

DATED 28 DECEMBER 2016

IA CAPITAL STRUCTURES (IRELAND) PLC

Prodigy Network 331 Park Avenue South (Series 85) Notes due 2021

issued under its € 5,000,000,000 Secured Note Programme

SERIES MEMORANDUM

General

This Series Memorandum (as used herein, this "**Series Memorandum**") is prepared in connection with the EUR 5,000,000,000 Secured Note Programme (the "**Programme**") of IA Capital Structures (Ireland) plc (the "**Issuer**") and is issued in conjunction with, and incorporates by reference the contents of, the Programme Memorandum dated 15 March 2012 relating to the Programme (the "**Programme Memorandum**").

Neither this Series Memorandum nor the Programme Memorandum constitutes a prospectus for the purposes of the Prospectus Directive.

This document should be read in conjunction with the Programme Memorandum and the Master Conditions (March 2014 Edition). Save where the context otherwise requires, terms defined in the Programme Memorandum have the same meaning when used in this Series Memorandum.

Subject as set out below the Issuer accepts responsibility for the information contained in this Series Memorandum other than the information in sections (i) *Information relating to the Arranger and Calculation Agent*, (ii) *Information relating to the Sale Agent and Placing Agent*; and (iii) the information contained in the Prodigy Private Offering Memorandum and / or the Supplement (as defined herein and which is attached hereto as Appendix 1). To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information for which it accepts responsibility contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the information in the sections referred to in (i) to (iii) above has been accurately reproduced from information provided by (a) the Arranger and Calculation Agent in relation to (i), (b) the Sale Agent and Placing Agent in relation to (ii), and (c) the Borrower in relation to (iii), and as far as the Issuer is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Series Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

No person has been authorised to give any information or to make representations other than those contained in this Series Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Arranger, the Trustee or any of them. Neither the delivery of this Series Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

Sanne Fiduciary Services Limited (the "**Trustee**") has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by the Trustee as to the accuracy, completeness or nature of the information contained in this Series Memorandum, the *Prodigy Private Offering Memorandum and / or the Supplement (as defined herein)* or with respect to the legality of investment in the Notes by any prospective investor or purchaser under applicable legal investment or similar laws or regulations.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this Series Memorandum and the Programme Memorandum.

For as long as the Notes remain outstanding, copies of the following documents will be available for inspection in physical form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

- (i) This Series Memorandum and the Programme Memorandum;
- (ii) The Master Documents;
- (iii) The Constituting Instrument dated the Issue Date; and
- (iv) The Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer.
- (v) The Loan Transaction Documents.

The Notes, which are described in this Series Memorandum, have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any of the States of the United States. Accordingly, the Notes are being offered and sold only in bearer form pursuant to the exemption afforded by Regulation S promulgated under the Securities Act solely outside of the United States and solely to non-U.S. persons and in specific reliance upon the representations by each Noteholder that (1) at the time of the offer and sale of the Notes to Noteholder, the Noteholder was not a U.S. Person as defined in Regulation S promulgated under the Securities Act, and (2) at the time of the offer and sale of the Notes to Noteholder and, as of the date of the execution and delivery of the purchasing or subscription agreement by the Noteholder, the Noteholder was outside of the United States. The Notes may not be offered or sold in the United States or to U.S. Persons (as defined in Regulation S) unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Notes are subject to certain United States tax law requirements.

Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the Common Stock, the Loan Transaction Documents, the Borrower and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes, as the Notes described in this Series Memorandum may not be suitable for all purchasers of Notes. Purchasers of Notes should have sufficient knowledge and experience in financial, taxation, accounting, capital treatment and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Series Memorandum and the merits and risks of investing in the Notes in the context of their financial and regulatory position and circumstances. This Series Memorandum does not describe all of the risks and investment considerations applicable to an investment in the Notes. The risks and investment considerations identified in this Series Memorandum are provided as general information only and the Issuer disclaims any responsibility to advise purchasers of Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or as they may from time to time alter.

The following legend will appear on all Temporary or Permanent Global Notes and any Receipts, Coupons or Talons in respect thereof:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE U.S. INTERNAL REVENUE CODE."

The sections of the U.S. Internal Revenue Code referred to in the foregoing legend provide that, with certain exceptions, a United States taxpayer will not be entitled to deduct any loss, and will not be entitled to capital gains treatment in respect of any gain realised, on any sale, disposition or payment of a Note, Receipt, Coupon or Talon for U.S. federal income tax purposes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer of Notes to the public has not and may not be made in that Relevant Member State.

