer liability insurance, errors and omissions insurance; (L) the cost of any liability insurance (including commercial, general, construction, food safety, cybersecurity insurance and any fiduciary coverage or bonds) obtained on behalf of the Partnership, the Project Entity, the General Partner and/or the Manager; (M) any extraordinary expenses or liabilities relating to the affairs of the Partnership or the Project Entity; and (N) allocated expenses including services subscribed to for investment purposes, and indirect due diligence expenses; (ii) interest, fees and expenses arising out of all permitted borrowings made by the Partnership or the Project Entity; (iii) all expenses incurred in designing, improving, holding, managing, developing, constructing, renovating, rehabilitating, permitting, subdividing, repurposing, rezoning, negotiating, structuring, acquiring and disposing of the Property and prospective properties (whether or not consummated), including any financing, legal, architectural, construction, accounting, advisory, diligence, valuation, and consulting expenses in connection therewith; (iv) appraisal fees, investment banking expenses, custody fees, third-party fees and profit-sharing arrangements that are not payable to the General Partner, the Manager or any of their affiliates (provided such third-party fees and profit-sharing arrangements were not in connection with the day-to-day expenses required to be borne by the General Partner pursuant to the LP Agreement, or by the Manager pursuant to the Project Entity limited liability company agreement); and (v) Management Fees, Development Management Fees, Property Management Fees, Leasing Fees and other fees payable to the General Partner, the Manager and their respective Affiliates in accordance with the terms of the LP Agreement (together with Organizational Expenses, the "**Partnership Expenses**"). Notwithstanding the foregoing, the Manager shall be reimbursed by the Project Entity for any and all costs incurred by the Manager on behalf of the Project Entity.

Limited Partner Giveback: The General Partner may require that each Limited Partner contribute to the Partnership its *pro rata* share of any amounts previously distributed to such Limited Partner to fund a liability or indemnification obligation of the Partnership; provided that no Limited Partner will be required to return any amount previously distributed to such Limited

Partner after the earlier of (i) the third anniversary of its receipt of such distribution and (ii) the second anniversary of the last day of the term of the Partnership, except to fund liabilities or obligations with respect to which the General Partner, the Partnership or the Project Entity has received a written notice of claim or that the General Partner, the Partnership or the Project Entity is in the process of litigating, arbitrating or otherwise settling as of such anniversary date; and no Limited Partner shall be required to contribute an aggregate amount that is greater than lesser of (x) 25% of all distributions received by such Limited Partner from the Partnership and (y) 50% of the amount of such Limited Partner's capital commitment.

Suitability Standards: This Offering is limited to investors who qualify as "Accredited Investors" as defined in Regulation D under the Securities Act of 1933, as amended and who are purchasing Units for their own account for investment and not for resale. In jurisdictions other than the U.S., sales may be made in compliance with the applicable laws only to persons who qualify under such laws.

Restrictions on Transfers: There is no public market for the Units and none is expected in the future. Limited Partners have only a restricted and limited right to assign their Units and rights. Limited Partners may not transfer their Units in the Partnership without the consent of the General Partner, which consent may be withheld in the General Partner's sole discretion.

Required Withdrawal: A Limited Partner may be required to withdraw from the Partnership if in the reasonable judgment of the General Partner, a significant delay, extraordinary expense, violation of law or material adverse effect on the partners, the Partnership or any of its affiliates, or the Property is likely to result.

The amount due to any Limited Partner required to withdraw from the Partnership shall be 90% of the fair market value (taking into account the effect of any carried interest payments and management fees payable to the Manager and General Partner) as of the effective date of the withdrawal as reasonably determined within 30 days by an MAI real estate appraiser or other recognized expert selected at the discretion of General Partner. The General Partner may, in its sole discretion, agree that the price for the withdrawing Limited Partner's interest will equal 100% (in lieu of 90%) of the amount described above.

Indemnification: The Partnership will indemnify and hold harmless the General Partner, and their respective affiliates, members and shareholders, and each of their respective managers, directors, officers, representatives, management companies and employees (each an "**Indemnitee**") from and against liabilities arising in connection with the Partnership; provided that the Partnership's obligations shall not apply to the Indemnitee's willful misconduct, fraud or gross negligence. Limited Partners may be required to return amounts distributed to them to fund the Partnership indemnity obligations to the extent provided above in the section labeled "Limited Partner Giveback."

Reporting: Within 120 days after the close of each fiscal year audited annual financial statements will be prepared by independent certified public accountants and distributed to the partners. Unaudited quarterly financial statements will be prepared by the Partnership and distributed to the partners within 60 days after the close of each fiscal quarter.

Amendments: The LP Agreement generally may be amended by the General Partner with the approval of a majority-in-interest of the Limited Partners, subject to certain exceptions and certain higher thresholds set forth in the LP Agreement. The General Partner may without the consent of the Limited Partners adopt amendments necessary (in the General Partner's reasonable discretion), including adjustments to the structure of the Partnership, to cause the Partnership to qualify as a qualified opportunity fund and otherwise comply with Federal and state laws and regulations, including any subsequent changes to such laws and/or regulations, affecting qualification as a qualified opportunity fund or investment in "opportunity zones" under the Internal Revenue Code of 1986, as amended (the "**Code**").

Tax Considerations: Certain U.S. Federal income tax considerations applicable to this offering are summarized under "Certain Tax, ERISA and Regulatory Matters." The General Partner expects the Partnership to be taxed as a partnership for U.S. federal income tax purposes, in which case each Limited Partner will be required to report and take into account its allocable share of Partnership income, gain, loss, deduction and credit. The Partnership intends to qualify as a QOF under the TCJA. Each prospective investor is advised to consult its own tax advisor as to the income tax consequences of an investment in the Partnership, including the application of state, local and federal tax laws, and in particular, whether the investor has complied with the 180-Day Investment Period and understanding the benefits and risks of a QOF (including without limitation no deferral of state tax or other benefits for state tax for purposes of California and certain other states' income tax).

ERISA Considerations: The General Partner will use reasonable efforts to limit participation by "benefit plan investors" so that they hold less than 25% of the equity interests in the Partnership and otherwise operate the Partnership so that the assets of the Partnership will not be considered "plan assets" under ERISA. See "Certain Tax, ERISA and Regulatory Matters."

Risk Factors and Conflicts of Interest: This Offering involves significant risks. Prospective investors should carefully review the matters discussed under "Risk Factors and Potential Conflicts of Interest."

Legal Counsel: The legal counsel for the General Partner and Manager has represented solely the interests of the General Partner and the Manager, and not the interests of any Limited Partner (or any other party), in connection with this Offering. The Partnership has not been separately represented by independent counsel in its formation or in its dealings with the General Partner and the Manager. The legal counsel for the General Partner and Manager does not represent any Investor in connection with the Offering.

Side Letters:	The General Partner may in its sole discretion enter into one or more side letters or similar agreements with Limited Partners that may alter certain terms and conditions contemplated hereby or as may be set forth in the LP Agreement.
Accountants:	Biesinger & Kofford CPAs - 4778 N. 300 W. #200, Provo, Utah 84604.
Subscription Procedures:	To purchase Units, Investors must complete and sign the Subscription Agreement and related documents which are attached as Exhibit B to this Memorandum. The completed and signed documents should be delivered to Post Harvest Technologies, Inc. both by email to jim@postharvesttechnologies.com and by mail to 16220 N. Scottsdale Road, Suite 260, Scottsdale, Arizona 85254. All subscriptions are payable as provided in the Subscription Agreement. All wire transfers should be made payable to "PHT Opportunity Fund LP". The General Partner has the right, to be exercised in its sole discretion, to accept or reject any subscription in whole or in part.

THE PARTNERSHIP

Overview

The Partnership has been organized by its General Partner as a Delaware limited partnership. The General Partner is responsible for the management of the Partnership. The General Partner will delegate day to day management of the Partnership to its affiliate, Post Harvest Technologies, Inc., a Wyoming corporation (sometimes referred to as "**Manager**"), which will provide advisory and management services to the Partnership and the Project Entity.

Post Harvest Technologies, Inc. is an investment and management company that provides its portfolio companies and affiliates with strategic and operational improvements, capital efficiency and deep industry expertise to maximize the value of the products and services they offer their customers. The Manager provides strategic guidance to each of the portfolio companies by bringing tools, best practices and resources to expedite value creation initiatives.

The Manager currently has two portfolio companies, Growers Custom Equipment, LLC and Central Coast Cooling, LLC. Growers Custom Equipment, LLC is a specialized post-harvest equipment manufacturing company for the agriculture industry, with an emphasis on manufacturing, leasing and servicing precooling equipment. Central Coast Cooling, LLC is a full-service produce precooling, cooling, cold storage and logistics business.

Central Coast Cooling, LLC is the primary tenant on the Property. It operates three (3) cooling facilities on the Property which provide precooling, cooling, cold storage and logistics services to its customers. It is one of the largest independent commercial cooling facility operators on the west coast, servicing many of the top grower-shippers of agricultural products from the Salinas Valley in California, along with products coming from elsewhere in California and from Mexico.

The Property is owned and managed by the Manager's affiliated company, Growers Ice Company (GIC), which has owned and controlled the Property (along with its predecessors) since 1936. The CEO and Chairman of the Board of Growers Ice Company, Jim White, is also CEO and Chairman of the Board of Post Harvest Technologies, Inc.

Post Harvest Technologies, Inc. is thus uniquely qualified to serve as Manager for the redevelopment of the Property. It is very familiar with the Property, its current tenants, prospective new tenants and the equipment used by its cooling facilities. The Manager is also keenly aware of the challenges and pain points that impact cooling facilities along with the opportunities and solutions to address them. Given its history, experience, subsidiaries and affiliates, it has a deep understanding of what prospective tenants need on the Property to maximize efficiency, reduce costs and enhance food safety.

Property Location

The Property sits in the heart of the Salinas Valley in Monterey County, California, which is often referred to as the "Salad Bowl of the World."[1] In the United States, Monterey County supplies the following percentages of total national pounds produced each year in the U.S.: 61% of leaf lettuce, 57% of celery, 56% of head lettuce, 48% of broccoli, 38% of spinach, 30% of cauliflower, 28% of strawberries, and 3.6% of wine grapes.[2] In addition, Ag exports from Monterey County exceed 400 million pounds per year, including to Canada, Taiwan, Mexico, Japan, Hong Kong, Saudi Arabia, Singapore, European Union, the UAE, Korea and many other countries.

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[1] Source: WorldAtlas.com (https://www.worldatlas.com/articles/which-place-is-known-as-the-salad-bowl-of-the-world.html)

[2] Source: Farm Bureau Monterey (http://montereycfb.com/index.php?page=facts-figures-faqs)

From the first wagonload of lettuce in 1916 until today, the Salad Bowl of the World has been the major producer of many of the fruits and vegetables consumed around the country and the world. In 2018, Monterey County's agriculture production value was approximately $4.26 Billion.[3] Looking back in successive 10-year intervals, that's up from $3.8 Billion in 2008[4] and $2.3 Billion in 1998.[5] The agricultural industry in Monterey county is strong, steady and important both for the local community and for consumers worldwide.

Importantly, the agricultural commodities grown in Monterey County must be precooled, placed in cold storage, and then shipped to grocery stores, wholesale markets and processing facilities. Precooling, cold storage and shipping with refrigerated trucks an essential step in the process of delivering agriculture from seed to table.

As stated, the Property is located in an Opportunity Zone. In addition, it is perfectly situated to provide easy access, ingress and egress to both field trucks and long-haul trucks. Furthermore, its central location in the Salinas Valley enables it to draw in products from all of Monterey County. However, like other cooling facilities in Monterey County and throughout the United States, its infrastructure, energy sources, buildings, layout, and design are antiquated and inefficient. This makes the Property an ideal candidate for acquisition and redevelopment.

Importantly, the business and services conducted and provided on the Property are an integral part of the federal government's sixteen (16) critical infrastructures (Food and Agriculture), and as such are considered "Essential Businesses" by the State of California and County of Monterey and thus exempt from the COVID-19 restrictions that apply to non-essential businesses.

Manager's Objective with Property

The Manager's objective is to utilize its deep industry expertise to develop the Property to enable its tenants (i) to minimize the time it takes to receive and precool their products, (ii) to utilize automated solutions to store and load their products, (iii) to have reliable energy sources at a predictable cost, (iv) to enhance food safety compliance, and (v) to generally reduce labor costs, maximize efficiency and quickly turn trucks both in the receiving area and at the loading bays.

In other words, with the Manager's guidance and through the Project Entity, the Partnership will redevelop the Property in a manner intended to disrupt the agriculture precooling and cold storage industry through energy efficiency, advanced technology and robotics. The Property will attract all grower-shippers who want to extend the shelf life of their products, increase efficiency and productivity, reduce labor costs, enhance food safety protocols, and improve their bottom lines.

Description of the Partnership Development Plan

The Partnership's plan to purchase and redevelop the Property through the Project Entity is generally as follows:

- To purchase the Property for the appraised value of $32,900,000.

- To finalize the design and engineering plan currently in process to develop the most state-of-the-art receiving, precooling, cooling, cold storage, processing (if requested), shipping and logistics facilities ever developed in this industry.

- To obtain permits for the above and for the demolition of part or all at the Property in preparation for the redevelopment.

[3] Source: 2018 Monterey County Crop Report (https://www.co.monterey.ca.us/home/showdocument?id=78579)
[4] Source: 2008 Monterey County Crop Report (https://www.co.monterey.ca.us/Home/ShowDocument?id=1477)
[5] Source: 1998 Monterey County Crop Report (https://www.co.monterey.ca.us/Home/ShowDocument?id=1457)

- To seek long-term commitments in advance of the Property acquisition and/or construction from one or more grower-shippers and/or cooling companies to establish future occupancy and predictable lease revenue.

- Design and develop cooling facilities which address the following industry needs:

  - **Efficient Receiving of Product**.

    Problem: The tenant customers have perishable products, and to prolong the shelf life of such products it's important that they be precooled as soon as possible after harvest, followed immediately by cold storage with minimal if any breaking of the cold chain. However, due to antiquated methods, inefficiencies and poorly designed buildings and layouts in Monterey County, CA and elsewhere, these products often sit outside in the sun for hours before and after precooling.

    Solution: The Partnership will offer facilities designed to efficiently receive, precool and store such products using automation wherever practical. The products will be protected from the sun upon arrival under a shade bay, unloaded and quickly placed and cooled in precooling equipment, and such precooling equipment shall whenever practical feed the products directly into the cooling facility for cold storage. By quickly precooling products and putting them into cold storage with minimal if any breakage of the cold chain, this will increase the shelf-life of products and reduce labor costs.

  - **Reduction of Labor Costs and Errors in Cold Storage and Shipping**

    Problem: High and rising labor costs inside the cooling facility, along with long load times and misloads.

    Solution: The Partnership will, if requested and paid for by the tenant, offer the latest in automation technology inside the cooling facility to store products, locate products, prepare products for shipment, and otherwise reduce labor costs, mistakes and misloads.

  - **Efficient Long-Haul Truck Arrival and Departure**

    Problem: Long wait times for trucks to pick up products for shipping to the end customer.

    Solution: The Partnership will design facilities which maximize truck loading bays, enable efficient communication with truck drivers, and provide for truck parking to ensure easy ingress to and egress from truck loading bays.

  - **Energy Efficiency & Dependability**

    Problem: The costs of energy are skyrocketing in California, and companies have little to no control over such costs. In addition, retail chains are putting increasing pressure on grower-shippers to reduce their carbon footprint. Moreover, cooling facilities need to minimize both the cost of water and the wasting thereof.

    Solution: The Partnership is designing the Property to include other sources of energy including, without limitation, solar, cogeneration and trigeneration options to reduce and control costs. In addition, the Partnership will determine to what extent it can achieve a neutral or better carbon footprint as the ability to do so will add value for its tenants. Furthermore, the facilities will use the latest insulation technology to reduce the amount of energy required to keep the cooling facility cold. Lastly, the Partnership will utilize water recycling technologies to enhance utilization and reduce waste.

