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XYZ FUND, LP AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 20XX

XYZ FUND, LP AND SUBSIDIARIES

CONTENTS

INDEPENDENT AUDITORS' REPORT

[CITY, STATE]
[INSERT DATE]

NOTE 1 - NATURE OF PARTNERSHIP

ORGANIZATION

[Elaborate on strategy of Partnership in the organization footnote (for example, use language from PPM).

XYZ Fund, LP (the "Partnership") was formed as a limited partnership, pursuant to the Delaware Revised Uniform Limited Partnership Act on **[insert date]** between **[insert name of GP]**(the "General Partner"), a Delaware limited liability company, and various private investors as limited partners (collectively, the "Partners"). The Partnership was formed for the purpose of investing in office, retail, residential, hotel, mezzanine loans, nonperforming loans and other real estate related asset classes.

[Choose this or the following sentence depending on what is applicable to the Partnership.] The Partnership shall terminate on the earlier of the date that the Partnership is dissolved or **[insert date]** subject to extension terms as defined in the Limited Partnership Agreement (the "Agreement"). **OR** The Partnership shall continue indefinitely, provided however, the Partnership shall be dissolved upon the occurrence of any events set forth in the Limited Partnership Agreement (the "Agreement").

[Modify the following paragraph depending on what is applicable to the Partnership.]

The Partnership **[is/is not]** is not registered as an investment company and is not subject to the investment restrictions limitations on transactions with affiliates and other provisions of the Investment Company Act of 1940, as amended (the "Company Act"), in reliance upon an exemption from such registration provided in Section 3(c)**(7)** of the Company Act.

GENERAL PARTNER

The General Partner has control and authority with respect to the management of the Partnership's business. The limited partners are not involved in the control, management or operation of the Partnership.

[insert name of Investment Manager] (the "Investment Manager"), a Delaware limited liability company, and an affiliate of the General Partner serves as the investment manager of the Partnership pursuant to an investment management agreement (the "Investment Management Agreement"). The Investment Manager, in consultation with the General Partner, is responsible for implementing the investment program of the Partnership, the day-to-day management of the Partnership, and the performance of administrative and oversight functions with respect to the Partnership. The Investment Manager **[is/is not]** registered as an investment adviser under the Advisers Act of 1940, as amended (the "Advisers Act").

NOTE 1 - NATURE OF PARTNERSHIP (CONTINUED)

CONCENTRATION OF MEMBERS

As of December 31, 20XX, two members represented approximately XX% (XX% and XX%, respectively) of the members' capital of the Company.

OR

CONCENTRATION OF PARTNERS' CAPITAL

As of December 31, 20XX, two Limited Partners represented approximately XX% (XX% and XX%, respectively) of partners' capital.

OR

CONCENTRATION OF PARTNERS' CAPITAL

As of December 31, 20XX, XX% of the total partners' capital belongs to one Limited Partner, who is an affiliate of the General Partner.

Investments made by the Partnership are purchased by **[insert name of REIT]**, a real estate investment trust (the "REIT") formed in **[insert state]** on **[insert date]**. The REIT's common stock is wholly-owned by the Partnership and was created to hold interests in special purpose entities which invest in real estate assets.

The "Initial Closing Date" was on **[insert date]**. The fund subscription period expired on **[insert date]** with total capital commitments of $**[insert amount]**, all of which have been called and funded as of December 31, 20XX. [**TAILOR ACCORDINGLY. Provide details on current year , prior year capital calls and remaining uncalled capital**] As of December 31, 20XX, the Partnership has made capital calls of $**[insert amount]**, of which $**[insert amount]** was funded through December 31, 20XX, and $**[insert amount]**, was funded in 20XX.

The General Partner made a $**[insert amount]** capital commitment to the Partnership which represents a [insert%] interest. The General Partner's capital commitment cannot be less than [insert%] of aggregate capital commitments. Additionally, $**[insert amount]** of limited partner capital commitments have been made to the Partnership by principals of **[insert name of Sponsor]** (the "Sponsor") and principals and employees of entities associated with the Sponsor ("Principals"). The Sponsor and Principals shall make an aggregate capital commitment in an amount equal to the lesser of [insert%] of all capital commitments made by Partners other than the Sponsor and Principals or $**[insert amount]**. The combined general and limited partnership Sponsor related capital commitments is $**[insert amount]** which represents [insert%] of total third party commitments.