The Notes are illiquid investments, the purchase of which involves substantial risks. Any investor investing in the Notes should fully consider, understand and appreciate those risks.

PARTICULAR ATTENTION IS DRAWN TO THE SECTION OF THIS SERIES MEMORANDUM HEADED "RISK FACTORS".

CONTENTS

	Page No
Documents incorporated by reference	2
Risk factors	3
Summary of the Transaction	15
Conditions of the Notes	21
Use of Proceeds	39
Information relating to the Charged Assets	40
Description of security arrangements in respect of the Notes.....	41
Information relating to the Arranger and Calculation Agent	43
Information relating to the Sale Agent and Placing Agent.....	44
Information relating to the Issuer	45
Selling restrictions	47
General Information.....	48
APPENDIX 1 – PRODIGY PRIVATE OFFERING MEMORANDUM AND / OR THE SUPPLEMENT	49
APPENDIX 2 – LOAN AND SECURITY AGREEMENT AND PROMISSORY NOTE	50

Documents incorporated by reference

The Programme Memorandum is incorporated in, and shall be taken to form part of this Series Memorandum. This Series Memorandum must be read and construed in conjunction with the Programme Memorandum and shall be deemed to modify and supersede the contents of such document to the extent that a statement contained herein is inconsistent with such contents.

Risk factors

General

The purchase of the Notes involves substantial risks. Each prospective purchaser of the Notes should be familiar with instruments having characteristics similar to the Notes and should fully understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

Before making an investment decision prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Borrower, the Charged Assets (including the Loan Transaction Documents and Common Stock), the Notes and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. As part of such independent investigation and analysis, prospective purchasers of Notes should consider carefully all the information set forth in this Series Memorandum and in the Programme Memorandum and the considerations set out below.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Series Memorandum and in the Programme Memorandum and the merits and risks of an investment in the Notes in the context of the investor's own financial circumstances and investment objectives.

Investment in the Notes (or a participation therein) is only suitable for investors who:

- (1) are capable of bearing the economic risk of an investment in the Notes (or a participation therein) for a period up to and until the redemption of the Notes;
- (2) are acquiring an interest in the Notes (or a participation therein) for their own account for investment, not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (3) recognise that it may not be possible to make any transfer of the Notes (or a participation therein) for a substantial period of time, if at all.

Each of the Issuer and the Arranger may, in its discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment. Attention is drawn, in particular, to the sections of the Programme Memorandum entitled "Conditions of the Notes - Security" and "Conditions of the Notes - Enforcement and Limited Recourse" and the section in this Series Memorandum entitled "Information relating to the Charged Assets".

Risks relating to the Issuer and Transaction Parties

Special purpose company

The Issuer is a special purpose company and has been established for the purpose of issuing multiple Series of secured Notes under the Programme. The Issuer has issued share capital only in the amount of EUR 38,100. Should any unforeseen expenses or liabilities (which have not been provided for) arise, the Issuer may be unable to meet them, leading to an Event of Default under the Notes.

There is no certainty that Noteholders will recover any amounts payable under the Notes. Due to the limited recourse nature of the Notes (see "*Limited recourse*" below), claims in respect of the Notes are limited to the proceeds of enforcement of the Mortgaged Property and after the deduction of any applicable expenses. In addition, if a claim is brought against the Issuer (whether under statute, common law or otherwise) which is not subject to such contractual limited recourse provisions, the only assets available to meet such claim would be the proceeds of the issuance of the Issuer's ordinary shares and any transaction fees (see "*Fees*" below), to the extent any remain as at the date of such claim and are available to meet such claim. The only other assets of the Issuer will be the assets on which each Series is secured, which will be subject to the prior security interests of the relevant Noteholders and any other secured parties under that Series.

Limited recourse

The Notes will be limited recourse obligations of the Issuer secured on the Mortgaged Property (including the Charged Assets) and are not or will not (as the case may be) be obligations or responsibilities of, or guaranteed by, any other person or entity. **For the avoidance of doubt, none of the Trustee, the Arranger, any other Agent appointed by the Issuer or any other person has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes. There is no person that guarantees to Noteholders that they will recover any amounts payable under the Notes.**

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (including the Charged Assets comprised therein). The Noteholders shall have no recourse to the Issuer beyond the moneys derived by or on behalf of the Issuer in respect of the Mortgaged Property. To the extent that investment by the Issuer in the Charged Assets held by the Issuer results in such investment being less than the obligations of the Issuer under the Notes, the Issuer will have insufficient funds available to meet its obligations in respect of the Notes. In such event, any shortfall would be borne by the Noteholders in accordance with the priorities specified in the Conditions. See "*Nature of the investment*" below.