- Lease and manage the Property through the Project Entity using full service gross leases to maintain its status as a QOZ Business**.**

MANAGEMENT OF THE PARTNERSHIP

Management

The General Partner and the Manager are responsible for the overall management of the Partnership. The Partnership has no employees and does not intend to have any employees or incur any employee expenses. All day-to-day management and administrative operations of the Partnership will be provided by the Manager. The Manager has assembled a team of advisors and managers, who together have significant real estate, precooling, cooling, cold storage, shipping, agriculture, investment and development experience.

Each individual serving on the Manager's senior management team will be responsible for the duties related specifically to their area of expertise and management obligations. Although members of the senior management team may engage in other business activities (whether in the real estate, precooling equipment, cold storage business or otherwise) and will not devote all of their efforts to the Partnership, they will devote sufficient business time and attention to the affairs of the Partnership necessary to pursue the Partnership's objectives.

Historical Roots

Through its affiliates, the Manager's roots date back to 1936 when the original founders Growers Ice Company (GIC), an affiliate of Manager, established an innovative business to service the fresh produce industry in Monterey County, California. The GIC founders became pioneers of the industry and were instrumental in Salinas becoming the "Salad Bowl of the World." In fact, the name "iceberg lettuce" was coined in the 1930s when train cars full of lettuce were shipped cross country using ice produced at the GIC facility, the evolution of which now comprises the Property.

PHT's Inception

Post Harvest Technologies, Inc. (PHT) was incorporated in 1989 in Salinas, CA for the purpose of manufacturing post-harvest precooling and other cooling equipment to sell to GIC and other companies in the Ag industry. For over a quarter of a century, PHT established itself as a leading manufacturing company of innovative, post-harvest precooling equipment in the Ag industry.

PHT's Transition

In 2017, PHT transitioned into a Delaware C-Corp, reestablishing its brand identity as a management company in the precooling, cold storage and related business sectors. GIC then transferred its ownership of Growers Custom Equipment, LLC (GCE) and Central Coast Cooling, LLC (CCC) to PHT, giving PHT full control over a precooling equipment and other post-harvest equipment manufacturer (GCE) along with the largest independent commercial cooler on the west coast (CCC) providing precooling, cooling, cold storage and logistics services in the Salinas and Imperial Valleys of California.

PHT as Manager

Post Harvest Technologies, Inc. (PHT) is uniquely qualified to serve in many capacities in the Partnership Development Plan, including as Managing Member of the General Partner, Manager to the Partnership and Project Entity, and by providing investment management, asset management, development management, leasing services and property management services to the Project Entity and Partnership. Why? First,

the Property is owned and managed by the Manager's affiliated company, Growers Ice Company (GIC), which has controlled the Property (along with its predecessors) since 1936. Second, the CEO and Chairman of the Board of Growers Ice Company, Jim White, is also CEO and Chairman of the Board of Post Harvest Technologies, Inc. (PHT). Third, PHT is very familiar with the Property, its current tenants, prospective new tenants and the equipment used by cooling and processing facilities. Fourth, given its history, experience, subsidiaries and affiliates, PHT has a deep understanding of what prospective tenants need on the Property to maximize efficiency, reduce costs and enhance food safety.

Manager Management Team

Jim White, PhD*, President and Chief Executive Officer*

As Founder & CEO, Dr. Jim White brings a wealth of expertise to our firm. Dr. White is also Chairman and CEO of Post Harvest Technologies, Inc., Growers Ice Company, and Founder and President of JL White International, LLC. Jim is the best-selling author of What's My Purpose? A Journey of Personal and Professional Growth. The book, which has been lauded by such industry leaders as Steven M.R. Covey and Jack Canfield, seeks to change readers by helping them to identify key truths while breaking down the main barriers (the Five Masks) to fulfillment. Jim's recent release, Opportunity Investing, has received much acclaim and addresses the issues related to opportunity funds and zones.

Chris Jackson, *General Counsel*

Chris Jackson holds a bachelor's degree in Business from Cornell University and a J.D. from Loyola Law School. As General Counsel, Chris brings more than 20 years of legal expertise to the team and leads business operations, finance, and development initiatives. He is responsible for deal flow management, driving the firm's strategic initiatives and enhancing the operational effectiveness of PHT Opportunity Fund's offerings. He has sophisticated knowledge in public and private M&A transactions, complex commercial contracts, and corporate and securities law matters. Chris has an extensive operations and financial services background, specializing in complex commercial contracts, mergers and acquisitions, supply and distribution contracts, real estate leases, and private placements.

Jakob Levison, *Senior Associate*

Jakob Levison is a Senior Associate overseeing PHT Investment Group's Business Development and Investor Relations efforts, responsible for equity raising, new business generation, leasing and marketing, and relationship management with current and prospective investors in PHT Funds and Joint Ventures. Prior to joining PHT Investment Group, Jakob worked at Morgan Stanley Wealth Management, M&T Bank's Management Development Program, and most recently Blockworks – a fast-growing startup at the intersection of finance and digital assets. Jakob received his B.A. in Philosophy, Politics, and Economics (PPE) with a concentration in Choice and Behavior from the University of Pennsylvania.

Scott Klein, **PhD**, *Director of External Affairs*

Scott Klein is a well-regarded community activist and entrepreneur. Scott is a published author who hosts the popular "Get Down to Business" radio show in Chicago and serves as an Officer in the US Army Reserves, as well as the Chairman of the Village of Skokie Economic Development Commission. Scott holds a doctorate in educational leadership and a master's degree in non-profit management. He is an active leader for the Employer Support of the Guard and Reserve (ESGR). As Director of External Affairs, Scott brings his extensive community relations, communications and management experience to PHT's portfolio to drive awareness and growth.

Nick Stoll, *Financial Controller*

Nick Stoll is the Corporate Controller of Post Harvest Technologies, Inc. (PHT). He oversees the financial and business operations that support our business strategy, and is responsible for finance, controllership and corporate development and strategy. For the last 18 years, Nick was the Controller for various businesses including Growers Ice Company (affiliate of PHT), New Leaf Community Markets (Division of New Seasons), Prescience International (acquired by Johnson and Johnson), and Multigig, Inc (acquired by Analog Devices). In the first 11 years of his career Nick lived and led businesses in Spain. He holds a Masters in Finance and a Masters in Management of Technology from Golden Gate University, and he received his Bachelor's degree from the University of California, Davis. Nick played football and rugby at UC Davis, currently referees Junior College football, and regularly travels to Europe to visit his grown children

GENERAL REQUIREMENTS FOR
OPPORTUNITY ZONE FEDERAL TAX BENEFITS

The Partnership intends to acquire and redevelop the Property, which is located in an Opportunity Zone. The TCJA, signed into law in December, 2017, created a new tax incentive program, which encourages investors to make long-term financial investments in Opportunity Zones in exchange for (1) deferring recognition of capital gains from the sale or exchange of an asset prior to the investment in the Opportunity Zone (the "**Deferred Gain**"), (2) eliminating recognition of up to 15% of the amount of such Deferred Gain (but only 10% for investments made after 2019 *and 0% for investments made after 2021 unless the New Law passes*), and (3) potentially permanently avoiding the recognition of gains realized by the investor upon the sale or exchange of its investment in a QOF (i.e., gains in the QOF; in contrast the Deferred Gain relates to the gain in the asset that was sold prior to investing in the QOF), and potentially avoiding gains realized by a QOF, once the investor has held its investment for at least 10 years. In order for any of these tax benefits to be available, an investor must make a "**Qualified Investment**" (as discussed below) in a QOF.

Notwithstanding anything to the contrary stated herein, please note that although the Partnership intends to be organized and to operate in a manner that will make these tax benefits available to investors that make a Qualified Investment, these tax benefits are relatively new, the rules are complex, and there is much uncertainty in what criteria must be satisfied in order for these benefits to be available. In addition, Congress is contemplating legislation that could substantially change the tax benefits available with respect to investments in Opportunity Zones, and such legislation may have retroactive effect. Moreover, the Treasury has issued two sets of proposed regulations (the "**Proposed Regulations**"), as well as final regulations (the "**Final Regulations**") that provide for somewhat different rules. There is some ambiguity on the extent to which the Proposed Regulations versus the Final Regulations may apply, and the Treasury may issue additional guidance that makes further changes to the rules. Moreover, some of the benefits of the TCJA have already expired, but if the New Law passes, some or all of such benefits may become available again to investors. The Partnership, the General Partner, the Manager, their affiliates, and their advisors cannot provide any assurance that the Opportunity Zone tax benefits will be available to investors, and investors are strongly encouraged to seek their own independent tax advice.

Qualified Investment

In order to qualify for favorable tax treatment with respect to an Opportunity Zone investment, an investor must make a Qualified Investment in a QOF. To have a Qualified Investment, an investor must have Deferred Gain from the sale or exchange of an asset to an unrelated party; the amount of Deferred Gain may be less than the full amount of gain realized. In addition, the investor must make an investment in a QOF in an amount equal to the Deferred Gain, and elect to defer recognition of the Deferred Gain. If a proper election is not made, the investment will not be a Qualified Investment.

The investment must be made within the 180-Day Investment Period, which generally begins on the date that the investor recognized the Deferred Gain. Special rules apply when the gain was recognized by a pass-through entity such as a partnership or S corporation, and certain types of assets may be subject to special rules. For example, under the Proposed Regulations, special rules apply to so-called "**Section 1231 Property**." Section 1231 Property generally consists of real or depreciable property that has been held for more than one year and has been used in a trade or business. The Proposed Regulations provide that for Section 1231 Property, the 180-Day Investment Period begins on the last day of the investor's tax year in which the Section 1231 Property was sold or exchanged. In addition, only the net gain from Section 1231 Property for a tax year may qualify for benefits under the Opportunity Zone rules. The Final Regulations, however, treat Section 1231 Property like capital assets; the 180-Day Investment Period generally begins on the date of sale, and gross gain is eligible to be deferred by making an investment in a QOF. There is uncertainty on the extent to which an investor may rely on the Proposed Regulations with respect to gain from the sale of Section 1231 Property that was recognized on or before March 13, 2020.

Prior to investing, investors are strongly urged to consult with advisors and undertake an independent analysis of whether the investment will be made within a 180-Day Investment Period.

A QOF may receive investments that are not Qualified Investments, but an investor will obtain no special Opportunity Zone tax benefits in connection with such investments.

Opportunity Zones

An Opportunity Zone is a population census tract that is either: (1) a "Low-Income Community" (as such term is defined in IRC Section 45D(e)); or (2) if not a Low-Income Community, (a) the census tract is contiguous with a Low-Income Community designated as an Opportunity Zone, and (b) the median family income of the census tract does not exceed 125% of the median family income of the Low-Income Community with which the tract is contiguous. Each Opportunity Zone has been designated as an Opportunity Zone by the Department of Treasury. There is uncertainty in how these designations will be affected by any changes in the boundaries of census tracts as a result of the next census.

*Qualified Opportunity Fund ("**QOF**")*

A QOF is an investment vehicle that is treated as a corporation or a partnership for income tax purposes and is operating for the purpose of investing in eligible property that is located in an Opportunity Zone and that satisfies a number of other criteria. The Partnership may self-certify as a QOF without approval or action by the IRS by completing a form and attaching such form to the Partnership's timely-filed federal income tax return for the taxable year. This self-certification does not ensure that the Partnership will qualify as a QOF, however.

In order to qualify as a QOF, the Partnership must hold at least 90% of its assets in qualified opportunity zone property ("**QOZ Property**," discussed below, with this requirement being the "**90% Requirement**"). The 90% Requirement is generally determined by the average of the percentage of QOZ Property held by the Partnership as measured (1) on the last day of the first 6-month period of the taxable year of the Partnership, and (2) on the last day of the taxable year of the Partnership. The Partnership will be required to pay a penalty for each month that it fails to meet the 90% Requirement. The penalty is currently calculated as the amount of the shortfall multiplied by the underpayment rate established under Section 6621(a)(2) for such month. For partnerships, the penalty is imposed proportionately on each partner's share of the partnership. There is a safe harbor in Section 1400Z-2(f)(3), which states that no penalty will be imposed if it is shown that such failure to maintain the 90% threshold is due to reasonable cause.

*Qualified Opportunity Zone Property ("**QOZ Property**")*

In order to satisfy the 90% Requirement, 90% of the Partnership's assets must be QOZ Property. The QOZ Property that the Partnership intends to hold shall consist of interests in the Project Entity, which are intended to be "**QOZ Partnerships Interests**".

*Qualified Opportunity Zone Partnership Interests ("**QOZ Partnership Interests**")*

A QOZ Partnership Interest is defined in Section 1400Z-2(d)(2)(C) of the Code as any capital or profits interest in a domestic partnership if the partnership interest is acquired after December 31, 2017 from the partnership solely in exchange for cash, the partnership is a QOZ business, as defined below, (or if new, is organized for purposes of being a QOZ business) at the time the partnership interest was issued, and during substantially all of the Partnership's holding period of the interest, the partnership qualifies as a QOZ Business.

*Qualified Opportunity Zone Business ("**QOZ Business**")*

A “qualified opportunity zone business” ("**QOZ Business**") is defined as a trade or business in which at least 70% of the tangible property owned or leased is QOZ Business Property (described below). Additionally, (1) at least 50% of the gross income must be derived from the active conduct of a business in an Opportunity Zone (this percentage may be determined based on all facts and circumstances, or may instead be satisfied under one of three possible safe harbors; one of which is based on the number of hours of work performed in a qualified opportunity zone; the second of which is based on the amount paid for services performed in a qualified opportunity zone; and the third is based on whether the tangible property located in a qualified opportunity zone and the management or operational functions performed in the zone are necessary for generating at least 50% of the gross income of the trade or business), (2) a substantial portion of the intangible property must be used in the active conduct of a trade or business in an Opportunity Zone, (3) the amount of nonqualified financial property (which is defined in the Code to include certain types of financial assets and includes cash) must be less than 5% of the trade or business’s average unadjusted basis in its property, except to the extent such financial assets satisfy the Working Capital Safe Harbor (discussed above), and (4) a QOZ business cannot include the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

*Qualified Opportunity Zone Business Property ("**QOZ Business Property**")*

QOZ Business Property is defined in Section 1400Z-2(d)(2)(D) of the Code as tangible property used in a trade or business of the QOF (or QOZB) if (i) the property was acquired by the QOF (or QOZB) by purchase from an unrelated party after December 31, 2017, (ii) the original use of the property in a qualified opportunity zone commences with the QOF (or QOZB) or the QOF (or QOZB) substantially improves the property (which generally requires the QOF or QOZB to invest more than the purchase price in the improvements within 30 months of acquisition), and (iii) during substantially all (at least 90%) of the QOF’s (or QOZB's`) holding period of the property, substantially all (generally at least 70%) of the use of the property was in a qualified opportunity zone. Special rules apply to leased property, and certain safe harbors may apply while property is under development. For these rules, two persons are "related" if their relationship would result in the disallowance of losses under Section 267 or 707(b), subject to certain modifications, including that "20 percent" is substituted for "50 percent."

RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST

Risk Factors

The purchase of Units in the Partnership involves a high degree of risk and such an investment is suitable only for persons and entities of substantial financial means that anticipate no need for immediate liquidity of such an investment and can bear the financial risk of a complete loss of their investment. No assurance can be given that the investment objective of the Partnership will be achieved or that investors will receive a return of their capital. No representations or warranties of any kind are intended or should be inferred with respect to the economic return or tax benefit, if any, which may accrue to investors. You should carefully consider the following risks and all of the other information set forth in this Memorandum before deciding to make an investment.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH SUCH PROSPECTIVE INVESTOR'S TAX, LEGAL, BUSINESS AND OTHER ADVISORS REGARDING THE RISKS OF INVESTING IN THE PARTNERSHIP BEFORE SUBSCRIBING FOR INTERESTS IN THE PARTNERSHIP. THE FOLLOWING RISK FACTORS, AMONG OTHERS, SHOULD BE CAREFULLY CONSIDERED.