NOTE 1 - NATURE OF PARTNERSHIP (CONTINUED)

CONCENTRATION OF PARTNERS' CAPITAL (CONTINUED)

In order to comply with organizational requirements under the Internal Revenue Code to continue to qualify as REITs, the Partnership's REIT subsidiary sold **[insert number]** shares of non-voting preferred stock at par value of $**[insert amount]** per share on **[insert date]** with net proceeds of $**[insert amount]**. The preferred stock earns dividend semi-annually at a rate of [insert%] per annum of the net proceeds. This preferred stock ownership interest of $**[insert amount]** is presented as non-controlling interest in the consolidated statement of changes in net assets and the annual dividends paid of $**[insert amount]** are included in the consolidated statement of operations.

Distributions are allocated to the Partners as follows: [**TAILOR ACCORDINGLY]**

i) First, to the Partners, based upon their percentage interests, to the extent of unpaid accrued preferred return;

ii) Second, to the Partners, based upon their percentage interests, to the extent of their unreturned capital contribution on each investment sold, abandoned or written down;

iii) Third, 10% to the Partners, based upon their respective percentage interests and 90% to the General Partner, until the General Partner has received a cumulative distribution equal to 10% of the sum of the distributions made to all Partners; and

iv) Thereafter, 90% to the Partners pro rata based on the amount of their partnership percentage interests and 10% to the General Partner.

Such distributions to the General Partner are herein referred to as "Carried Interest". From formation through December 31, 20XX, the Partnership [**has/has not]** made carried interest allocations to the General Partner totaling $**[insert amount].**

Distributions to the Partners amounted to $**[insert amount]** during the year.

Net income and net losses from the Partnership are to be allocated to the Partners in a manner consistent with the cash distribution priorities, as defined in the Agreement.

Because of the inherent uncertainty of valuation of the investment portfolio, the allocation of net income or net loss to all Partners as reflected within these consolidated financial statements may not necessarily represent amounts that might ultimately be allocated and distributed to all Partners based upon the cash distribution priorities as described above.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") for entities that report real estate investments at fair value. The consolidated financial statements include the accounts of the Partnership and the REIT. All significant inter-company balances and transactions have been eliminated in consolidation. The portion of net assets resulting from operations applicable to noncontrolling interests is presented as net assets resulting from operations attributable to noncontrolling interests in the consolidated statement of operations, and the portion of the partners' capital of the REIT is presented as noncontrolling interests in the consolidated statement of net assets and consolidated statement of changes in net assets.

[See below and ASU 2013-08 Determination of Investment Companies Sample Disclosure Template]

The Partnership qualifies as an investment company, as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification (”ASC”) Topic 946 Financial Services – Investment Companies and, therefore, is applying the specialized accounting and reporting guidance in ASC Topic 946.

NEW ACCOUNTING PRONOUNCEMENT

See separate template for New Accounting Pronouncement Disclosure

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

For purposes of the statement of cash flows, the Partnership considers all short-term investments with original maturities of three months or less to be cash equivalents.

Restricted cash is subject to a legal or contractual restriction by third parties as well as a restriction as to withdrawal or use, including restrictions that require the funds to be used for a specified purpose and restrictions that limit the purpose for which the funds can be used.

[If applicable: The Partnership considers cash pledged as collateral for securities sold short and cash collateral posted with counterparties for derivative contracts to be restricted cash OR The Partnership considers (*The Partnership should include a description of what balance sheet items are restricted*) to be restricted cash.]

[Disclose the nature of restriction on cash, cash equivalents, and amounts described as restricted cash]

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS IN REAL ESTATE

The Partnership's investments are comprised of equity and debt interests in underlying real estate assets and are reflected in the consolidated statement of net assets at their estimated fair values. The Partnership capitalizes all direct third party costs that are related to the acquisition of real estate investments as part of the original investment cost.

The Partnership measures fair value in accordance with Financial Accounting Standards Board ASC 820 ("FASB ASC 820"), *Fair Value Measurements*, which establishes a fair value measurement framework, provides a single definition of fair value, and requires expanded disclosure summarizing fair value measurements. FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumption that market participants would use in pricing an asset or liability.