The ability of the Borrower to make payments is dependent on it having sufficient net assets after liquidation of its assets and the payment of its then current obligations. If the net assets of the Borrower are not sufficient to make distributions sufficient to repay the principal and all interest due under the Loan Transaction Documents, the Note Holders may not recover all amounts due under the Note. See "*Nature of the investment*" below.

For the avoidance of doubt, Notes are not, and do not represent or convey any interest in the Charged Assets nor do they confer on the Noteholder any right (whether in respect of voting, dividend or other distribution) which a holder of any Charged Assets may have had. The Issuer is not an agent of the Noteholder for any purpose.

No Loan Guarantor

There is no Loan Guarantor guaranteeing the payment of principal or interest under the Loan Transaction Documents.

Liability for the obligations of other Series

The Issuer has undertaken not to incur any obligations with respect to any other Series of Notes unless recourse in respect of such obligations is limited to the proceeds of enforcement of the Security over the assets of the Issuer on which such obligations are secured (which assets shall exclude the Mortgaged Property securing any other Series of Notes). Nevertheless, to the extent there are any creditors with respect to a Series of Notes whose recourse is not so limited Noteholders may be exposed to risks incurred for the account of other Series.

Risks relating to the Notes

Nature of the investment

These Notes are not principal protected and are a high-risk investment in the form of a debt instrument. The Noteholders are neither assured of repayment of the capital invested nor are they assured of payment of a stated rate of interest. The Notes give Noteholders exposure to the Series Assets.

Any payments to be made on the Notes depend on the value of the Charged Assets held by the Issuer, which is the value of the amounts received by the Issuer in respect of the Charged Assets. Should the Charged Assets decrease in value, Noteholders will incur a partial or total loss of their investment.

In certain circumstances, described in the Conditions of the Notes, the Notes will be redeemed early pursuant to a Mandatory Redemption Event, an Additional Mandatory Redemption Event or a redemption event pursuant to Condition 2(c)(A)(1) and Noteholders shall be entitled to receive only such amount as is available following the sale or redemption of the Charged Assets, or a proportion of such Charged Assets, as the case may be, subject to the provisions of the Notes described under "*Limited recourse*" above.

In general, redemption payments to be made on the Notes are calculated with reference to the value of the Charged Assets. However, if and to the extent that the amount payable by the Issuer in accordance with the Notes to the Noteholders is greater than the amount received by the Issuer in respect of the redemption of the Charged Assets, the Noteholder shall be entitled to receive only its *pro rata* share of such amount as is received by the Issuer under the Charged Assets after deduction of any applicable costs and expenses.

Change of law, tax and administrative practice

The structure of the transaction and, inter alia, the issue of the Notes are based on law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Fees

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, the amounts payable under the Notes are based on the performance of the Charged Assets after deduction of certain fees, which is further described in Special Condition (XI) of the Notes. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes.

In connection with the offer and sale of the Notes, the Arranger or any of its associated companies may, directly or indirectly, pay fees in varying amounts to third parties or, as the case may be, receive fees (including but not limited to distribution fees and retrocessions) in varying amounts, including, from third parties (which may include any Transaction Participants as defined below). Each Noteholder acknowledges that the Arranger or any of its associated companies may retain all or part of such fees.

Foreign exchange risk

The Notes are denominated in USD. The Charged Assets may be denominated in U.S dollars, euro, or any other currencies. The Issuer will effect foreign exchange transactions to convert amounts received in respect of the Charged Assets into USD in order to meet its payment obligations under the Notes. In order to mitigate the foreign exchange risk the Issuer may enter into foreign exchange hedging transactions with such banks and other providers of treasury products ("**Derivatives Counterparties**") as may in the sole discretion of the Issuer be appropriate given the Charged Assets and the obligations of the Issuer under the Notes. Accordingly, the Issuer and the Noteholders may be exposed to credit risk of such Derivatives Counterparties providing foreign exchange hedging to the Issuer.