Risks Related to the Partnership's Business

The Partnership and General Partner are newly formed entities with no prior operating history.

The Partnership and the General Partner were recently established for the purposes set forth herein, and thus have no prior operating history from which to assess the prospects for their business. Since the Partnership and General Partner have no operating history (other than the operating history of the General Partner's Managing Member) there is only a limited basis upon which to evaluate the Partnership's prospects for achieving its intended business objectives. Identifying and making profitable investments is difficult and involves a high degree of risk, competition and uncertainty, and the availability of such investments is subject to general market conditions. There is no assurance that the Partnership will be able to attain profitability. The Partnership's profitability is dependent upon many factors beyond its control. The Partnership's success will in large part depend on its ability to acquire, redevelop, improve, manage, lease, hold for investment, and, as appropriate, dispose of, the Property.

Past performance of investment vehicles affiliated with the sponsors are not a predictor of future results of the Partnership.

The performance of the Partnership is dependent on future events and is, therefore, inherently uncertain. The past performance of affiliates of the General Partner and the Manager do not imply or predict (directly or indirectly) any level of future performance of the Partnership, and prospective investors should accordingly discount the relevance of such information. The Partnership's future performance will be dependent on future events and, therefore, will be inherently uncertain. Past performance cannot be relied upon to predict future results for a variety of reasons, including varying business strategies, local and national economic circumstances, supply and demand characteristics, weather or natural disasters, degrees of competition and other circumstances pertaining to the real estate markets and agricultural industry. Furthermore, there can be no assurance that the Partnership's investments will meet the Partnership's targeted return objectives.

Qualification as an Opportunity Fund.

The Partnership is intending to be a QOF so that its investors may obtain associated tax benefits. To qualify as a QOF, the Partnership must satisfy many criteria that do not typically apply to a real estate development or other business activities. If these criteria are not satisfied, the investors might not receive their expected tax benefits and the Partnership may be required to pay a penalty. In addition, the tax benefits are only available with respect to a Qualified Investment. No opportunity-zone related tax benefits will be available with respect to an investment that is not a Qualified Investment (e.g., investments in excess

of the Deferred Gain that the investor elects to exclude, or investments for which the investor makes an invalid election). Regardless of how many Limited Partners invest eligible capital gains in the Partnership, the Partnership intends to comply with the requirements applicable to Opportunity Zone investing. (*See "Qualified Opportunity Fund" Requirements, above.).*) However, there is no assurance that the Partnership will qualify and remain qualified as a QOF, or that the Project Entity will qualify and remain qualified as a QOZB, or that an investor will be able to realize any or all of the tax or other benefits described in this Memorandum. In addition, throughout the life of the Partnership, the Partnership may engage in various actions that result in additional tax to investors, thereby degrading the potential tax benefits described herein.

The federal Opportunity Zones program is newly created; it may be revised with retroactive effect; there have been multiple rounds of guidance that have provided different rules, and additional guidance may be issued.

The Partnership presently expects to invest proceeds from the Offering in real estate development and redevelopment projects in an Opportunity Zone to take advantage of the federal tax benefits for the deployment of private capital in economically distressed areas. Congress, however, is contemplating new legislation (the New Law) that may substantially change the tax benefits that may be applicable and the criteria that must be satisfied in order to qualify for tax benefits. In addition, the Treasury Department has issued the Proposed Regulations and Final Regulations. The different sets of regulations adopt different approaches. The Final Regulations are generally effective for taxable years that begin after March 13, 2020. Prior to that time, taxpayers may apply the Final Regulations if adopted in full, or may apply certain provisions of the Proposed Regulations (subject to certain requirements). Additional guidance may be issued that might adopt an approach that is different from either the Proposed Regulations or the Final Regulations. We cannot predict what impact, if any, such legislation or additional guidance may have on the Partnership's investment strategy but such developments may make some or all of the Partnership's planned investments ineligible for the deferral or exclusion of tax benefits and may result in the requirement that an investor immediately pay taxes on gains that were deferred in expectation that the Partnership would qualify as an QOF (See "*Certain Tax, ERISA and Regulatory Matters – Lack of Guidance*").

There can be no assurance that an investment will be accepted and received by the Partnership during the 180-Day Investment Period.

Neither the General Partner nor the Partnership are responsible for monitoring the 180-Day Investment Period of an investor or prospective investor. Neither the General Partner nor the Partnership are obligated to accept a subscription or receive an investment from an investor during the 180-Day Investment Period. The General Partner may choose to accept or reject subscriptions and investments at its discretion and shall have no obligation and shall incur no liability for any failure to accept a subscription or receive an investment into the Partnership prior to the expiration of an investor's 180-Day Investment Period. Investors will not be able to take advantage of the tax benefits referenced in this Memorandum unless they make a Qualified Investment into a QOF within the 180-Day Investment Period, which cannot be assured. Once the General Partner accepts a subscription from an investor, that shall become a capital commitment of such investor irrespective of whether it qualifies for the tax benefits described in this Memorandum at that time or thereafter.

There can be no assurance that the ultimate exit strategy of the Partnership will result in maximum benefits for Investors.

The Partnership's exit strategy may affect the tax benefits that the investors will receive, and the strategy that is adopted might not maximize the benefits for the investors. The most favorable rules apply when the investor sells its interest in a QOF after a 10-year holding period but before the fund (or one of its subsidiaries) sells its assets, but that is often not feasible for a real estate project. The Partnership will not be required to provide investors with an opportunity to sell their interests in the Partnership before selling its assets. An investor might also be able to obtain tax benefits with respect to assets sold by the Partnership or by the Project Entity after a 10-year holding period, but the Partnership cannot guarantee that full opportunity zone tax benefits will be available with respect to gains that would subsequently be

recognized. The Partnership will give due consideration to the tax benefits that are available when evaluating the exit strategy and asset sales or exchanges, but the Partnership will not be required to act in a manner that maximizes the tax benefits for the investors.

The Partnership will be subject to the risks associated with a lack of geographic diversification.

The Partnership intends to acquire real property located in Salinas, California. As a result, the Partnership will not have the geographic diversification present in some other types of investment programs and such lack of diversification will increase the Partnership's exposure to adverse real estate or market conditions or other risk factors. Lack of diversification of investments will have the effect of increasing the risks associated with an investment in the Partnership.

The Partnership's business will be highly dependent upon the economy, agricultural industry and real estate market in California.

The Partnership will concentrate all of its capital in a single location in California. Consequently, its business, results of operations and financial condition will be dependent upon general trends in California's economy, the agricultural industry and real estate market. California historically has also been vulnerable to certain natural disaster risks, such as earthquakes, floods, wild fires and erosion-caused mudslides. The existence of adverse economic conditions or the occurrence of natural disasters in California could have a material adverse effect on the Partnership's business, financial condition and results of operations.

The Partnership faces substantial competition, and if it fails to compete effectively, its operating results will suffer.

The business of investing in and developing real estate, particularly properties in Opportunity Zones in the current market, is highly competitive and it's possible the Partnership will compete with other investors developing or redeveloping cooling facilities in or near Salinas, CA. Many of these other investors may have greater financial resources than the Partnership. The Partnership may not be able to compete successfully against existing or new competitors. If the Partnership does not respond adequately to competitive challenges, its business and results of operations would be harmed.

The Partnership may be subject to conflicts of interest.

The General Partner and the Manager, and their respective managers, officers, partners, employees, consultants, management companies, representatives and/or agents will devote so much of their time to the business of the Partnership as, in the judgment of the General Partner and the Manager, is reasonably required to run the business of the Partnership and Project Entity. The General Partner and the Manager, and their respective managers, officers, partners, employees, consultants, management companies, representatives and agents, may continue to engage in any other business or activity in which the Partnership may have no interest, and such business(es) or activity(ies) may be competitive with the business of the Partnership.

The General Partner and the Manager may also have conflicts of interest in the allocation of management time, services, and functions to the Partnership, the Project Entity and other operating companies. Additionally, the compensation to be paid by the Partnership or the Project Entity or an operating company to the General Partner, the Manager or their respective affiliates, and the other arrangements between the Partnership, the Project Entity or any other operating company and the General Partner and the Manager, will not be the result of arm's-length negotiations, which is likely to, at least in part, affect the manner in which the Partnership, the Project Entity and any other operating company manages and sells the Property.

The Partnership relies totally on the General Partner, the Manager and their respective affiliates to operate its business.

The Partnership's ability to achieve its business objectives will be largely dependent upon the efforts of the Manager's management team. All decisions with respect to the management of the Partnership and selection of real estate investments will be made exclusively by the Manager and the General Partner. Limited partners will not have the opportunity to evaluate the Property that the Partnership acquires and must rely on the ability of the General Partner and the Manager's management team with respect to such Property. The Partnership has not entered into employment agreements or other understandings with the members of the management team or obtained any "key man" life insurance on their lives. The loss of the services of any of such key executives could have a material adverse effect on the Partnership's ability to successfully achieve its business objectives. The General Partner and the Manager's management team have agreed to devote only such time as they determine, in their sole and absolute discretion, as is reasonably necessary to carry out the business and affairs of the Partnership.

The General Partner and Manager have limited resources.

The General Partner and the Manager have limited financial and personnel resources. However, each of the General Partner and Manager believes that it has adequate financial and personnel resources to serve and satisfy its obligations to the Partnership. A significant financial reversal could adversely affect the ability of the General Partner or the Manager to satisfy its obligations to manage the Partnership.

Risks associated with indemnification of the General Partner and the Manager.

The General Partner and the Manager will be indemnified by the Partnership from any and all claims of third parties, including Limited Partners, directly arising out of its management of the Partnership or Project Entity, except for claims arising out of fraud, gross negligence or willful misconduct of the General Partner or the Manager. The General Partner and the Manager will have no liability to the Partnership for a mistake or error in judgment or for any act or omission believed to be within its scope of authority unless such mistake, error of judgment or act or omission was made, performed or omitted by the General Partner or the Manager fraudulently or constituted gross negligence. As a result, the right of any Limited Partner to bring an action against the General Partner, the Manager or their respective affiliates, officers or directors for breach of their fiduciary duties or other obligations to the Partnership may be severely limited.

There can be no assurance that the Partnership will have sufficient funds to meet any penalties assessed for failure to meet the 90% Requirement.

A QOF must have a minimum of 90% of its assets invested in QOZ Property (*See "Partnership Overview – QOF"*). Failure to meet or maintain the 90% Requirement may result in a penalty payable by the Partnership which will be taken into account proportionately as part of the distributive share of each partner. The Partnership may not have sufficient working capital to make such penalty payments at the time they become due or are accrued. To the extent the Partnership does not have sufficient working capital to pay the penalties it will be required to call capital from partners or pay the penalties with advances from Partnership credit facilities.

There can be no assurance that the Partnership will be able to comply with Substantial Improvement Requirements, and compliance may restrict cash flow.

A QOF or a partnership that is a QOZB which acquires existing QOZ Business Property, such as existing buildings and improvements, is generally required to substantially improve that property within a 30-month period. Compliance with this requirement may restrict the Partnership's cash flow or reduce returns. Moreover, there is no guarantee that the improvement will be complete within such period.

There can be no assurance that the Project Entity will be treated as "unrelated" to GIC, in which case it may be difficult for the Project Entity to qualify as a QOZB for an extended period of time.

For the Project Entity to qualify as a QOZB, at least 70% of its tangible property must generally constitute QOZ Business Property. To be QOZ Business Property, the property must be acquired from an unrelated person. The Project Entity will be purchasing some property from GIC. Although the Project Entity should not be viewed as "related" to GIC when evaluated based on their relationship at the time of the purchase, it is possible that they may become related at a later date. There is uncertainty in how the Opportunity Zone rules apply when a QOZB becomes related to the seller after the sale. As a result, it is possible that the property acquired from GIC might not qualify as QOZ Business Property, either at the time of sale or at a later date. This could affect whether the Project Entity qualifies as a QOZB.

Opportunity Fund qualification may require investment decisions that do not maximize investment values or returns.

Compliance with Opportunity Zone criteria may result in investment decisions that do not maximize investments value or returns in a manner that would otherwise be possible if the Partnership did not have to comply with the Opportunity Zone criteria. As an example, because there is a 10-year holding period required to obtain the maximum tax benefit from an investment in an Opportunity Zone fund, the Partnership may decide to hold assets for at least 10 years after receiving its last capital contribution even if there is a favorable opportunity to sell an asset before the 10-year period has passed.

An investment in the Partnership is illiquid due to the 10-year minimum hold period.

In order to take advantage of certain tax benefits regarding exclusion of future gain of investing in a QOF, partners must hold their investment in the Partnership and the Partnership must maintain its status as a QOF for more than 10 years. This 10-year hold requirement may require sales at inopportune times and may result in less than a maximum return on a particular investment.

Limited Partners may suffer losses upon dissolution and termination of the Partnership.

In the event of a dissolution or termination of the Partnership, the proceeds realized from the liquidation of the assets of the Partnership will be distributed among the Limited Partners but only after the satisfaction of the claims of third-party creditors including claims by any lenders and certain fees owned to the General Partner or its affiliates. The ability of a Limited Partner to recover all or any portion of such Limited Partner investment under such circumstances will, accordingly, depend upon the amount of net proceeds realized from such liquidation and the amount of claims to be satisfied therefrom. The Partnership cannot assure that it will recognize gains on such liquidation.

Changes in laws and regulations governing private equity funds could impact the Partnership's business.

Legal, tax and regulatory changes could occur during the term of the Partnership that adversely affect the Partnership. The regulatory environment for private investment funds is evolving, and changes in the regulation of private capital pools may adversely affect the value of investments held by the Partnership and the ability of the Partnership to pursue its investment strategies or to obtain the leverage it might otherwise obtain. The Securities and Exchange Commission ("**SEC**"), other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Partnership could be substantial and adverse. Events during recent years (including the bankruptcy, failure, improper practices and adverse financial results of certain financial institutions, trading firms and private investment funds) have led to increased governmental scrutiny of the private investment industry generally. Congressional and governmental agency inquiries have been conducted to ascertain the investor protection implications of the growth of private investment funds, and proposals have been made with regard to additional regulation of such funds, their operators and advisers and certain of their investment activities. The Partnership and its

profit potential could be adversely impacted to the extent such proposals subject the Partnership to additional regulation or limit the investment strategies used by the Partnership.

Cybersecurity breaches and identity theft harm could subject the Partnership to legal claims and otherwise affect its business.

The General Partner's and the Manager's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the General Partner has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner and the Partnership may have to make a significant investment to fix or replace them. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's or the Partnership's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partner's and the Partnership's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Unanticipated political and economic conditions could adversely affect the Partnership's business.

The Partnership's investments may be adversely affected by changes in economic conditions or political events that are beyond its control. For example, a stock market collapse, the outbreak of hostilities involving the United States, the bankruptcy, insolvency or other adverse event involving a major financial institution, governmental unit or other organization or the death of a major political figure may have significant adverse effects on the Partnership's investment results. Other factors, such as changes in federal or state tax laws, federal or state securities laws, bank regulatory policies or accounting standards, may make real estate investments and acquisitions less desirable. Similarly, legislative acts, rulemaking, adjudicatory or other activities of the United States Congress, the SEC, the Federal Reserve Board, the NYSE, FINRA, the FDA, the USDA, OSHA or other governmental or quasi-governmental bodies, agencies and regulatory organizations may make the business of the Partnership less attractive.

Risks Generally Associated With Investment and Operations

The Partnership will be subject to general risks associated with the ownership of real property.