FASB ASC 820 establishes a hierarchy which groups investments measured at fair value into three levels, based on the markets in which the assets are traded, if any, and the observability of the assumptions used to determine fair value. These levels are as follows:

Level I – Fair value is based on unadjusted quoted prices for identical investments traded in active markets as of the reporting date.

Level II – Pricing inputs other than quoted prices included within Level I, which are either directly or indirectly observable as of the reporting date. Fair values are obtained from third party pricing services for comparable investments, quoted prices for identical investments in markets that are not active, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level III – Pricing inputs that are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Fair values are derived from other valuation methodologies, including pricing models, discounted cash flow models and similar techniques.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS IN REAL ESTATE (CONTINUED)

In general, the input values used in fair value measurement are unobservable; therefore, real estate investments are classified as Level III under FASB ASC 820 fair value hierarchy.

The realized gain or loss on investments in real estate is measured as the excess of net sales proceeds over the cost of the investment. The change in unrealized gain or loss on investments in real estate represents the net change of fair values between reporting periods. Both accounts are reflected as separate components of income and loss in the consolidated statement of operations.

Earnings from investments in real estate are reflected in the consolidated statement of operations which reflect the Partnership's allocable share of cash distributions of income received by the Partnership from the related real estate investments. The Partnership's share of income earned but not distributed, or losses incurred from the related real estate investments are taken into consideration in the recognition of any unrealized gain or loss on the investment. Investments reflect the Partnership's allocable share of fair value of the underlying entities' real estate interests pursuant to the distribution provisions provided for in the applicable underlying operating agreements.

The real estate market is cyclical in nature. Investment values are affected by, among other things, the availability of capital, vacancy rates, rental rates, interest rates and inflation rates. Determining real estate values involves many assumptions, which may be subjective in nature. As a result, amounts ultimately realized from the real estate investments may vary significantly from the estimates of fair values presented, and the differences could be material to the consolidated financial statements.

INCOME TAXES

No provision for income taxes is necessary in the financial statements of the Partnership because partnerships are generally not subject to income tax at the entity level. All income and losses accrue directly to the Partners and are reported by them individually for tax purposes.

The REIT subsidiary is taxed as a real estate investment trust under section 856(c) of the Internal Revenue Code. REITs are generally not subject to Federal and state income taxes. To maintain qualification as a REIT, the REIT subsidiary must distribute at least 90% of their taxable income to their shareholders and meet certain other requirements. As REITs, the REIT subsidiary will be permitted to deduct dividends paid to their shareholders, eliminating the Federal taxation of income represented by such dividends paid to the shareholders at the REIT

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

subsidiary level. REITs are subject to a number of organizational and operational requirements. If the REIT subsidiary fails to qualify as a REIT in any taxable year, they will be subjected to Federal and state income tax on their taxable income at regular corporate rates. The REIT subsidiary may also be subject to certain state, local and franchise taxes. Under certain circumstances, Federal income and excise taxes may be due on the REIT subsidiary undistributed taxable income.

The tax returns of the Partnership and the REIT subsidiary for years subsequent to 20XX are open and subject to examination.

DEFERRED FINANCING COSTS

Fees and expenses incurred in connection with the Partnership's financing transactions are capitalized and amortized over the term of the related indebtedness. The amortization is included in interest expense on the consolidated statements of operations.

PROFESSIONAL FEES

Costs incurred in connection with operations and real estate investments that are no longer being pursued by the Partnership are expensed. Additionally, any professional fees that relate to real estate investments that are not directly related to the acquisition of the particular real estate investment are expensed.

ORGANIZATION COSTS

The Partnership bears all legal and offering expenses incurred in the formation of the Partnership up to a maximum amount equal to $[insert amount]; provided that, the General Partner shall be responsible for organization and offering expenses related to the fund in excess of $[insert amount]. The Partnership incurred organization cost of $[insert amount].

CONCENTRATION OF CREDIT RISK

Financial instruments that are potentially subject to credit risk include cash and money market accounts held with major financial institutions. The Federal Deposit Insurance Corporation insures certain of the Partnership's bank accounts up to a maximum of $250,000 in each bank. From time to time, the Partnership maintains cash balances at institutions that are in excess of federally insured amounts. The Partnership mitigates this risk by depositing funds in financial institutions that management believes are financially sound.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant assumptions and estimates relate to the valuation of investments in real estate and the related recognition of unrealized appreciation and depreciation of investments in real estate. Application of these assumptions requires the exercise of judgment as to future uncertainties. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

In the normal course of business, the Partnership encounters, or may encounter, two significant types of economic risk: credit and market. Credit risk is the risk on the Partnership's investments that result from a borrower's, derivative counterparty's or lessee's inability or unwillingness to make contractually required payments. Market risk reflects changes in the value of investments due to changes in interest rates, spreads or other market factors, including the value of the collateral underlying loans and securities and the valuation of real estate held by the Partnership. The General Partner believes that the fair value of the Partnership's investments is reasonable taking into consideration these risks.

