

the Partnership's trade or business (including investments, if any, in partnerships that are not managed by the General Partner or its affiliates, such as certain Third-Party Ventures).

The consequences of these limitations will vary depending upon the particular tax situation of each taxpayer. Accordingly, noncorporate Limited Partners should consult their tax advisers with respect to the application of these limitations.

Application of Rules for Income and Losses from Passive Activities. The Code restricts the deductibility of losses from a "passive activity" against certain income which is not derived from a passive activity. This restriction applies to individuals, personal service corporations and certain closely held corporations. Income or loss from investments in master limited partnerships ("MLPs") will generally be passive income or loss and is applied separately with respect to each publicly traded partnership. Accordingly, losses recognized by the Partnership from one MLP may not be available to offset income from other MLPs owned by the Partnership. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from the Partnership's investment and trading activity generally will not constitute income or loss from a passive activity, except as provided below. Therefore, passive losses from other sources generally could not be deducted against a Limited Partner's share of such income and gain from the Partnership. Income or loss attributable to certain activities of the Partnership, including investments in other partnerships engaged in certain trades or businesses or real estate, may constitute passive activity income or loss.

Pursuant to Temporary Regulations issued by the Treasury Department, all or a portion of the Partnership's net income from an "equity-financed lending activity",¹¹ if any, will be characterized as nonpassive. The Partnership may be treated as engaged in the business of lending money, and, accordingly, all or a portion of the net income from such business may constitute income from an "equity-financed lending activity" that is treated as nonpassive. However, a net loss from such business is generally expected to constitute a passive activity loss that is subject to the deductibility limitations described above.

Limitation on Deductibility of Net Losses. In the case of a noncorporate taxpayer, any net business loss for any taxable year beginning during the period 2018 through 2025 may not be used to offset nonbusiness income in excess of \$250,000 (\$500,000 in the case of a married couple filing jointly). To the extent the Partnership is considered to be a trader in securities, as it expects to be, any net loss from the Partnership may, therefore, be unavailable to offset investment income earned by a Limited Partner, including investment income earned outside of the Partnership. Any disallowed loss will carry forward and may, subject to certain limitations, be used to reduce taxable income earned by such Limited Partner in future years. Any trading losses incurred by a partnership in which the Partnership invests will be subject to the same limitations when allocated to a noncorporate Limited Partner.

¹¹ An equity-financed lending activity is generally defined as an activity that involves a trade or business of lending money where, for the taxable year, the average outstanding balance of the liabilities incurred in such activity does not exceed 80% of the average outstanding balance of the interest-bearing assets held with respect to such activity.