As a direct and/or indirect owner of real property, the Partnership will be subject to the risks generally incident to the ownership of real estate, including the lack of liquidity associated with real estate, uninsured casualty losses from wars, terrorism, earthquakes, floods and other catastrophes, adverse changes in general or local economic conditions, changes in the investment climate for real estate, changes in supply of or demand for competing properties in the area, changes in the interest rates and availability of financing that may render the sale or refinancing of any property difficult or unattractive, changes in governmental rules in real estate and zoning laws, and increases in real property tax rates and federal economic controls. There can be no assurance that the value of any project will exceed its cost or that any project will be able to maintain its value. In addition, there can be no assurance that the sale or refinancing of any project will result in a profit.

Adverse economic and geopolitical conditions and dislocations in the credit markets could have a material adverse effect on the Partnership's results of operations, and financial condition.

The Partnership's business may be affected by market and economic challenges experienced by the U.S. economy or real estate industry as a whole or by the local economic conditions in the markets in which our properties are located. A return of market conditions experienced in the Great Recession or

similar conditions would likely adversely affect the Partnership's results of operations, and financial condition as a result of the following, among other potential consequences:

- the financial condition of the Partnership's tenants may be adversely affected which may result in tenant defaults under leases due to bankruptcy, lack of liquidity, operational failures or for other reasons;

- significant job losses within the Partnership's tenants may occur, which may decrease demand for its rental space, causing market rental rates and property values to be negatively impacted;

- the Partnership's ability to borrow on terms and conditions that it finds acceptable, or at all, may be limited, which could reduce the Partnership's ability to pursue acquisition and development opportunities and refinance existing debt, reduce its returns from its acquisition and development activities and increase its future interest expense;

- reduced values of our properties may limit the Partnership's ability to dispose of assets at attractive prices or to obtain debt financing secured by its properties and may reduce the availability of unsecured loans; and

- one or more lenders could refuse to fund their financing commitment to the Partnership or could fail and the Partnership may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.

Risks Associated with Commercial Rental Property.

Ownership and operation of the properties will subject the Partnership to the inherent risks of commercial rental real property, including, without limitation, vacancies, rising operating costs, adverse changes in general or local market conditions (such as a decrease in the demand for cooling facilities, processing facilities or office space due to an increase in unemployment, environmental risks, unfavorable market or growing conditions in the agricultural industry, energy shortages, lack of attractiveness of an area to prospective tenants, adverse changes in property values, maintenance costs or insurance rates) and unknown contingencies and liabilities. In addition, governmental or administrative agencies may impose restrictions requiring structural alterations of, or capital improvements to, any project such as retrofitting existing structures to comply with the Americans with Disabilities Act or for food safety or other purposes. Significant problems can also result from improper management of a project or the inability of tenants to pay rent. Tenancies can be difficult to terminate and it is possible that once such tenancies have been terminated the Partnership will be unable to find new tenants for any space that is vacated due to a defaulting tenant. In addition, the Partnership or Project Entity could incur significant costs as a result of any tenant improvements required by any new or existing tenants. The amount of commercial space available for lease in any area can fluctuate with many factors, including general or local economic conditions, changes in the supply of and demand for commercial space and the availability of affordable space. The Partnership cannot give any assurances regarding the occupancy rate for any project within the Property.

A substantial portion of the Property will be redeveloped into precooling, cooling and processing facilities for the Ag industry, and the Partnership's operations and financial condition would be materially and adversely affected by an economic downturn in the Ag industry.

A substantial portion of the Property is expected to be redeveloped to continue to service the Ag industry, but with enhancements in automation, food safety and energy efficiencies. This concentration of investment in the Ag industry in Salinas, CA will expose the Partnership to the risk of economic downturns in this industry, especially that geographic area, to a greater extent than if the Partnership's assets and activities were more diversified into other sectors or geographic locations of the real estate market. Notwithstanding the foregoing, it is the intent of the Partnership to secure long-term leases with predictable

fixed income from tenants on the Property, as this will reduce the risk to default by Tenant on lease obligations.

The Partnership's cooling facilities will be concentrated in a single geographic area which will be susceptible to adverse local conditions.

The Partnership could be materially and adversely affected if conditions in the Salinas, California area become less favorable. Local conditions may include natural disasters, periods of economic slowdown or recession, localized oversupply in similar or competing commercial space or reductions in demand for such space, adverse agricultural events, adverse labor events, disruptions in logistics systems, such as transportation and tracking systems for our customers' inventory, increases in power costs, and power outages. In addition, adverse weather patterns and other causes may affect local harvests, which could have an adverse effect on customers and cause them to reduce their local need for the Partnership's or its competitors cooling facilities, which could in turn materially and adversely affect the Partnership. Furthermore, the reduction in usable farmland in the Salinas, CA area, for whatever reason, could have a similar adverse effect on the Partnership. It is precisely for the foregoing reasons that the Partnership intends to secure long-term lease commitments to its facilities on the Property to generate predictable and sustainable fixed monthly income, subject to the Partnership's and Manager's ability to obtain such long-term commitments and, once obtained, that there is no default on such commitments by the tenant(s).

Competition may increase over time if our competitors or customers open or expand cooling and/or processing facilities.

The Partnership will compete with other owners and operators of cooling and/or processing facilities (including customers or potential customers who may choose to obtain cooling or processing services in-house), some of which own properties similar to the Partnership's in nearby geographic locations. In recent years, certain large grower-shippers have increased their in-house capability to precool, cool, process and/or store their own commodities. In addition, customers or potential customers may choose to develop new cooling and/or processing facilities, expand their existing cooling and/or processing facilities or upgrade their equipment. This may make it difficult for the Partnership and the Manager to achieve 100% occupancy or close thereto. Also, even if the Partnership leases to tenants, the tenants may be unwilling to commit to long-term leases. And, if the Partnership loses tenants, no assurance can be given that the Partnership will be able to replace those tenants or customers on attractive terms or at all. The Partnership may be forced to invest in new construction or reposition or repurpose existing cooling and/or process facilities at significant costs in order to remain competitive. Increased capital expenditures or the loss of cooling or processing facility segment revenues could have a material adverse effect on the Partnership.

The Partnership's customers could experience bankruptcy, insolvency or financial deterioration.

Customer tenants could experience a downturn in their businesses, which may weaken their financial condition and liquidity and result in their failure to make timely rental or other payments to the Project Entity or otherwise default under their leases or other contracts with the Project Entity, without lowering the Project Entity's fixed costs, which could materially and adversely affect the Partnership and Project Entity.

If customer tenants are unable to comply with the terms of their leases or other contracts with the Project Entity, the Project Entity may be forced to modify these leases or contracts on less favorable terms. Alternatively, the Project Entity may have to go through an eviction or contract cancellation process, which could be costly and time-consuming. There can be no assurance that the Project Entity would be able to find suitable replacements on favorable terms in a timely manner or at all or reposition or repurpose the cooling or processing facilities without incurring significant costs.

A bankruptcy filing by or relating to any of our customers could prevent or delay the Project Entity from collecting pre-bankruptcy obligations. In addition, to the extent that customer tenants have continuing obligations under any cooling or processing facility contract, the bankruptcy court might authorize the customer to reject and terminate its cooling or processing facility contract with the Project Entity, or the

bankruptcy trustee might pursue preferential payments made to the Project Entity prior to a bankruptcy. In such instances, the Project Entity's claim for unpaid charges would likely not be paid in full, even if the Project Entity has secured warehouseman's liens on the customer's assets. Additionally, any such lien may attach to products that are perishable or otherwise not readily saleable by the Partnership or Project Entity. The bankruptcy, insolvency or financial deterioration of customers or tenants, particularly significant customers or tenants, could materially and adversely affect the Partnership and Project Entity.

The lack of long-term cooling and/or processing facility lease commitments may expose the Partnership to certain risks that could have a material adverse effect on the Partnership.

Although the Partnership (through the Project Entity) intends to lease cooling facility space, office space, and possibly processing facility space on the Property to tenants on a long-term basis, there is no guarantee that the Partnership will obtain such commitments. Furthermore, although the Partnership intends to obtain build-to suit or other long-term commitments before the redevelopment commences, there is no guarantee how many if any such commitments can be obtained.

There also can be no assurance that the Partnership will be able to retain any tenants once obtained upon the expiration of their leases. If the Partnership cannot retain tenants, the Partnership may be unable to find replacement tenants on favorable terms or at all or on a timely basis and the Partnership may incur significant expenses in obtaining replacement tenants and repositioning cooling and/or processing facilities to meet their needs if such is required. Any of the foregoing could materially and adversely affect the Partnership.

The Partnership may incur liabilities or harm to its reputation as a result of quality-control issues associated with a cooling or processing facility and other services.

The Partnership's tenants will receive, precool, cool, store, handle, ship, and if applicable process perishable fruits and vegetables. Product contamination, spoilage, adulteration, product tampering or other quality control issues could occur during the growing, harvesting, transportation, receiving, precooling, cooling, storing, processing, shipping, transportation, delivery, handling or other part of the food chain from seed to table which could cause a food safety incident. Any such food safety incident, if traced back to the Property, could result in liability to the applicable tenant on the Property and/or the Project Entity and/or Partnership which could be substantial if such a food safety incident caused injury, illness or death and is not adequately covered by insurance. The occurrence of any of the foregoing may negatively impact the Partnership's brand and reputation and otherwise have a material adverse effect on the Partnership.

The Partnership will be subject to the risks associated with development and redevelopment of real property.

The redevelopment of the Property will be subject to various risks. Obstacles may arise that could impede or prevent the timely or ultimate completion of the construction, improvement, development, renovation, redevelopment and/or rehabilitation of all or a portion of the Property or project. The construction will be subject to various risks. Construction and rehabilitation require various governmental approvals, which may include discretionary approvals such as demolition permits, building permits, construction permits, improvement permits, subdivision permits, and/or a zone change or a use permit conditioned on satisfying various requirements. Applying for such approvals can be a costly and time-consuming process, with no assurance that the requested approvals will be obtained. Failure to obtain development approvals can have a significant adverse effect on the Property.

If approvals are obtained, then development also involves risks of construction that are beyond the Partnership's control, such as labor actions, adverse weather, supply and cost of labor and materials and other contingencies, which could cause the cost of construction and/or the time required to complete construction to exceed the estimates. The ability of contractors to perform their services in a timely and cost-efficient manner are subject to a number of variables that are outside the control of the Partnership. Construction must be completed in a good and workmanlike manner. Construction defects can arise from,

among other things, design defects, inadequate or faulty construction plans and specifications, poor workmanship or defective materials. Correction of serious defects can be costly and time-consuming.

In addition, there are numerous easements, licenses and other third-party rights attached to the Property which will need to be addressed prior to the purchase of the Property or prior to the redevelopment of the Property. There is no guarantee that such easements, licenses or other third-party rights will be adequately addressed such that the Partnership can redevelop the Property according to its plans or to prevent any deterioration in the value of the Property to the Partnership.

There is no assurance that construction financing will be available. Any financing that is made available to the Partnership will generally require the Partnership to comply with the terms of the applicable construction loan documents to receive an advance under such financing. There is no assurance that all of the conditions to advances under the construction loans will be satisfied or that sufficient funds will be made available to complete construction of any of the improvements.

Distributions of cash flow may be limited or non-existent during redevelopment of the Property.

The planned redevelopment of the Property will limit leasing activities on the Property. As a result, it is expected that there will be limited or no cash flow after payment of expenses and reserves available for distributions to partners of the Partnership. Investors should not expect distributions of cash flow during the construction phase for the Property.

The Partnership will be subject to the risk of uninsured losses.

Although the Partnership intends to arrange for customary insurance coverage for the properties in which it holds an interest, such as comprehensive insurance, including liability, fire and extended coverage, there are certain types of losses (generally of a catastrophic nature, such as wars, terrorism, earthquakes and floods), that are either uninsurable or not economically insurable. In addition, the tenants, customers or the Partnership may be subject to claims and/or liability related to food safety or a food borne illness which is either uninsured or inadequately insured. Should any such uninsured or inadequately insured risk occur, both capital contributions and anticipated profits could be lost.

The Partnership will be subject to the risks associated with the use of borrowed funds and leverage.

Depending upon the amount of subscriptions received and accepted in the Offering, it is possible that the Property will be leveraged, in that the design, engineering, permitting, construction, development and/or redevelopment of the Property and improvements thereon may be funded in part with borrowed funds, which will be repaid out of the cash flow from the Property. As a result of the use of leverage, a decrease in rental or other revenues from the Property may materially and adversely affect cash available for distribution to the Partnership's partners. No assurance can be given that cash flow will be sufficient to make payments on borrowed funds and to cover all operating expenses.

Should the Project Entity's revenues be insufficient to service the debt and pay taxes and other operating costs, the Project Entity will be required to utilize working capital, seek additional funds or suffer a foreclosure of all or a portion of the Property. There can be no assurance that additional funds will be available to the Project Entity, if needed, or if such funds are available, that they will be available on terms acceptable to the Partnership. Further, prospective investors should bear in mind that if certain principal and interest payments due on borrowed funds are not fully-funded when these obligations mature, then the Project Entity may be required to sell or refinance some or all of the Property prior to maturity in order to have sufficient funds to retire such indebtedness. The risk of loss in leveraged transactions is always greater than that in non-leveraged transactions because in the latter case no debt service payments are required to be made out of the cash flow of the Property and there is not a risk of foreclosure. Foreclosure of any project could result in tax liability to the Limited Partners under circumstances in which the Limited Partners most probably would not receive cash distributions from the Partnership to pay such taxes.

An adverse track record could also impair the Partnership's ability to deal effectively with other lenders (to obtain debt financing or negotiate debt service relief for other projects).

Additionally, the expected returns from real estate projects are affected by mortgage lending rates. If mortgage costs increase significantly from rates experienced over the last few years, the Partnership's returns from the Property could be reduced.

Finally, distributions from refinance proceeds could constitute a return of capital to partners which could result in a loss of a portion of the Gain Deferral to such investors and require immediate payment of the taxes due with respect to the amount by which the Gain Deferral amount is reduced. (That is, the distribution could reduce the amount that is treated as a Qualifying Investment.)

The Partnership may be subject to environmental liability.

As the direct or indirect owner of real property, the Partnership will be subject to various federal, state and local laws, ordinances and regulations that make the owners or operators of real property liable for the costs of removal or remediation of certain hazardous substances. This liability is often imposed without regard to whether the owner or operator knew of or was responsible for the presence or release of such substances and may be imposed jointly and severally upon all succeeding landowners. The presence of hazardous substances on any property in which the Partnership invests or its failure to properly remediate such substances may adversely impact the Partnership's ability to sell, develop, improve, redevelop, rent or borrow against such contaminated property.

Environmental laws may also impose restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require expenditures. Environmental laws provide for sanctions in the event of noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties.

In the case of the Property, the risk of unknown environmental liabilities is lessened but not eliminated because of the long prior ownership of the Property by GIC, an affiliate of the Manager and General Partner. However, GIC has completed both Phase I and Phase II environmental assessments. The results thereof are that no significant de minimis environmental concerns are noted on the Property per these assessments (other than asbestos). Notwithstanding the foregoing, there can be no assurance that the environmental assessments of the Property have revealed all environmental conditions, liabilities or compliance concerns. In addition, environmental conditions, liabilities or compliance concerns may arise with respect to any part of the Property, including the surrounding area, after the assessments were completed. If it is ever determined that hazardous substances are present, the Partnership could be required to pay all costs of any necessary cleanup work. It is possible that the Partnership may find environmental conditions requiring remediation in connection with redevelopment of the Property which could cause delays, an increase in costs, and might make the redevelopment impractical.

Compliance or failure to comply with laws requiring access to the Partnership's properties by disabled persons could result in substantial cost.

