

The below summary is necessarily general, and each prospective investor is advised to consult with its own tax adviser with respect to the U.S. federal, state and local and non-U.S. tax consequences of and the filing requirements, if any, associated with the purchase, ownership and disposition of an interest in the Fund and the laws applicable to opportunity zone funds. The tax and other matters described below do not constitute, and should not be considered as, legal or tax advice to prospective investors. The below summary is qualified in its entirety by, and should be read in conjunction with, the Private Placement Memorandum of the Fund, including Section XII – *Certain Tax and Regulatory Matters* therein. Each prospective investor should carefully review the Private Placement Memorandum and the other operative documents of the Fund for more details.

GENERAL RISK FACTORS

General Economic Risks of Investing in Opportunity Zones

Qualified opportunity zones are low income urban, suburban or rural communities that were nominated for that designation by each state and possession, and which were certified by the secretary of the united states treasury via his delegation authority to the Internal Revenue Service ("IRS"). The purpose of the legislation is to encourage economic growth and investment in these designated distressed communities by providing federal income tax benefits to taxpayers who invest within these zones. Investor members should understand that an investment in these distressed economic areas is subject to the risk that the anticipated economic growth may not materialize and could result in a loss of some or all of their investment.

Risks Upon Exit

Many funds with opportunity zone investments may be seeking an exit after 10 years so as to realize the tax benefits, as discussed further below. Sales into such a crowded market may be difficult or may yield less than expected returns.

TAX RISKS

An investment in a qualified opportunity fund ("QOF") potentially offers special tax benefits, but also involves risks that these benefits will not be available. Some of these risks are highlighted below. This summary only addresses tax issues specific to the treatment of a fund as a QOF and/or tax benefits under the Opportunity Zone ("OZ") rules, and does not address general tax issues for investment funds.

Tax benefits under the OZ rules

The OZ rules were enacted in late 2017 as part of the Tax Cuts and Jobs Act. These rules are meant to encourage people to re-invest unrealized capital gains in low-income communities every U.S. state and territory that have been designated as "qualified opportunity zones." These investments are made through QOFs and can generally involve capital gains realized from any type of asset. Eligible capital gains generally include, for example, long-term or short-term capital gains from the sale of appreciated stock positions or land. The OZ rules provide three tax benefits: (1) Temporary Deferral, (2) Basis Step-Up, and (3) Ten-Year Benefit.

1. Temporary Deferral. You can temporarily defer tax on capital gains that you invest in equity interests in a QOF ("QOF shares"). To qualify, you generally must invest in the QOF no later than 180 days after you recognize the capital gains. You may also be able to invest other amounts in a QOF, but the OZ tax benefits, including the Ten-Year Benefit, are available only to the extent you roll over capital gains from another investment. For example, assume that in January 2019 a taxpayer sells stock for \$150 that was originally purchased for \$50. The \$100 gain can be deferred by investing that amount in QOF shares. Although normally your tax "basis" in an asset reflects the cost, your basis in the QOF shares will initially be zero to reflect the deferral of gain. The deferral is temporary. You must recognize an amount equal to the deferred gain (or, if less, the fair market value of the QOF shares), possibly reduced by the Basis Step-Up discussed below, no later than December 31, 2026. You will need to pay tax on this amount even if the QOF does not make distributions at that time. If you sell your QOF shares before December 31, 2026, you will pay tax on any gain at that time and will not be eligible for the Ten-Year Benefit.

2. Basis Step-Up. A portion of your deferred gain should be eliminated if you hold the QOF shares for at least 5 years (10% of the gain) or 7 years (an additional 5% of gain, for a total of 15%). This gain is eliminated through an increase, or "step-up," in the basis of your QOF shares. In the example above, if the taxpayer continues to hold the QOF shares, the taxpayer's initial basis in the QOF shares of zero will be increased to \$10 (10% of the deferred gain) after 5 years, to \$15 (15% of the deferred gain) after 7 years,