NOTE 3 – INVESTMENTS IN REAL ESTATE

If there is cash or other items subject to fair value measurement a table by level should be included. See the Domestic Financial Statement Template for an example.

The Partnership's investments in real estate are set forth in the consolidated schedule of investments. The investment cost basis includes the amounts funded by the Partnership to the underlying investments as capital contributions, offset by distributions received from the underlying investments representing return of capital. The investment fair value includes the cost basis plus or minus any unrealized gain or loss on the underlying investments in real estate.

All investments held by the Partnership were considered to be Level III investments. The changes in investments measured at fair value for which the Partnership has used Level III inputs to determine fair value are as follows:

NOTE 3 – INVESTMENTS IN REAL ESTATE (CONTINUED)

(A) Disclose if the Partnership has adopted ASU 2018-13]

NOTE:
-FOR EACH TYPE/CLASS OF ASSET OR LIABILITY CLASSIFIED AS LEVEL 3 IN THE FAIR VALUE HIERARCHY TABLE, THE PARTNERSHIP MUST DISCLOSE TRANSFERS IN AND OUT OF LEVEL 3 AND PURCHASES AND ISSUANCES OF LEVEL 3 INVESTMENTS.
-PURCHASES, ISSUANCES AND TRANSFERS OF LEVEL 3 ASSETS AND LIABILITIES SHOULD BE DISCLOSED SEPARATELY.
-PURCHASES, ISSUANCES AND TRANSFERS OF LEVEL 3 INVESTMENTS MUST BE GROSSED UP. NETTING IS NOT PERMITTED.

Purchases, issuance and transfers of Level 3 assets and liabilities for the year ended December 31, 20XX were as follows:

Level 3 Activity:	Asset Class 1	Asset Class 2	Asset Class 3	Total Fair Value
Transfers into Level 3	200[(a)]	--	--	200
Transfers out of Level 3	--	(50) [(b)]	--	(50)
Purchases	--	--	1,100	1,100
Issuances	--	--	--	--

[(a)] Transferred from Level 2 to Level 3 because of lack of observable market data due to decrease in market activity for these investments.
[(b)] Transferred to Level 2 from Level 3 because observable market data was available due to increased liquidity in market activity for these investments.

NOTE:
-IF THE PARTNERSHIP HOLDS ONLY A SINGLE TYPE/CLASS (SEE LIST ABOVE FOR EXAMPLES) OF ASSET OR LIABILITY CLASSIFIED AS LEVEL 3 IN THE FAIR VALUE HIERARCHY TABLE, A TABULAR PRESENTATION MAY NOT BE WARRANTED AND A NARRATIVE PRESENTATION OF LEVEL 3 PURCHASES, ISSUANCES AND TRANSFERS MAY BE PREFERABLE.

NOTE 3 – INVESTMENTS IN REAL ESTATE (CONTINUED)

The following table shows quantitative information about significant unobservable inputs and valuation methods related to the Level 3 fair value measurements of the Partnership's real estate investments as of December 31, 20XX.

Type	Asset Class	Valuation Technique	Unobservable Inputs	Range**
Properties	Office	Income Approach -	Discount Rate	[insert% range]
		Discounted cash flow	Terminal Capitalization Rate	[insert% range]
	Retail	Income Approach -	Discount Rate	[insert% range]
		Discounted cash flow	Terminal Capitalization Rate	[insert% range]
	Industrial	Income Approach -	Discount Rate	[insert% range]
		Discounted cash flow	Terminal Capitalization Rate	[insert% range]
Debt	Office/Hotel/ Residential	Income Approach	Discount Rate	[insert% range]
			Loan to Value Ratio	[insert%]
			Credit Spreads	XXX bps

[**Include weighted average if there are wide ranges of unobservable inputs.]