The Americans with Disabilities Act, the Fair Housing Act of 1988 and other federal, state and local laws generally require that public accommodations be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the government or the award of damages to private litigants. These laws may require the Project Entity to modify properties it acquires. These laws may also restrict renovations by requiring improved access to such buildings by disabled persons or may require the Project Entity to add other structural features that increase construction costs. Legislation or regulations adopted in the future may impose further burdens or restrictions on the Project Entity with respect to improved access by disabled persons. The Partnership cannot ascertain the costs of compliance with these laws, which may be substantial.

The Partnership will be subject to the risks associated with disposing of real property.

The prices for property located in Opportunity Zones have appreciated more than the prices for similar properties located outside an Opportunity Zone as a result of the tax benefits available for Opportunity Zone investments. No assurance can be given that there will be a ready market for the sale of the Property within the term of the Partnership. The sales prices of all portions of or all of the Property will depend on a variety of factors including, without limitation, the value of a particular property in relation to similar properties in the market area, the availability of purchasers and the availability and terms of credit for a purchaser of the property. In addition, numerous investments are currently being made in property that is located in Opportunity Zones, and those who are investing in these properties are likely to hold them for at least 10 years. As a result, numerous properties in Opportunity Zones might be put on the market at the same time that the Partnership is considering a sale if the Property. These factors present a risk that the Partnership may realize a loss or minimal appreciation of its investment.

The timing or success of the Partnership's exit or liquidity strategy may be negatively affected by market conditions at that time.

The Partnership's ability to successfully dispose of or refinance a portion or all of the Property will depend in part on market conditions at that time. If the Partnership must dispose of the Property at an inopportune time or under duress, the proceeds therefrom may be less than could be obtained under other circumstances. Moreover, should the Partnership determine to pursue refinancing of the Property, there can be no guarantee that the Partnership will be able to obtain financing on favorable terms, if at all. Decisions regarding the timing of disposition or refinancing of a portion or all of the Property, as well as the terms and conditions under which it will be disposed of or refinanced, will be made by the Manager in its sole and absolute discretion. The Partnership's inability to successfully and profitably liquidate the Property could adversely affect the Partnership's results of operations and financial condition with negative implications for the value of an investment in the Partnership. Also, the Manager's intent to comply with the requirements of the Section 1400Z-2 of the Code for Opportunity Zone Funds may adversely affect the timing or structure of exit from the Property or the success of the Property.

The Partnership may experience delays in sale of the Property, and the Partnership has a narrow window in which it will sell the Property.

The Partnership currently expects to hold all of its assets until 10 years after the final capital contributions from investors. This may delay distributions to the partners of any cash flow that may result from the sale of property. In addition, it may be difficult to sell all of its assets when that period expires; e.g., there may be a declining or illiquid commercial real property sales market, and numerous Opportunity Zone properties are likely to be offered for sale at that time. The Partnership may dispose of its assets over a five year window following that 10 year period, but that does not ensure that the Partnership will receive a better return on its investment than if it sells the Property at the end of the 10 year period.

Risks Related To This Offering

There is no assurance that the Partnership will be able to achieve its objectives, as a result of which investors may lose some or all of their capital contributions.

There can be no assurance that the Partnership will succeed in achieving its objectives (including targeted returns). As a result, there is no guaranty that investor capital contributions will ever be returned or repaid or that any profits will be paid or realized. Investors should not subscribe unless they can readily bear the consequences of such complete loss. Even if the Partnership achieves profitability, an investor's investment should be viewed as a long-term investment unlikely to provide returns in the near term.

Distributions will be subject to prior payment of expenses and reserves.

There will not be any cash flow available for distribution to the Partnership by the Project Entity and thereafter to partners of the Partnership until the Project Entity has made all payments required under its debt obligations and all other payments required to be made for operating expenses and other payables, including the payment of fees to the Manager, the General Partner and its affiliates, and the General Partner has established a reserve for liabilities. Prior to investing, investors are strongly urged to consult with advisors and undertake an independent analysis of such investment. There is no guarantee that any of the proceeds raised pursuant to this Offering or any return thereon (or any of the other proceeds raised by the Partnership) will ever be returned or distributed to investors.

Partners may not receive cash distributions in excess of their tax liabilities.

Generally, each partner will be required to pay federal and state income taxes at the partner's individual rate on its allocable share of the Partnership's taxable income. In addition, for 2026, the partners will not only be required to pay tax on their share of Partnership income, but they may also be required to pay tax on the Deferred Gains that are deferred in connection with their investments. Cash distributions from the Partnership, if any, received by the Limited Partners may be less than the tax attributable to the Units held by the Limited Partners and the Deferred Gains that must be included in income. As a result, Limited Partners may have to have use other resources to satisfy their tax liabilities.

The Partnership may not have sufficient cash flow to make distributions, including tax distributions.

Partners who timely invest Deferred Gains in the Partnership may be required to pay tax on those gains as if the gains were recognized December 31, 2026 (or possibly an earlier date, *or possibly a later date if the New Law passes*). The Partnership may not have sufficient cash flow to make a distribution at that time or the General Partner may decide not to make such a distribution. If investments have a fair market value below the amount initially invested, the Partnership will need appraisals to confirm fair market value and the General Partner might not obtain such appraisals. Taxes will be due by partners regardless and failure to pay such taxes may result in interest and penalties due to the IRS.

The Units are illiquid and have limited transferability.

The Units being sold in the offering are restricted securities under the Securities Act for which no public or private market presently exists or is likely to develop. Transfers of Units are subject to restrictions on transfer under U.S. federal and state securities laws and the LP Agreement. Investors should anticipate retaining the Units for the indefinite future. Under the LP Agreement, Limited partners may not transfer Units without the consent of the General Partner, which consent may be withheld in the General Partner's sole and absolute discretion. The Partnership does not plan to register the Units and the General Partner will have the absolute right to determine if a proposed sale or transfer of Units is exempt from registration. As a result of such restrictions on transfer, it may be difficult to transfer the Units to any transferees. Accordingly, an investment in the Units should be made only by an investor if the investor can assume the risks of an illiquid investment.

Under certain circumstances Limited Partners may be required to repay to the Partnership or its creditors distributions previously received by Limited Partners.

The Partnership is a Delaware limited partnership. Under Delaware law, the Partnership's Limited Partners will generally not incur personal liability for the liabilities and obligations of the Partnership in excess of their capital contributions. However, in some instances under Delaware law if the Partnership is unable to otherwise meet its obligations, Limited Partners may be required to repay to the Partnership or its creditors distributions previously received by Limited Partners to the extent such distributions are deemed to have been wrongfully paid to Limited Partners.

The Partnership's financial projections may not be achieved.

The projections contained in any reports previously, contemporaneously or subsequently sent to investors are based on numerous assumptions that are subject to uncertainty and over which the Partnership will have no control. There is no assurance that the assumed or projected returns will be achieved or maintained or that the assumed level of expenses will not be exceeded. Reduced revenue, increased expenses or a combination of both, will decrease the operating profit on which the forecasted amounts of cash distributions are based.

Investors may be diluted by other investors in the Project Entity.

Depending on the capital needs of the Project Entity, the Project Entity may receive investments from investors other than the Partnership. The Partnership's interest in the Project Entity and the Limited Partners' indirect interest in the Property may therefore be diluted.

Potential Conflicts of Interest

Various conflicts of interest exist or may arise out of the Partnership's relationship with its Limited Partners, the Manager, the General Partner, the principals of the General Partner and the Manager, and their respective affiliates and representatives. These conflicts include, but are not limited to, the following:

Relationships

There are numerous potential conflicts of interest between the General Partner, the Manager, the principals of the General Partner and Manager, and their respective affiliates and representatives (collectively, the "**GP Related Parties**") arising out of their relationship with the Partnership, including, but not limited to, the following: (i) the GP Related Parties have and will continue to sponsor, manage, form, acquire, hold, sell or dispose of interests in private or public equity or other similar funds and may make investments in partnerships, limited liability companies and other entities formed to acquire real estate and other investments (collectively, the "**Related Investment Entities**"); (ii) GIC, an affiliate of the General Partner and Manager, with Jim White serving as CEO and Chairman of the Board of both GIC and the Manager, is selling the Property to the Project Entity; and (iii) affiliates of the General Partner and Manager, including a current tenant on the Property, may lease portions of the Property from the Project Entity. Many of the Related Investment Entities may have similar structures, investment objectives and policies to those of the Partnership. NONE OF THE GP RELATED PARTIES ARE UNDER ANY OBLIGATION WHATSOEVER TO SHARE ANY INVESTMENTS OR ANY OTHER INVESTMENT OPPORTUNITIES, IDEAS OR STRATEGIES WITH THE PARTNERSHIP OR THE LIMITED PARTNERS.

The GP Related Parties may have relationships with investors (including prospective investors in the Partnership) who have invested or may invest in the Related Investment Entities. These pre-existing or subsequently existing relationships could present a conflict of interest to the General Partner and Manager in managing the Partnership and Project Entity since the General Partner and Manager potentially have conflicting divisions of loyalties and responsibilities regarding the management of the Partnership, the Project Entity and the Related Investment Entities. Each of the General Partner and Manager believe that it has sufficient staff and personnel to discharge its duties and obligations to the Partnership and the Project Entity. However, the General Partner and the Manager, the principals of the General Partner and the Manager, and their respective employees will devote only so much of their time to the business of the Partnership and Project Entity as in their judgment is reasonably required. Generally, none of these entities or individuals expects to devote substantially all of their working time to the affairs of the Partnership, the Project Entity or their investments. Because the General Partner and the Manager, the principals of the General Partner and the Manager, and their employees may be involved in managing or advising the Related Investment Entities, they will have conflicts of interest in allocating their management time, staff and economic resources among the Partnership, the Project Entity and the Related Investment Entities, as well as any other activities in which they may acquire an interest.

Reimbursement and Compensation

The General Partner, the Manager and their affiliates are entitled to reimbursement for costs and expenses incurred by such parties on behalf of the Partnership that relate to the business and affairs of the Partnership. No Limited Partner (or affiliate thereof) will be reimbursed for any such costs or expenses. In addition, the General Partner, Manager or their affiliates will be entitled to receive annual management fees, development management fees, leasing fees, and property management fees. The fees and distributions payable to the General Partner, Manager and their affiliates were not determined on an arms'-length basis. It cannot be assured that an unaffiliated party would not be willing and able to provide to the Partnership the same services at a lower price. In addition, there is a conflict of interest in that the General Partner may have incentives to pay the foregoing reimbursements and compensation to the detriment of other third-party creditors of the Partnership, which could be detrimental to the Limited Partners and may reduce the return of or any return on the investments made by the Limited Partners pursuant to this Offering. There is also a conflict of interest in that the General Partner may have incentives to establish larger reserves to pay the foregoing reimbursements and compensation, which would reduce the amount of cash flow available for distribution to the Limited Partners.

Related Party Transactions

The sale of the Property from GIC, an affiliate of the Manager and General Partner, to the Partnership is not an arms-length transaction. GIC has offered the Property for sale for $32,900,000, which is the appraised value. The Partnership's objective is to purchase the Property for the appraised value of $32,900,000. However, there can be no assurance that the consideration paid by the Partnership is not greater than or less than the price that an independent third party would pay for the property in an arms-length, negotiated transaction.

CERTAIN TAX, ERISA AND REGULATORY MATTERS

U.S. Federal Income Tax Considerations

The following is a summary of some of the United States federal income tax aspects of investing in the Partnership. It is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), existing Treasury Regulations promulgated thereunder (the "**Regulations**"), judicial decisions, and current administrative rules and interpretations by the Internal Revenue Service (the "**IRS**"). It is possible that changes in the law and/or interpretations of the law may be affected by future legislation, judicial decisions and/or the IRS. Any such change may or may not be retroactively applied. This summary does not purport to deal with all aspects of federal income taxation that may affect limited partners, particularly in light of their individual circumstances, nor with certain types of limited partners subject to special treatment under the federal income tax laws. Furthermore, no state, local or foreign (non-U.S.) tax consequences or U.S. federal tax consequences other than income taxes (e.g., estate and gift tax consequences) are discussed in detail. This summary does not constitute tax or legal advice and is not intended to be a substitute for careful analysis of the tax issues associated with an investment in the Partnership. Consequently, prospective investors should consult with, and must rely upon the advice of, their own tax advisors with respect to all of the federal, state, local and foreign (non-U.S.) income tax and other tax consequences of investing in the Partnership.

The General Partner's legal counsel has not evaluated whether the Partnership's business plan will make it possible for the Partnership to qualify as a QOF.

Changes in Tax Laws

It is anticipated that present federal and California income tax laws, or the interpretation of these tax laws, will change. Such changes, which could apply retroactively and adversely affect the limited partners, may materially change the tax consequences described below. The General Partner is under no obligation to provide (and will not provide) any information concerning (or update) any changes to the tax

laws described in this offering. Furthermore, no rulings have been or will be requested from any federal or state taxing authorities as to any matter, nor will an opinion of tax counsel be obtained with respect to any matter relating to an investment in the Partnership. The discussion herein is not binding upon, nor considered authority by, the IRS or any court or state taxing authority, and no assurance can be provided that the tax treatment claimed by the Partnership (or any limited partner) will not be successfully challenged by the IRS or any state taxing authority.

Changes and further development of the rules regarding Opportunity Zones are almost certain to occur. These changes and developments might make it difficult or impractical for the Partnership to qualify as a QOF.

Tax Status of the Partnership

The General Partner intends to cause the Partnership to elect to be treated as a partnership for federal tax purposes. Many of the tax consequences discussed below depend upon the classification (for federal income tax purposes only) of the Partnership as a partnership rather than as an association taxable as a corporation. However, if, for any reason, the Partnership were treated as an association taxable as a corporation, or otherwise taxable as a corporation (for example, see "U.S. Federal Income Tax Considerations - Publicly Traded Partnership Considerations"), then (i) the Partnership would be subject to federal and state income tax on its taxable income at corporate income tax rates, without a deduction for any distributions to the limited partners, and (ii) the limited partners would be forced to treat all distributions of money or property by the Partnership as dividends, return of capital or capital gain items (without regard to whether the Partnership itself paid tax on the income that is the source of the distributions). The discussion below assumes that the Partnership will be treated as a partnership for federal income tax purposes and not as an association taxable as a corporation.

Qualified Opportunity Fund

In order to qualify as a QOF, the Partnership must satisfy various criteria, including the 90% Requirement. If the Partnership fails to meet the 90% Requirement, the Partnership will be required to pay a penalty for each month of such failure to the extent the amount of assets held by the Partnership in qualified opportunity zone property falls below 90% multiplied by the underpayment rate established under Section 6621(a)(2) of the Code for the month, which amount is to be taken into account proportionately as part of the distributive share of each partner of the Partnership.

Potential Benefits of Investments in Qualified Opportunity Funds

When an investor makes a Qualified Investment in a QOF, three potential tax benefits may be available:

(1) Deferred Gain Deferral

(2) Partial Exclusion of Deferred Gain

(3) Exclusion of Gain in the QOF

No special tax benefits are provided for an investment that is not a Qualified Investment. In addition, there are generally no tax benefits provided with respect to income that is recognized by a QOF. If the Partnership has net taxable income in a tax year, the investors will generally be required to pay tax on their share of that income. Distributions made by the Partnership might be less than the amount of tax an investor must pay with respect to the investor's share of net taxable income.

Qualified Investment

A number of criteria must be satisfied in order for an investment in the Partnership to constitute a Qualified Investment. As discussed above, the investment must relate to capital gain that the investor realized prior to making the investment in the Partnership, and the investment must be made within a 180-Day Investment Period that might not start on the date the asset was sold or exchanged. Investments made before or after the 180-Day Investment Period will not be Qualified Investments. In addition, an investor must elect for its investment in the Partnership to be a Qualified Investment that is eligible for Opportunity Zone tax benefits. It is the investor's responsibility to ensure that a valid election is made and that its investment is a Qualified Investment. The Partnership will not evaluate whether an investor's investment is a Qualified Investment, and its receipt of the investment is not a determination that the investment is a Qualified Investment.

