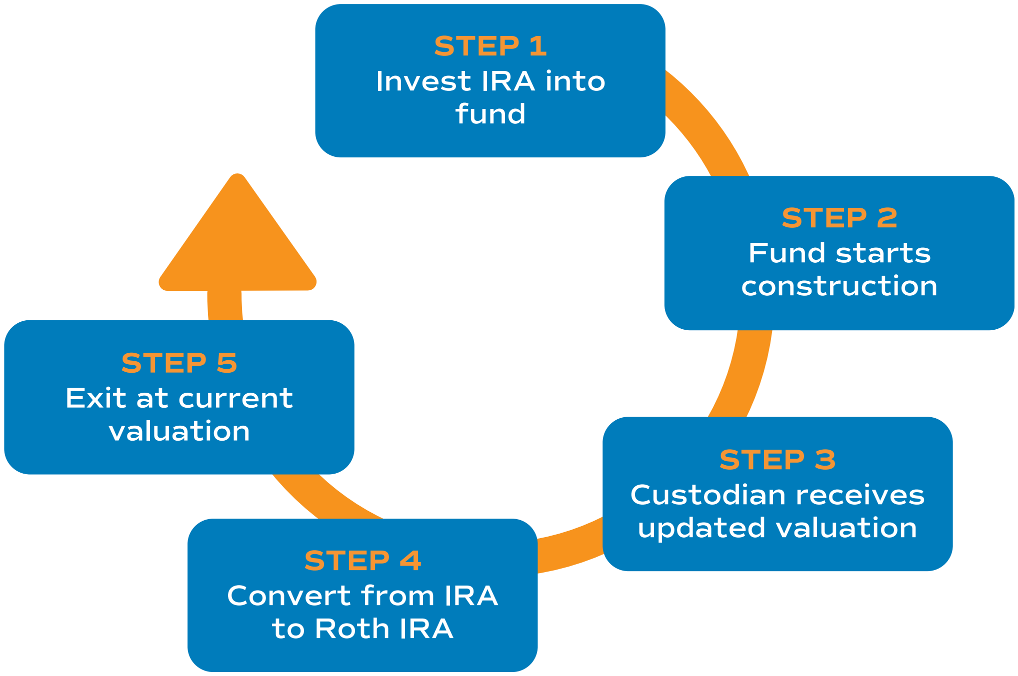
IRA TO ROTH IRA CONVERSION

EXAMPLE OF THE PROCESS[1]



Inherently, ground up development funds may experience a reduction in value during construction.

STEP 1
An investor uses their traditional IRA to invest into this type of fund.

STEP 2
Construction starts and a third party prepares a report assessing the reduction in value.

STEP 3
The IRA custodian receives the third party report. Investors are notified of this reduction in value.

STEP 4
The investor initiates an IRA to Roth IRA conversion at the reduced valuation. This will create a taxable event for the investor that may include additional penalties and fees.

STEP 5
Construction of the development project is completed, the project is leased and reaches stabilization. Typically, developers anticipate that at this stage of a project the net asset value[2] will be higher than the initial capital invested into the fund. The project is then sold, and distributions are made to the investors.

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2. Net Asset Value (NAV) is defined as Fair Market Value less any outstanding Debt.

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There are substantial risks associated with the federal income tax aspects of an investment in the Company. The income tax consequences of an investment in the Company are complex and recent tax legislation has made substantial revisions to the Code. Many of these changes affect the tax benefits generally associated with an investment in real estate. A further discussion of the tax aspects (including other tax risks) of an investment in the Company is set forth in the PPM under "Federal Income Tax Consequences." Because the tax aspects of the Offering are complex, and certain of the tax consequences may differ depending on individual tax circumstances, prospective investors are urged to consult with and rely on their own tax advisor concerning the Offering's tax aspects and their individual situation. **No representation or warranty of any kind is made with respect to the Internal Revenue Service's (the "IRS's") acceptance of the treatment of any item by the Company or an investor.**

It is anticipated that if the Company generates taxable income, such income will be considered UBTI. Tax-exempt entities should consult with their own tax counsel regarding the effect of any UBTI. See the PPM and "Federal Income Tax Consequences – Investment by Qualified Plans, IRAs and Tax-Exempt Entities – Unrelated Business Taxable Income."

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