VALUATION TECHNIQUES [<u>Elaborate on the Partnership's valuation techniques. Below are various examples. TAILOR ACCORDINGLY</u>]

The estimated fair value of investments is determined by the General Partner using methods considered by the General Partner to be most appropriate for the type of investment. These methods include, but are not limited to, (i) internally prepared discounted cash flow estimates, (ii) third party appraisals or valuations by qualified real estate appraisers, and (iii) contractual sales value of properties subject to bona fide sales contracts.

The values of the real estate investments have been prepared giving consideration to the income approach of estimating property value. The income approach estimates an income stream for a property (typically 10 years) and discounts this income plus a reversion (presumed sale) into a present value at a risk adjusted rate. Yield rates and growth assumptions utilized in this approach are derived from market transactions as well as other financial and industry data.

During 20XX, investments in [name of investments] were also externally appraised.

NOTE 3 – INVESTMENTS IN REAL ESTATE (CONTINUED)

The fair value of debt investments is determined by discounting the future contractual cash flows to the present value using a current market interest rate. The market rate is determined by giving consideration to one or more of the following criteria as appropriate: (i) interest rates for loans of comparable quality and maturity, and (ii) the value of the underlying collateral.

In accordance with the Partnership's valuation policy, fair values of the Fund's investments in real estate were determined by the Fund's asset management group using methods most appropriate for each investment, including, but not limited to, (i) forecasts of net cash flows based on analysis of revenues and expenses and anticipated risk factors, and (ii) capitalization rates applied to stabilized net operating income. Management meets on a quarterly basis, or more frequently as needed, to know and discuss the appropriateness of such fair values using current information on actual and projected investment performance.

The fair value of real estate investments does not reflect transaction sales costs, which may be incurred upon their disposition. The estimated fair values may vary significantly from the prices at which the real property would sell, since market prices of the investments can only be determined by negotiation between a willing buyer and seller. Although the estimated fair values represent subjective estimates, management believes these estimated fair values are reasonable approximations of market prices and aggregate estimated value of investments in real estate are fairly presented as of December 31, 20XX.

Substantially all of the Partnership's investments are held through separate legal entities and these entities have obtained long-term, third party debt financing in connection with their acquisition of the underlying assets. In general, the Partnership's investments are subordinated to the repayment of the legal entities' liabilities. The outstanding mortgages collateralized by the underlying real estate assets aggregated $**[insert amount]** (excluding investments in mezzanine loans) for the year ended December 31, 20XX. **[Elaborate on any Guarantor situations or Indemnity or Carve-Out Guaranties associated with these legal entities.]**

If the Partnership's real estate investments are concentrated by location, type, etc., also include information about geographic concentration. This can be presented in a tabular format listing type of real estate investments, region/state, cost of investment and fair value of investment at reporting period. If the Partnership uses single purpose entities or special purpose vehicles consolidation should be considered and disclosure modified – see Domestic LP template for SPV disclosure.

NOTE 4 - RELATED PARTY TRANSACTIONS

ASSET MANAGEMENT FEES

The Partnership has entered into an agreement with **[insert name of Investment Manager]** (the "Investment Manager"), an affiliated entity, to provide asset management services to the Partnership. In exchange for services provided, the Investment Manager receives a **[insert frequency]** management fee equal to **[insert %]** per annum of unreturned capital contributions excluding contributions allocable to the capital portion of investments that have been fully written off and abandoned [OR capital commitments, as defined in the Agreement, during the investment period], payable [**insert frequency**] in **[advance or arrears].**

For the year ended December 31, 20XX, the Partnership incurred asset management fees of $**[insert amount]**, of which $**[insert amount]** was payable at December 31, 20XX.

PROPERTY MANAGEMENT FEES, CONSTRUCTION MANAGEMENT FEES AND LEASING COMMISSIONS

Entities affiliated with the Partnership's Sponsor receive property management fees, construction management fees and leasing commissions from the Partnership's investments in real estate. Fees earned by affiliates of the Partnership are as follows for the year ended December 31, 20XX:

Property management	$**[insert amount]**
Construction management	**[insert amount]**
Leasing commissions	**[insert amount]**
	$**[insert amount]**

DUE FROM AFFILIATES **[*Tailor accordingly. See various examples below*]**

During 20XX, the Partnership advanced $**[insert amount]** to an entity affiliated with the General Partner through common ownership. This advance is non-interest bearing and was collected in 20XX.