If the Partnership makes any distributions within two years of receipt of a capital contribution by an investor, such distributions may cause some or all of the investor's investment to become non-Qualified Investments, in which case no Opportunity Zone tax benefits will be available with respect to that portion of the investor's interest in the Partnership.

Deferred Gain Deferral

If the Partnership qualifies as a QOF, an investor that makes a Qualified Investment may defer recognizing its Deferred Gain until December 31, 2026 or, if earlier, the date on which the investor has an actual or deemed transfer of its interest in the Partnership (or, possibly until December 31, 2028 *if the New Law passes*). Many transactions may be treated as an actual or deemed transfer. For example, gain may be accelerated by transferring an interest in the Partnership in a sale, as a gift, by a transfer to a spouse or a former spouse, or by certain distributions by the Partnership. An investor should consult tax counsel before transferring its interest in the Partnership or entering into a transaction that is deemed to be a transfer for tax purposes.

If the Partnership makes a distribution to an investor in excess of the investor's basis in its interest in the Partnership, that distribution might be treated as a partial disposition of the investor's interest in the Partnership and therefore result in an acceleration of the Deferred Gain. An investor's basis in its interest in the Partnership will initially not include any cash contributed as a Qualified Investment. After the investor has held its interest for at least 5 years (with such 5-year period terminating prior to 2027), it may increase its basis in its interest by 10% of the Deferred Gain that was deferred (this only applies *if the New Law passes*). An investor's basis will also be increased to reflect any Deferred Gain that is recognized (e.g., in 2028 *if the New Law passes*, if the Deferred Gain has not been recognized prior to that date). An investor's basis may also be increased by the amount of Partnership liabilities that are allocated to that investor under Treasury Regulations.

Distributions made by the Partnership might be less than the amount of tax an investor must pay with respect to Deferred Gain that must be recognized.

Partial Exclusion of Deferred Gain

If the Partnership qualifies as a QOF and an investor makes a Qualified Investment in the Partnership, the investor may permanently exclude 10% of its Deferred Gain if it holds its investment in the Partnership for at least 5 years. This 5-year holding period must be satisfied by the end of 2026, which is no longer possible, but this will be changed to the end of 2028 *only if the New Law passes*. These periods depend on when the capital is contributed to the Partnership, not when an investor agrees to contribute capital in the future. *Again, this exclusion no longer applies, but may possibly apply if the New Law pas*ses.

Exclusion of Gain

Investors in a QOF must generally pay tax on their share of the QOF's income. Therefore, investors will generally be required to pay tax on their share of the Partnership's income, including rental income and gain from the sale of assets, even if the Partnership is a QOF.

There are two exceptions available after an investor has held its interest in the QOF for at least 10 years. First, if such an investor sells or exchanges its interest in the QOF after holding the interest for at least 10 years, the investor may elect to exclude any gain that is recognized, even if the gain would otherwise be taxed at ordinary income rates (e.g., due to depreciation recapture). Therefore, if the Partnership is a QOF and an investor sells its interest in the Partnership after holding it for 10 years after making its last capital contribution, the investor will generally be able to elect to exclude any gain or income recognized. An investor, however, might not be able to transfer its partnership interest due to transfer restrictions, and if a transfer is possible, there can be no assurance that an investor will be able to receive a favorable sales price.

Second, if an investor has held an interest in a QOF for at least 10 years and the QOF then sells or exchange an asset (or the QOF holds an interest in a QOZB that sells an asset), the investor may elect to exclude all gains and losses allocable to its Qualified Investment that arise from all such sales or exchanges for the QOF's taxable year (other than gains or losses from the sale or exchange of inventory made in the ordinary course of business). If an investor makes such an election but does not receive a distribution of "its share" of the net proceeds from each such sale or exchange that occurred in the taxable year within 90 days of the sale or exchange, part of the investor's Qualified Investment will cease to be treated as a Qualified Investment, which would reduce any Opportunity Zone tax benefits the investor would receive in subsequent years. This is a result of a deemed distribution and a deemed contribution that is treated as a new investment that is not a Qualified Investment The portion that is treated as a non-Qualified Investment equals (a) the investor's share of the sale proceeds, divided by (b) the value of the investor's interest in the QOF.

For example, if investors make Qualified Investments of $200 to a QOF and the QOF acquires two assets, for $100 each, in 2023, the QOF might sell one of the assets for $150 in 2034. If the QOF does not distribute the net proceeds to the appropriate investors within 90 days, and if the investors elect to exclude all QOF gains and losses recognized in 2034, the QOF will be deemed to distribute the $150 of proceeds to the investors, who will then be deemed to contribute those $150 of proceeds to the QOF as an investment that is not a Qualified Investment. Therefore, if the QOF is worth $300, due to $150 of cash proceeds and a $150 value for the asset it did not sell, half of the investors' interests in the QOF would continue to be treated as received in exchange for a Qualified Investment, but half would not. As a result, if the investors sold their interests in the QOF in 2034 for $300, they would generally recognize $50 of gain, half of which could be excluded under the Opportunity Zone Rules, but half would be subject to tax. This taint of the investment in the QOF cannot be removed by making an actual distribution of cash once the 90-day window has expired.

Therefore, if the Partnership or the QOZB sells an asset after an investor has held a Qualified Investment for at least 10 years, the investor may elect to exclude all gains and losses recognized by the Partnership and the QOZB for the applicable tax year (other than gains or losses resulting from the sale of inventory in the ordinary course of business). However, if the Partnership fails to distribute the correct amount of proceeds within 90 days of the asset sale, the opportunity zone tax benefits available to the investor in later years will be reduced.

There is no guarantee that the Partnership will distribute the net proceeds from the sale of an asset to the investors within 90 days of the date the asset is sold. For example, some of the proceeds might be used to pay off liabilities of the Project Entity or the Partnership. In addition, the net proceeds that must be distributed may include the value of any property received in a Section 1031 exchange, in which case the "proceeds" would be property that would not be distributed. There is also uncertainty in how an investor's share of net proceeds is to be determined; it might be different from the amount of proceeds to which the investor is entitled under the LP Agreement.

In addition, for this exclusion of gain benefit to be available (either from the sale of an interest in the Partnership or with respect to gain or loss recognized by the Partnership or the Project Entity), an investor must make a valid election. It is the investor’s responsibility to ensure that such an election is made.

Holding Period

Many of the opportunity zone rules relate to an investor's holding period for its Qualified Investment in a QOF. If an investor makes multiple Qualified Investments to the Partnership, the investor might have a split holding period for its interest in the Partnership and be treated as receiving part of its interest on the Partnership on each date that contributions are made. In addition, if an investor transfers an interest in the Partnership, the investor might not be allowed to designate the transferred interest as the interest that was acquired in connection with a particular capital contribution. For example, an investor might not be able to designate the transferred interest as the interest acquired in connection with the initial capital contribution; instead, the investor might be required to treat a pro rata portion of the interest as acquired on each date that capital was contributed.

Reporting Obligations

To obtain tax benefits with respect to an investment in a QOF, an investor may be required to satisfy various reporting obligations, including the annual reporting to the IRS of the amount of Deferred Gain that has not yet been subject to taxation. An investor may also be required to report certain information to the Partnership. Any such reporting obligations are the sole responsibility of the investor.

Transferred Investments

A transfer of an investment in the Partnership may cause Deferred Gain to be taxed sooner than it otherwise would have been taxed. In addition, a transfer of an investment in the Partnership may affect the rules that apply regarding how various elections are made and by whom. Prior to transferring an interest in the Partnership, or entering into a transaction that might be deemed to be a transfer for U.S. federal income tax purposes, an investor should consult its tax advisor.

Publicly Traded Partnership Considerations

A partnership that constitutes a "publicly traded partnership" may be taxed as a corporation in certain circumstances. Were the Partnership to be treated as a "publicly traded partnership" and subject to tax as a corporation, the substantial adverse tax consequences described above would result.

Generally, under the Regulations, a partnership will not be treated as a "publicly traded partnership" unless interests in the partnership are either (i) traded on an established securities market or (ii) readily tradable on a secondary market or a substantial equivalent. Units in the Partnership will not be traded on an established securities market and restrictions have been imposed upon the transfer of interests in the Partnership which may satisfy certain "safe harbor" restrictions contained in the Regulations. This should enable the Partnership to avoid classification as a "publicly traded partnership."

Effect of Partnership Status

Assuming the Partnership is respected as a partnership for federal income tax purposes, the Partnership itself will not be subject to U.S. federal income tax in most circumstances. Instead, each limited partner, regardless of whether such limited partner receives a distribution of cash flow, will be required to report and take into account its allocable share of the Partnership items of income, gain, loss, deduction and credit. Each limited partner will generally be subject to U.S. federal income tax on its allocable share of such Partnership items as if recognized directly by the limited partner, although such items are generally treated as realized by the Partnership for purposes of tax characterization.

Following the close of the Partnership's taxable year, the Partnership will provide its U.S. federal income tax information to each limited partner on a Schedule K-1. The Schedule K-1 will specify the amount of Partnership income, gain, loss, deduction or credit allocated to such limited partner. Each limited partner is solely responsible for preparing and filing its own federal and state tax returns reflecting the

income, gain, loss, deduction or credit allocated by the Partnership to such limited partner. A limited partner may be required to make estimated tax payments.

Each limited partner will generally be required to treat the Partnership items on such limited partner's individual income tax return in a manner that is consistent with the treatment of such items shown on the Schedule K-1. This general rule applies unless the limited partner files a statement with the IRS disclosing the inconsistent treatment. An audit of a limited partner's individual return could be triggered as a result of inconsistently treated items.

State Pass-Through Entity Taxes

The Partnership may also be subject to file state income tax returns in various states that the Partnership has nexus. Many states have begun passing laws that allow or require pass-through entities to pay state income taxes on behalf of the individual partners. The Partnership reserves the option to pay these taxes on behalf of the partners or the Partnership may elect to not pay these taxes on a state-by-state basis. Factors that will be considered by the Partnership is the level of business income allocation to each state, whether or not the state allows for special allocations of the payments that will match other allocations already discussed, and if state laws require a composite return to be filed.

Partnership Income and Losses

The Partnership's income, gain, loss, deduction and credit will be largely dependent upon the results of operations of properties in which the Partnership invests. However, to the extent that the Partnership makes an investment in a real estate-related entity such as the Project Entity, as opposed to a direct investment in the property, the General Partner expects that those investments will be treated as interests in partnerships or disregarded entities for federal income tax purposes and, as such, the Partnership's income, gain, loss, deduction and credit will generally be the Partnership's allocable share of the income, gain, loss, deduction and credit of such entity.

Allocation and Reallocation of Partnership Income and Losses

The LP Agreement generally attempts to allocate Partnership income, gain, loss, deduction and credit to each limited partner in a manner that (i) will correspond to the cash flow distributions the Partnership will make to each limited partner (other than distributions that constitute a return of capital contributions to the limited partners), and (ii) will generally result in each limited partner's capital account equaling the amount of cash flow distributions each such limited partner will be entitled to receive from the Partnership upon its liquidation. However, under Section 704(b) of the Code, items of income, gain, loss, deduction or credit of the Partnership allocated to a limited partner will not be respected for federal income tax purposes (and allocated in whole or in part away from such limited partner) unless the allocation has "substantial economic effect." Although the allocations to limited partners have been drafted in an attempt to comply with Section 704(b) of the Code and the "substantial economic effect" requirements of the Regulations, the Regulations are extremely complex and there is no assurance that the IRS will respect these allocations.

If the allocation of an item lacks "substantial economic effect," then each limited partner's share of such item will be reallocated on the basis of such limited partner's "interest in the Partnership" taking into account all facts and circumstances relating to the economic arrangement of the limited partners. Any reallocation of an item of income, gain, loss, deduction and/or credit of the Partnership could result in additional tax liability, interest and potential penalties to the limited partners.

Timing of Taxable Income and Cash Flow

The Partnership is not required to make current distributions of cash flow to the limited partners. Accordingly, limited partners may be allocated taxable income by the Partnership without receiving corresponding distributions of cash flow from the Partnership to pay any tax liabilities associated with such

income. In addition, some or all of an investor's Deferred Gain may be treated as taxable income recognized in 2026 (or earlier). Any tax owed on such Deferred Gain may be less than the amount of cash distributed to an investor by the time the investor is required to pay such tax. Each limited partner and such partner's advisors therefore should be aware that they may need to rely on cash derived from outside sources (and not the Partnership) to pay income taxes on income realized from the Partnership, or with respect to Deferred Gain.

For partners that are not U.S. persons, the Partnership will be required to withhold U.S. federal income tax on such partner's share of the Partnership's taxable income and gains and to pay such taxes over to the Internal Revenue Service. Such non-U.S. partners will receive a credit against their U.S. income tax liability for any such taxes withheld by the Partnership. Any taxes withheld by the Partnership on behalf of a partner will be treated as a distribution by the Partnership to that partner for all purposes of the Partnership's LP Agreement.

Characterization of Income

Upon a sale or other disposition by the Partnership of all or any portion of any property, the characterization of the Partnership's gain or loss as ordinary income or loss, capital gain or loss, or Section 1231 gain or loss will depend upon the holding period and purpose for which the property is held by the Partnership. If the Partnership has held any property which is not a capital asset for 12 months or less at the time of a sale or other disposition of all or any portion of such property, any gain or loss recognized on such sale will be ordinary gain or loss. If the Partnership has held the property for more than 12 months and if its activities with regard to the property cause it to be considered a "dealer" or otherwise cause the property not to qualify as a capital asset or Section 1231 property, then the gain or loss on the sale or other disposition of the property will be ordinary income or loss.

If the property is considered Section 1231 property, then, subject to the depreciation recapture rules discussed below, any gain or loss on a sale is treated as if it were from the sale of a capital asset held more than 12 months; however, if a limited partner's Section 1231 losses exceed his or her Section 1231 gains, the net Section 1231 loss is classified as an ordinary loss. Any gain attributable to the recapture of prior depreciation with respect to depreciable personal property is subject to federal income taxation at ordinary income rates. Any gain attributable to the recapture of prior straight-line depreciation with respect to depreciable real property held for more than 12 months is subject to federal income taxation at the rate of 25% if the investor is an individual. In addition, a limited partner who is allocated a net Section 1231 gain for the tax year must review the five preceding tax years for possible recapture of net Section 1231 losses taken in those prior five years. If there were any net Section 1231 losses during the five-year look-back period, the taxpayer must treat the current year's net Section 1231 gain as ordinary income to the extent of such prior five years' net Section 1231 losses.

If the property is considered a capital asset rather than Section 1231 property or ordinary income property, then any gain or loss from the sale of the property is a capital gain or loss. If any such capital asset is held for more than 12 months prior to disposition, any resulting gain or loss will be taxable as a long-term capital gain or loss. Any gain or loss attributable to the disposition of a capital asset held for 12 months or less will be taxable as a short-term capital gain or loss. However, if a limited partner that is an individual has a net capital loss, such net capital loss is deductible against ordinary income only to the extent of $3,000 per year. Any remaining net capital loss is carried forward and may be used to offset capital gains and up to $3,000 of ordinary income in each future year. If a partner that is a C corporation has a net capital loss, the net capital loss cannot be deducted against ordinary income but can be carried back three tax years from the loss year and forward five years.

Deduction for 20% of Qualified Business Income

For tax years beginning before 2026, Section 199A of the Code allows individuals to deduct 20% of certain "qualified business income." This deduction is subject to various limitations. It is possible that part or all of the ordinary income that the Partnership allocates to a limited partner will be eligible for this deduction. If a limited partner has qualified business income from other sources, it is possible that

Partnership losses will reduce the extent to which that other income is eligible for the Section 199A deduction.

If a limited partner reports a deduction under Section 199A, this deduction can affect the application of penalties in the event the IRS makes an adjustment to the limited partner's tax return, regardless of whether the adjustment relates to the Section 199A deduction or to the Partnership. In general, a penalty may be imposed when a taxpayer has a substantial understatement of tax. An understatement is substantial when it results in the taxpayer omitting more than 10% of the tax that should have been reported, but this threshold is reduced to 5% when the taxpayer has reported a deduction under Section 199A.

Passive Activity Loss Rules

Under Code Section 469, limited partners generally are not entitled to deduct losses derived from a partnership against non-passive income (e.g., salary, active business income, interest or dividends) derived from other sources unless such limited partners materially participate in the partnership's activities. Real estate activities are generally considered per se passive, except for certain active real estate developers. The limitations imposed on losses derived from passive activities apply to individuals, estates, trusts, personal service corporations and certain closely-held corporations. Generally, under Code Section 469 losses from passive activities will be allowed to offset only income from passive activities, and will not be allowed to offset (i) "portfolio income" such as interest, dividends, royalties and gains from sales of assets held for investment, (ii) income from a trade or business in which the taxpayer materially participates, or (iii) other non-passive income such as wages or salary. Losses from passive activities that exceed passive activity income (or credits from passive activities that exceed the regular tax allocable to passive activities) for the tax year are "suspended" and carried forward to future tax years to offset passive activity income in such future years. Any remaining suspended loss from an activity can generally be claimed when a taxpayer makes a fully taxable disposition of the entire interest in the passive activities to an unrelated person.

The ownership of partnership interests in a real estate partnership is normally classified as a passive activity and the ownership of the partnership interests held by the limited partners in the Partnership will be treated in a similar manner for this purpose. Accordingly, any income and loss (other than portfolio income generated by reserves and other bank deposits) allocated to a limited partner by the Partnership for tax purposes will generally be attributable to a passive activity. A limited partner's share of passive activity income or loss generated by the Partnership can be offset by passive activity loss or income, respectively, from other passive activities in which such limited partner owns an interest. However, if the limited partner does not have passive income from other activities, then any passive losses allocated to the limited partner from the Partnership will be suspended unless subsequent passive income is realized or the limited partner disposes of all of such partner's interest to an unrelated person. The passive loss rules may severely limit the amount of Partnership losses that limited partners may use to offset other income.

Limitation on Deductibility of Losses

A limited partner may deduct such partner's distributive share of the Partnership's losses for a given year only to the extent of that limited partner's tax basis for such partner's interest in the Partnership at the end of the Partnership's tax year. A limited partner's initial tax basis for such partner's interest in the Partnership will equal the amount of money such limited partner contributes to the Partnership, if the investment is not a Qualifying Investment. The tax basis for such interest will be increased by such limited partner's share of Partnership net profits and such limited partner's share of any nonrecourse liability of the Partnership (i.e., a Partnership liability as to which no partner is personally liable) and shall be reduced by such limited partner's share of Partnership net losses, distributions of cash flow received by such limited partner and by any decrease in such limited partner's share of nonrecourse liabilities of the Partnership. In certain circumstances, the tax basis for a limited partner's interest may also be increased by any recourse or nonrecourse liability owed to the limited partner and any Partnership nonrecourse liabilities that are guaranteed by the limited partner. The liabilities described in the preceding sentence will not increase the tax basis of any other limited partner. The tax basis limitation rules may restrict the amount of any net losses otherwise available to any limited partner.

For a Qualifying Investment, a limited partner's tax basis in its Units will initially be $0, as discussed above. This basis may be increased as discussed herein if the New Law passes.

Excess Business Losses

Non-corporate taxpayers may be limited on the amount of losses they can utilize a single year because of the excess business loss law. But. as the partners will vary between individuals, pass-through entities, and corporations, the Partnership will not make any special allocations to accommodate any group of partners related to any potential excess business loss. It is understood that any unutilized businesses losses will be allowed to be carried forward to offset future income as an net operating losses.

At-Risk Rules

The ability of individual limited partners (and certain other taxpayers) to deduct losses generated by the Partnership's activities is also limited by the "at risk" rules. Specifically, the amount of losses (generated by the Partnership's activities) that such limited partners may deduct and, subject to other limitations, utilize to reduce taxable income, each tax year cannot exceed the amount such limited partners have "at risk" in the Partnership (again as determined as of the close of the Partnership's tax year). Generally, a limited partner will be considered at risk to the extent of (i) such limited partner's actual capital contributions, (ii) such limited partner's share of the taxable income of the Partnership, and (iii) such limited partner's share of qualified nonrecourse financing. A limited partner's amount at-risk will be reduced by (i) the amount of any cash or property distributions from the Partnership to the limited partner, (ii) the portion of the amount at-risk in the activity against which losses were taken in prior years, and (iii) the amount of any reduction in such limited partner's share of qualified nonrecourse financing. The Code generally defines "qualified nonrecourse financing" as any nonrecourse financing (other than convertible debt) that is borrowed by the taxpayer from a "qualified person" and secured by the Partnership's real property. "Nonrecourse financing" is, except as provided in the Regulations, financing for which no person is personally liable for repayment. A "qualified person" is defined as a person (i) actively and regularly engaged in the business of lending money, (ii) not a "related person" to the taxpayer (unless the loan is "commercially reasonable"), (iii) not a transferor of the property, and (iv) not a person who receives a fee with respect to the taxpayer's investment in the property (nor a "related person" to such a fee recipient). To the extent the amount a limited partner has at-risk is decreased below zero at the close of any taxable year, such limited partner must include such amount in such partner's gross income for the taxable year in which the decrease occurs. This could occur for a variety of reasons including, without limitation, as a result of cash flow distributions made by the Partnership.

Capital Loss Limitations

In addition to the limitations described above, there are limitations on the deductibility of capital losses generated by the Partnership. For non-corporate taxpayers, any capital losses are deductible only to the extent of any capital gains, plus ordinary income of only up to $3,000 for each taxable year. Thus, if the Partnership realizes capital losses, then such losses may be only used to offset up to $3,000 of a non-corporate limited partner's ordinary income from other sources for any taxable year. Any excess capital losses may be indefinitely carried over by non-corporate taxpayers to subsequent tax years to offset future ordinary income (subject to the foregoing $3,000 limitation) and future capital gains. For taxpayers that are C corporations, capital losses are only deductible against capital gains and cannot be deducted against ordinary income. If a C corporation limited partner has a net capital loss, the net capital loss can be carried back to each of the three tax years preceding the loss year and forward to each of the five succeeding tax years.

Distributions in Excess of Basis

The distribution of cash flow and other money from the Partnership to a limited partner (including a deemed distribution resulting from a decrease in the share of Partnership liabilities allocated to the partner) will result in taxable gain under Section 731(a) of the Code to the extent that the actual or deemed cash distribution exceeds the limited partner's adjusted tax basis in such partner's interest in the Partnership. In

applying these rules, (i) increases in a limited partner's allocable share of the Partnership's liabilities are deemed to be capital contributions (which increase basis), and (ii) decreases in a limited partner's allocable share of the Partnership's liabilities are deemed to be cash distributions (which reduce basis). Each limited partner should be aware that such limited partner could recognize taxable gain if such partner receives deemed cash flow distributions as a result of a decrease in such limited partner's share of the Partnership liabilities.

In considering the potential application of these rules, it is important to take into account the fact that when a limited partner makes a Qualifying Investment by contributing cash to the Partnership, that contribution will generally not increase the limited partner's basis in its Units until five years have passed (if such five year period terminates before 2029 and *only if the New Law passes*), at which time the limited partner's basis will generally be increased by 10% of the amount of the Qualifying Investment. In addition, the limited partner's basis will generally be increased by the remainder of the amount of the Qualifying Investment in 2026 (or sooner, if the Deferred Gain is recognized as taxable income prior to that date).

Additional rules apply for partners that make Qualifying Investments. It is possible that distributions made within two years of a Qualifying Investment may disqualify that investment so that no Opportunity Zone related tax benefits (Deferred Gain Deferral, Partial Exclusion of Deferred Gain, or Fund Exclusion) will be available. In addition, if a distribution made prior to 2027 would exceed a partner's basis in its interest in the Partnership, that distribution might result in acceleration of the Deferred Gain instead of recognition of gain under Section 731 of the Code.

The Partnership will also allocate items of income and gain in an amount and manner sufficient to eliminate the partner's deficit balance as quickly as possible to any partner who unexpectedly receives a distribution or other specified allocation.

Determination of Adjusted Tax Basis for an Interest in the Partnership

When a limited partner makes a investment that is not a Qualified Investment, the partner's initial tax basis for such limited partner's interest in the Partnership will equal the amount of money such limited partner contributes to the Partnership. This initial tax basis is then generally increased by such limited partner's share of (i) the Partnership net profits and (ii) the Partnership nonrecourse liabilities (i.e., the Partnership liabilities for which no limited partner is personally liable), and decreased (but not below zero) by (x) such limited partner's share of Partnership net losses, (y) distributions by the Partnership of cash flow and other money or property to such limited partner, and (z) any decrease in such limited partner's share of Partnership nonrecourse liabilities.

Although the tax basis of a limited partner's interest may also be increased by any Partnership liabilities for which such limited partner is treated under the Regulations as bearing the economic risk of loss, the General Partner does not anticipate that a limited partner will, for this purpose, bear the economic risk of loss (as such term is defined by the Regulations) with respect to any Partnership liability.

For a Qualifying Investment, a limited partner's tax basis in its Partnership Interest will initially be $0, as discussed above.

Disposition of Partnership Interests

Subject to the potential Opportunity Zone benefits discussed herein, upon the sale or disposition of an interest in the Partnership, a selling limited partner will realize taxable gain if, and to the extent, the "amount realized" exceeds the adjusted tax basis for such interest. The "amount realized" will equal the sum of the cash and fair market value of other property received by the selling limited partner plus the portion of the Partnership's liabilities allocated to the interest sold. The tax liability resulting from the disposition of an interest in the Partnership could exceed the amount of cash received upon such disposition.

If a limited partner has been allocated business interest expense but has not yet been allowed to deduct such interest as a result of the Partnership having insufficient adjusted taxable income, the limited partner will not be allowed to deduct that suspended interest expense upon selling its interest in the Partnership. Instead, the limited partner will increase its basis in its interest in the Partnership by that suspended amount immediately before the sale or disposition of the interest in the Partnership. This will reduce the gain or increase the loss recognized in the disposition.

Generally, gain from the sale of an interest in the Partnership if held for more than one year will be characterized as long-term capital gain. However, if the Partnership holds, directly or indirectly, unrealized receivables and inventory items (both as defined in Code Section 751), a selling limited partner will realize ordinary income on the disposition of its interest if, and to the extent that, all or any portion of the amount realized by the limited partner and allocable to the unrealized receivables and inventory items exceeds the limited partner's share of the tax basis attributable to such assets.

If an investor makes a Qualifying Investment in the Partnership and the investor sells or transfers its interest in the Partnership before 2027, the sale or transfer may accelerate recognition of the Deferred Gain. In addition, as discussed above (see "U.S. Federal Income Tax Considerations – Exclusion of Gain"), if the investor holds its interest in the Partnership for at least 10 years after making its last capital contribution, the investor may be able to elect to exclude some or all of the gain or income recognized in the sale or exchange of its interest.

Dissolution of the Partnership

Upon the dissolution of the Partnership, the assets of the Partnership are required to be sold, which may result in the recognition of taxable gain to the limited partners. Distributions of proceeds arising from the dissolution of the Partnership will generally be non-taxable under Section 731 of the Code except to the extent any money distributed (whether in the form of cash or relief from liabilities) to a limited partner exceeds the adjusted basis in such limited partner's interest in the Partnership.

The Fund Exclusion might be available for partners that hold their interests in the Partnership for at least 10 years after making their last capital contribution. See "U.S. Federal Income Tax Considerations – Exclusion of Gain," above.

Conflicts of Interest

The partners may include persons with different tax characteristics and attributes. As a result, conflicts of interest may arise in connection with decisions made by the General Partner that may be more beneficial for one type of partner than for another type of partner. These decisions might relate to how the Partnership operates; for example, the General Partner may take into account the holding period of an asset when evaluating whether the asset should be sold. These decisions might also relate to tax methods and elections, including those made under the Bipartisan Budget Act of 2015 and similar state procedures and rules that apply to adjustments made by tax authorities. By acquiring an interest in the Partnership, each limited partner will be deemed to have acknowledged the existence of, and to have consented to, the actual and potential conflicts of interest between different partners (including between limited partners and/or between one or more limited partners and the General Partner), and to have waived any claim with respect to the existence of any such conflict of interest, regardless of when it arises.

Tax-Exempt Investors

Prospective investors that are tax-exempt entities should consult with, and must rely upon the advice of, their own tax advisors concerning federal, state, and foreign income and other tax consequences before electing to subscribe for an interest in the Partnership. The Partnership may incur substantial debt, and the allocations of income, gain, loss, deduction and credit may not be qualified allocations under the unrelated business income tax provisions of the Code. The Partnership may generate substantial unrelated business taxable income to a tax-exempt investor.

Foreign or Non-U.S. Investors

Prospective Non-U.S. Person Investors in the Partnership should consult with, and must rely upon the advice of, their own tax advisors with respect to the U.S. federal, state, local, foreign (non-U.S.) and other tax consequences relating to an investment in the Partnership.

A "Non-U.S. Person" is a person that is not (i) a U.S. citizen or resident, (ii) a corporation or partnership created or organized under the laws of the United States or any state, (iii) an estate the income of which is required to be included in gross income for U.S. federal income tax purposes regardless of source, or (iv) a trust for which a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust.

Generally, a Non-U.S. Person that is a partner in a partnership is not considered to be engaged in a U.S. trade or business solely by reason of its investment in such partnership, except to the extent that such partnership is itself engaged in a U.S. trade or business. In the case where such partnership is not engaged in a U.S. trade or business, a U.S. withholding tax (at a 30% or lower applicable treaty rate) is imposed on the Non-U.S. Person's allocable share of certain types of periodic income (e.g., dividends and certain types of interest) whether or not such income is distributed to the Non-U.S. Person.

However, the General Partner expects that the Partnership's activities will be considered to rise to the level of carrying on a trade or business in the U.S. In such case, a Non-U.S. Person limited partner would similarly be treated as engaged in a U.S. trade or business. As such, the Non-U.S. Person limited partner would be required to obtain a U.S. taxpayer identification number, file a U.S. federal income tax return, report in such return its allocable share of the Partnership's income determined to be effectively connected with such trade or business and pay U.S. federal income tax at regular U.S. rates on its share of such income. In addition, the Partnership would be required to withhold and pay over to the IRS an amount equal to the highest tax rate (which rate may be subject to possible reduction under a tax treaty) applicable to each individual and corporate Non-U.S. Person in the Partnership in respect of each such Person's allocable share of the Partnership's income that is effectively connected with a U.S. trade or business. Any amount so withheld may be credited against such Non-U.S. Person's federal income tax liability and would be refundable to the extent that such withholding exceeded such income tax liability.

Generally, under the Foreign Investment in Real Property Tax Act ("**FIRPTA")** provisions of the Code, Non-U.S. Persons are subject to U.S. federal income tax and tax return filing obligations in the same manner as U.S. persons on any gain realized on the disposition of an interest, other than an interest solely as a creditor, in U.S. real property. In addition, the purchaser of such an interest from a Non-U.S. Person is generally required to withhold U.S. federal income tax at the rate of 15% of the gross proceeds payable in connection with the disposition. The FIRPTA tax and tax return filing obligations will also apply if a Non-U.S. Person investor sells its interest in the Partnership at a time when the Partnership owns an interest in U.S. real property, and may also apply if the Project Entity sells an interest in U.S. real property. The purchaser may be required to withhold U.S. income tax at the rate of 15% of the gross proceeds payable in connection with the disposition. FIRPTA withholding may also be required at a 21% rate with respect to Partnership distributions that are attributable to the Partnership's gain from the sale of a U.S. real property interest. Any tax withheld by the purchaser would be credited against the Non-U.S. Person's actual federal income tax liability and would be refundable to the extent that such withholding exceeded such income tax liability. A Non-U.S. Person investor that is a corporation under U.S. federal income tax rules may also be liable for the U.S. branch profits tax (in additional to regular U.S. income tax) on any gain it recognizes on the sale of its interest in the Partnership.