During 20XX, the Partnership advanced $**[insert amount]** to **[name of investment]** investment. This amount was non-interest bearing. The Partnership was also owed $**[insert amount]** from this investment for interest on the financing investment. A total of $**[insert amount]** was collected in 20XX.

NOTE 4 - RELATED PARTY TRANSACTIONS (CONTINUED)

***DUE TO GENERAL PARTNER* [if applicable]**

The General Partner pays expenses on behalf of the Partnership, which are reimbursable to the General Partner and are non-interest bearing. At December 31, 20XX, $**[insert amount]** was payable to the General Partner and is included in the accompanying financial statements.

***LOAN RECEIVABLE* [if applicable]**

During 20XX, the Partnership loaned a member of the General Partner $**[insert amount]** in order to **[insert reason for loan]**. The amount was paid in full, including interest thereon, at December 31, 20XX. Interest, which is charged at a rate of **[insert rate]**%, amounted to $**[insert amount]** and is included in interest income on the accompanying statement of operations.

***LIMITED PARTNERS* [if applicable]**

Certain limited partners are affiliated with the General Partner. The aggregate value of the affiliated limited partners' share of partners' capital at December 31, 20XX is approximately $[**insert amount**].

[if applicable] Additionally, the Partnership may co-invest with other entities with the same General Partner as the Partnership.

[Items to include for Related Party Transactions
Please ensure that the (1) nature of the relationship(s) involved is disclosed, (2) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to gain an understanding of the effects of the transactions on the financial statements, (3) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period, (4) and amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement. If the General Partner reimburses the Partnership for virtually all its expenses, that should be added in as a disclosure.]

NOTE 4 - RELATED PARTY TRANSACTIONS (CONTINUED)

[SEE DOMESTIC FUND LP TEMPLATE FOR ADDITIONAL RELATED PARTY DISCLOSURES]

FINANCIAL SUPPORT PROVIDED TO INVESTEES

[SEE ASU 2013-08 TEMPLATE]

NOTE 5 - GUARANTEES

In the normal course of its operations, the Partnership enters into contracts and agreements that contain indemnifications and warranties. The Partnership's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Partnership that have not yet occurred. However, the Partnership has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

NOTE 6 – CREDIT FACILITY

On **[insert date]**, REIT entered into a credit agreement (the "Credit Agreement") with a lender for a revolving line for loans and letters of credit with a maximum amount of up to $**[insert amount]** subject to certain criteria as defined in the Credit Agreement.

At REIT's option, loans made under such facility bore interest at a rate equal to either: (i) Adjusted LIBOR rate plus an Applicable Rate, as defined: or (ii) the Alternative Base Rate defined as the greater of (a) the Prime Rate or (b) the Federal Funds rate plus 50 basis points. For the year ended December 31, 20XX, the REIT incurred interest expense of $**[insert amount]**. The stated interest on the borrowings was [**insert rate**] % at December 31, 20XX

The Credit Agreement requires a [**insert frequency**] fee of [**insert rate**] % per annum on the unused commitment. In addition, the REIT is required to pay the lender letter of credit fees equal to (i) Adjusted LIBOR rate plus an Applicable Rate, as defined, on the average daily amount of outstanding and undrawn letters of credits; and, (ii) greater of (a) [**insert rate**] % of the face amount of the letter of credit or (b) $XX. For the year ended December 31, 20XX, the REIT incurred unused commitment fee and letter of credit fees of $**[insert amount]** and $**[insert amount]**, respectively.

The Credit Agreement requires the REIT to comply with certain debt covenants. The REIT should maintain a financial ratio, minimum liquidity and comply with certain indebtedness restrictions. At December 31, 20XX, the REIT was in compliance with the debt covenants.

The Partnership guaranteed certain obligations in the mortgage loan for the development project of **[name of investment]**.

NOTE 6 – CREDIT FACILITY (CONTINUED)

At December 31, 20XX, principal obligations outstanding under the terms of the Credit Agreement were $**[insert amount]**.

The credit facility is carried at the principal outstanding balance at December 31, 20XX which approximates fair value.

NOTE 7 - FINANCIAL HIGHLIGHTS

If applicable - show the impact of voluntary fee waivers and the expense waiver gross and net of such waivers.

The Partnership is required to disclose certain financial highlights attributable to the limited partners. These financial highlights include expense and net investment loss ratios to the weighted average limited partner's capital as detailed below and the internal rate of return based upon the ending net assets of the period.

Ratios/Supplemental Data

Ratios to weighted average net assets of limited partners for the year ended December 31, 20XX are as follows:

Expenses[1]	[insert%]%
Carried interest ratio [2]	[insert%]%
Total expenses and carried interest	[insert%]%
Net investment income(loss)[3]	[insert%]%

[1] Expense ratio is calculated as operating expenses divided by average limited partners' capital accounts. Average limited partners' capital is determined based on an average of the month-end balances of the limited partners' capital accounts for the entire period.

[2] Carried interest represents incentive allocations to the General Partner. Allocation of carried interest to the General Partner was $[insert amount] for the year ended December 31, 20XX. Carried interest is shown as a percentage of average limited partners' capital (before carried interest) and is calculated assuming all assets are sold at their fair values on the reporting date and all sales proceeds are distributed on the reporting date to all partners in accordance with the terms of the Agreement. The comments noted below within footnote 4 pertaining the Partnership's ability to realize the fair values (and the resulting potential significant variation of actual realized internal rate of return from the stated above) also may result in final carried interest amounts that vary from the amount stated above and these variations may be significant.

[3] Net investment income (loss) includes income less expenses and excludes realized and unrealized gains and losses and carried interest.

NOTE 7 - FINANCIAL HIGHLIGHTS (CONTINUED)

Ratios/Supplemental Data (continued)

Ratio of total contributed capital to committed capital	[insert%]%
Internal Rate of Return (IRR)[4] (since inception)	[insert%]%
Beginning of year	[insert%]%
End of year	[insert%]%

NOTE 8 – COMMITMENTS

In 20XX, the Partnership paid $**[insert amount]**. of nonrefundable deposits for an investment acquired in 2014 as discussed in Note 9 to the consolidated financial statements.

[If applicable:] The Partnership is a guarantor of a loan payable entered into by a related party of approximately $XXX,XXX, which matures on **[Date, Year].** If the related party defaults on its loan payments, the Partnership may be required to perform under the guarantee to the extent of unpaid loan principal and interest amounts outstanding.

[If applicable:] The Partnership entered into a line of credit agreement with a financial institution that provides for borrowings up to $X,XXX,XXX and expires on [Date, Year]. The line of credit is collateralized by certain assets of the Partnership. Any outstanding line of credit balance bears interest at the prime rate plus 1 percent. At December 31, 20XX, outstanding borrowings under the line of credit amounted to approximately $X,XXX,XXX.

[If applicable:] In the normal course of business, the Partnership has been named as a defendant in various matters. Management of the Partnership, after consultation with legal counsel, believes that the resolution of these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Partnership.

[4] The internal rate of return ("IRR") is computed net of all fees and profit allocations (carried interest) to the General Partner. The IRR was computed based on the actual dates of the cash inflows (capital contributions) and the ending net assets at the end of the period (residual value) of the limited partners' capital accounts as of the measurement date. This computation assumes that all assets are sold at fair market value and sale proceeds are distributed at the end of the period. Note that the Partnership's ability to realize such fair values and sales proceeds is restricted by many factors, notably the Partnership's lack of control over the certain investment entities which own the underlying properties. In certain investments, the Partnership is a limited partner or minority member with limited or no ability to compel a sale of the underlying property, as such decisions are made by each investment's sponsor, general partner, or managing member. As a result, the final realized IRR will vary and variations may be significant.

NOTE 9 - SUBSEQUENT EVENTS

From January 1, 20XX through [**insert date**], the Partnership made capital calls of $**[insert amount]** and capital distribution of $**[insert amount]**.

[**if applicable**] In [**insert month**] 20XX**,** the Partnership acquired an investment in a [**describe investment**] XXX square foot office building in [indicate location] for $**[insert amount]**.

[if applicable] As of the date of this report, the Partnership is in contract to sell its investment in **[name of investment]** for $**[insert amount]**.

The Partnership evaluated all events and transactions that occurred after December 31, 20XX up through [**insert date**], the date these consolidated financial statements were available for issue. Adjustments or additional disclosures, if any, have been included in these financial statements.

[Additional disclosures are required for significant changes to the value of the Partnership. (i.e. Investment values or significant purchases or sales of investments, reorganization, etc.)]