Adjustments to Partnership's Tax Basis

Section 754 of the Code generally permits partnerships to elect to adjust the basis of partnership property upon the transfer of an interest in the partnership and upon the distribution of property by the partnership to a partner (if certain other conditions are met). A limited partnership is required to adjust the basis of limited partnership property in certain circumstances if there is a built-in loss or basis reduction of more than $250,000. The general effect of such an election is that the tax basis of partnership property is

adjusted for purposes of determining depreciation, gain and loss. Generally, a Section 754 election to adjust basis will benefit (or harm) the transferee limited partner in the case of any transfer of an interest in the Partnership or the remaining limited partners in the case of any distribution of property by the Partnership. Any such election, once made, may not be revoked without the consent of the IRS.

The LP Agreement provides the General Partner with the authority (in its sole and absolute discretion) to determine whether or not to cause the Partnership to make this election. The Partnership may make various other elections for federal tax reporting purposes which could result in various items of income, gain, loss, deduction and credit being treated differently for tax purposes than for accounting purposes. The determination of whether to elect a different treatment for tax purposes than for accounting purposes with respect to a particular item will be made by the General Partner.

Organization and Syndication Fees

Expenses paid or incurred in connection with the organization and syndication of the Partnership must be capitalized. The Partnership may elect to amortize its organization expenses over 180 months. Syndication expenses may not be deducted currently or amortized but must instead be capitalized. Organizational expenses include the legal fees and expenses incurred in connection with the negotiation and preparation of the LP Agreement, accounting fees for establishing the Partnership's accounting system, and necessary filing fees. Syndication expenses are expenses incurred in connection with the issuance and marketing of the interests in the Partnership and include registration fees, legal fees and printing and mailing costs of this Memorandum and other related materials.

The General Partner intends to elect to cause the Partnership to amortize certain expenses incurred in connection with the organization of the Partnership and to capitalize the syndication expenses. The allocation between organization and syndication expenses cannot be determined at this time and will depend upon the nature of the actual expenses incurred in connection with the formation of the Partnership. If the IRS challenges the Partnership's allocation between organization and syndication expenses, then the expenses subject to amortization could be recharacterized as non-deductible syndication expenses, reducing deductions which might otherwise be available to the limited partners (and resulting in the imposition of additional tax, interest and penalties).

Use of Certain Deductions

Certain expenses of the Partnership or the Project Entity, including the Investment Management Fee and the Asset Management Fee, may potentially be treated as investment expenses rather than trade or business expenses. For tax years beginning before 2026, a non-corporate investor will not be allowed to deduct its share of these expenses. For tax years beginning after 2025, a non-corporate investor will be entitled to deduct its share of such expenses only to the extent that such share, together with other itemized deductions, exceeds 2% of such investor's adjusted gross income. Such itemized deductions are further reduced for certain taxpayers with adjusted gross incomes exceeding certain amounts by the so-called "overall limitation on itemized deductions," which can reduce such investor's itemized deductions by as much as 80%. Corporate investors and tax-exempt Limited Partners will not be affected by these limitations regarding the deductibility of expenses.

Withholding

The General Partner is authorized to withhold and pay any taxes with respect to any limited partner in order to comply with applicable tax laws, and any such taxes may be withheld from any distribution otherwise payable to such limited partner or reduce future distributions otherwise payable to such limited partner. Certain of the Partnership's investments may be subject to taxes, including withholding taxes. All distributions to limited partners will be made net of any taxes payable by the Partnership.

Taxes payable by the Partnership, or withholding taxes imposed on income paid to the Partnership (and income of the Partnership used to pay such taxes), will be allocated to the limited partners receiving

the income and distributions with respect to which any such taxes are imposed, and generally will be deemed for purposes of the Partnership's distribution provisions as distributed to the limited partners and paid by them to the relevant taxing jurisdictions. In the case of taxes imposed only on income allocable to some but not all of the limited partners, such taxes will be allocated to, and reduce distributions to, only such limited partners.

Alternative Minimum Tax

Prospective investors should consider the impact of the alternative minimum tax in determining whether to acquire interests in the Partnership. Calculating the alternative minimum tax is complex and its potential application will vary depending on the individual circumstances of each taxpayer. Each prospective investor should consult with, and must rely upon, such investor's own tax advisors as to the applicability of the alternative minimum tax to such investor prior to investing in the Partnership.

Partnership Audits

Limited partnerships such as the Partnership generally are treated as separate entities for purposes of federal tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss, deduction and credit are determined at the partnership level in a unified partnership proceeding rather than in separate proceedings with the partners. These unified procedures also apply to items of income, gain, loss, deduction and credit that are not the Partnership's items but instead are a partner's items that are related to the Partnership, such as the character of gain or loss that a partner recognizes in the sale of its interest in the Partnership.

In these centralized proceedings, a partnership and its partners are represented by a "partnership representative" who is the sole person authorized to act on behalf of the partnership and its partners. The partnership representative therefore has the power to extend the statute of limitations, make various elections, and enter into settlement agreements that bind the partnership and its partners. The partnership representative for the Partnership will be designated and controlled by the General Partner. Limited partners will not be allowed to participate in these proceedings.

When an adjustment is made under these centralized proceedings, the Partnership may be liable for any associated taxes, interest, and penalties, even if the adjustment is not made to the Partnership's tax return but is instead made to a partner's tax return. Such payments may substantially reduce the amount of cash available for distribution to the limited partners. The General Partner may allocate these payments to the limited partners (including former limited partners), and a limited partner may be required to indemnify the Partnership for its share of the payments. There is much uncertainty in how the taxes, interest, and penalties will be paid if the Partnership has already dissolved. It is possible that the limited partners from the Partnership's final tax year might be required to pay such amounts.

Limited partners might be required to cooperate in the course of an audit in order to minimize the amount that the Partnership might be required to pay. Such cooperation might include providing information about the limited partner's tax status, filing an amended tax return, and paying additional tax.

If adjustments are made under these centralized partnership procedures, the tax returns of the limited partners may be reviewed by the IRS, which could result in adjustments to items that are unrelated to the Partnership.

Reportable Transactions

The Code and the Regulations require reporting of any "reportable transaction." The Regulations are broad and encompass many transactions that would not typically be considered tax shelters. Characterization of a transaction as a reportable transaction under the Regulations requires additional reporting obligations and may increase the likelihood of an audit by the IRS. Prospective investors should consult with their own tax advisers concerning the tax shelter rules and should be aware that the Partnership

might engage in a transaction that would be a reportable transaction covered by the tax shelter Regulations. Any investment required to be registered with the IRS as a tax shelter is also required to be registered with the various state tax authorities.

THIS SUMMARY OF FEDERAL INCOME TAX CONSEQUENCES IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. ACCORDINGLY, PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS CONCERNING ALL OF THE TAX ASPECTS OF THE TRANSACTIONS CONTEMPLATED BY THIS MEMORANDUM.

U.S. Federal Taxes Other Than Income Taxes and State, Local and Foreign Taxes

In addition to the federal income tax consequences described above, each limited partner must also carefully consider the potential state, local and foreign (i.e., non-U.S.) tax consequences and U.S. federal tax consequences other than income taxes (e.g., U.S. estate and gift tax consequences) of electing to subscribe for an interest in the Partnership. Limited partners may be required to file state, local and/or foreign tax returns and tax liability may be imposed both in the state or locality where a limited partner resides and in each state, locality or foreign jurisdiction in which the Partnership engages in business or otherwise has assets. State, local and foreign tax laws are often substantially different from U.S. federal income tax laws with respect to the treatment, calculation and timing of recognition of specific tax items. The Partnership's activities are expected to be carried out solely in California, and at present, California does not provide any tax benefits for Opportunity Zone investments and it is uncertain what, if any, Opportunity Zone tax benefits might be provided in the future. A limited partner should consult with such limited partner's own tax advisor with respect to the state, local and foreign income tax implications that apply by virtue of purchasing an interest and the subsequent ownership and disposition of the interests.

ERISA Considerations

Persons who are fiduciaries with respect to an employee benefit plan, IRA, Keogh plan or other arrangement subject to the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") or the Code (collectively, the "ERISA Plans") should carefully analyze the impact of ERISA and the Code in the context of the ERISA Plan's particular circumstances before authorizing an investment in the Partnership. ERISA imposes significant responsibilities on fiduciaries with respect to an ERISA Plan, including prudence, diversification, prohibited transactions and other standards. In determining whether a particular investment is appropriate for an ERISA Plan, Department of Labor regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plans in the ERISA Plan's portfolio, and take into account a variety of factors, including whether the investment is designed reasonably to further the ERISA Plan's purposes, an examination of risk and return factors, a portfolio's composition with regard to diversification, the liquidity and return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the income tax consequences of the investment and projected return of the total portfolio relative to the ERISA Plan's funding objectives. Before subscribing for an interest in the Partnership, a fiduciary of an ERISA Plan should determine whether such an investment is consistent with its fiduciary responsibilities and the foregoing regulations.

The Department of Labor has issued a regulation (the "Plan Asset Regulation") that provides guidance in determining when the assets of a partnership, and not just an interest in the partnership itself, is treated as an asset of the ERISA Plan investor. If the Partnership's assets include plan assets, then certain fiduciary standards and certain prohibited transaction rules would apply to the Partnership's holdings and could severely restrict the manner in which the General Partner may invest the Partnership's assets and subject the Partnership (and the partners) to significant additional expenses. These rules do not apply to an investment in the Partnership if at all times "benefit plan investors" (as defined in the Plan Asset Regulation), which include, without limitation, all foreign and domestic employee benefit plans, IRAs, Keogh plans and any entities deemed to hold ERISA plan assets) hold less than 25% of each class of equity interest in the Partnership. Equity interests held by the General Partner or its affiliates are disregarded for purposes of applying the 25% ownership rule. However, certain prospective ERISA Plan investors may currently maintain relationships with the General Partner and/or entities that are affiliates of the General Partner. Each of such entities may be deemed to be a party in interest or disqualified person to and/or a

fiduciary of any such plan which it provides investment management, investment advisory or other services. ERISA and the Code prohibit the plan assets from being used for the benefit of a party in interest or a disqualified person.

THE GENERAL PARTNER WILL ATTEMPT TO CAUSE THE PARTNERSHIP TO COMPLY WITH THE 25% LIMITATION DESCRIBED ABOVE. HOWEVER, DESPITE THE RESTRICTIONS ON PURCHASES OF INTERESTS BY AND TRANSFERS OF INTERESTS TO ERISA PLANS, THERE CAN BE NO ASSURANCE THAT ERISA PLANS WILL AT NO TIME OWN 25% OR MORE OF THE EQUITY INTERESTS IN THE PARTNERSHIP. PRIOR TO SUBSCRIBING FOR AN INTEREST IN THE PARTNERSHIP, PROSPECTIVE ERISA PLAN INVESTORS SHOULD CONSULT WITH THEIR LEGAL ADVISORS CONCERNING THE IMPACT OF ERISA AND THE CODE AND THE POTENTIAL CONSEQUENCES OF SUCH AN INVESTMENT WITH RESPECT TO THEIR SPECIFIC CIRCUMSTANCES. EACH PLAN FIDUCIARY SHOULD ALSO TAKE INTO ACCOUNT ITS FIDUCIARY OBLIGATIONS WITH RESPECT TO AN INVESTMENT IN THE PARTNERSHIP BEFORE ITS ERISA PLAN SUBSCRIBES FOR AN INTEREST IN THE PARTNERSHIP. THE SALE OF AN INTEREST IN THE PARTNERSHIP TO AN ERISA PLAN SHALL NOT BE DEEMED A REPRESENTATION BY THE PARTNERSHIP, THE GENERAL PARTNER OR ANY OTHER PERSON THAT SUCH INVESTMENT MEETS ALL ERISA AND OTHER REQUIREMENTS WITH RESPECT TO ERISA PLANS.

Securities Law and Regulatory Matters

Securities Act.

The Units have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**) or any state securities laws and may not be offered or sold unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act and applicable state laws is available. Hedging transactions involving these securities may not be conducted unless in compliance with the Securities Act.

Units will be offered without registration in reliance upon the Securities Act exemption for transactions not involving a public offering. In order to establish compliance with such exemption, each investor will be required to make certain representations to the Partnership, including that it is an "accredited investor" and that it is acquiring an interest in the Partnership for its own account, for investment purposes only and not with a view to its distribution.

As described elsewhere in the Memorandum, the transferability of Units will be further restricted by the terms of the LP Agreement.

Anti-Money Laundering Regulations.

The General Partner on behalf of the Partnership and its affiliates will require a detailed verification of a prospective investor's identity and the source of the payment. The General Partner on behalf of the Partnership reserves the right to request such information as is necessary to verify the identity of a prospective investor. In the event of delay or failure by the applicant to produce any information required for verification purposes, the General Partner may refuse to accept the subscription agreement and the subscription monies relating thereto.

The Patriot and Related Acts.

Units may not be offered, sold, transferred or delivered, directly or indirectly, to any "Unacceptable Investor." "Unacceptable Investor" means any:

- person or entity who is a "designated national," "specially designated national," "specially designated terrorist," "specially designated global terrorist," "foreign terrorist organization," or

"blocked person" within the definitions set forth in the Foreign Assets Control Regulations of the United States Treasury Department;

- person acting on behalf of, or an entity owned or controlled by, any government against whom the United States maintains economic sanctions or embargoes under the Regulations of the United States Treasury Department – including, but not limited to, the "Government of Sudan," the "Government of Iran" and the "Government of Libya;"

- person or entity who is within the scope of Executive Order 13224 – Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism, effective September 24, 2001; or

- person or entity subject to additional restrictions imposed by the following statutes or Regulations and Executive Orders issued thereunder: the Trading with the Enemy Act, the Iraq Sanctions Act, the National Emergencies Act, the Antiterrorism and Effective Death Penalty Act of 1996, the International Emergency Economic Powers Act, the United Nations Participation Act, the International Security and Development Cooperation Act, the Nuclear Proliferation Prevention Act of 1994, the Foreign Narcotics Kingpin Designation Act, the Iran and Libya Sanctions Act of 1996, the Cuban Democracy Act, the Cuban Liberty and Democratic Solidarity Act, and the Foreign Operations, Export Financing, and Related Programs Appropriations Act, or any other law of similar import as to any non-U.S. country, as each such Act or law has been or may be amended, adjusted, modified or reviewed from time to time.

If the General Partner determines that a limited partner is an "Unacceptable Investor," the General Partner may freeze the limited partner's distributions and interests and take such other actions as may be desirable or necessary under the law.

FURTHER INFORMATION

The General Partner will answer inquiries from subscribers concerning the Partnership and other matters relating to the offer and sale of the Units, and the General Partner will afford subscribers the opportunity to obtain any additional information to the extent the General Partner possesses such information or can acquire such information without unreasonable effort or expense that is necessary to verify the information in this Memorandum. Subscribers are entitled to review copies of other material contracts relating to the Partnership described in this Memorandum.

EXHIBIT A

AGREEMENT OF LIMITED PARTNERSHIP OF PHT OPPORTUNITY FUND LP

EXHIBIT B

SUBSCRIPTION DOCUMENTS

APPENDIX A

DESCRIPTION OF PROPERTY

(Will Provide Separately)