Optional Redemption by the Noteholder

Noteholders have no right to request the Issuer to redeem the Notes at any time prior to their Scheduled Maturity Date.

Optional Redemption by the Issuer

Investors in the Notes should be aware that the Issuer has the option to redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date, by giving not less than ten (10) Business Days' prior notice to the Noteholders, the Trustee and the Principal Paying Agent. Such notice may be revoked by the Issuer at any time prior to the Optional Redemption Date.

Optional Redemption by the Arranger

Investors in the Notes should further be aware that the Arranger has the option, without limitation, at any time to redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date. The Arranger would redeem Notes if it is the holder of such Notes, pursuant to the Conditions of the Notes. While the Arranger may actively become involved in the

secondary market in the Notes (if any), such participation would be at the Arranger's sole discretion and the Arranger shall not have any obligation to make a secondary market. See "*Liquidity*" below.

Restrictions on Transfer

The Notes are subject to restrictions on transfer, as described in section "SUBSCRIPTION AND SALE" in the Programme Memorandum and "SELLING RESTRICTIONS" in this Series Memorandum. In particular, the Notes have not been registered under the Securities Act, under any U.S. state securities or "Blue Sky" laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Note may be sold, assigned, participated, pledged or transferred unless such sale, assignment, participation, pledge or transfer (a) is exempt from the registration requirements of the Securities Act (for example, the exemption provided by Rule 144A under the Securities Act or the exemption provided by Regulation S under the Securities Act and applicable state securities laws) and (b) is in compliance with the transfer restrictions and certification requirements described in the section entitled "SUBSCRIPTION AND SALE" in the Programme Memorandum and "SELLING RESTRICTIONS" in this Series Memorandum.

Arranger default

The Notes will be redeemed if the Arranger is dissolved or becomes unable to perform its obligations in relation to the Notes unless a substitute arranger (the "**Substitute Arranger**") is appointed by the Issuer within 90 days of such event.

Payments

On a redemption of Notes, payments under the Notes will only be made after receipt of the Realisable Value by the Issuer. The date of payment of the redemption amount under the Notes is therefore not fixed. Payment of redemption amounts under the Notes depends on the realisation of (including repayment of principal and interest in full by the Borrower under the Loan Transaction Documents) or the liquidation of the Charged Assets. It may take a considerable period of time to redeem the Charged Assets, in particular in the case of a redemption pursuant to Early Redemption. Noteholders may only receive payment of the relevant redemption amount under the Notes significantly later than the specified redemption date of the Notes.

Liquidity

No secondary market for the Notes currently exists. Prospective purchasers of the Notes should therefore recognise that, they may not be able to liquidate their investment in the Notes or transfer the Notes for a substantial period of time, if at all. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted. Even if the Notes are listed, there is no assurance that a secondary trading market or liquidity will develop.

Notwithstanding the foregoing, the Arranger may provide a secondary market with a monthly dealing frequency and monthly purchases and sales by investors. The Arranger will not provide a secondary market in circumstances where the Calculation Agent is unable to calculate the Net Asset Value of the Portfolio for any reason, such as an event of default on the Charged Assets or due to the illiquidity or

suspension of trading of any of the Series Assets comprising the Portfolio. The Arranger does not have and will not assume any liability, whether legal or otherwise, *vis-à-vis* the Noteholders to provide a market for the Notes or with regard to the level of the applicable prices nor how they are determined. To the extent that the Arranger purchases Notes in a secondary market provided by the Arranger, the Arranger will impose a EUR 500 fee in respect of its administration expenses.

Extended Maturity Date

The term of the Notes may be extended for further periods of up to ten years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders three (3) calendar months prior to the Scheduled Maturity Date or the anniversary thereof in each subsequent year, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Scheduled Maturity Date or the anniversary thereof in accordance with the final Extension Notice (such date being the "**Extended Maturity Date**").

Market and Legal Risk

The Notes will constitute secured, limited recourse obligations of the Issuer, recourse in respect of which will, in effect, be limited to the proceeds of the Mortgaged Property (which principally comprises the Charged Assets) relating to the Notes and no other assets of the Issuer will be available to satisfy claims of Noteholders. The Issuer's obligations to the Noteholders are solely funded by, and primarily secured on, the Charged Assets. Therefore, to the extent that the value of the Charged Assets falls, payment under the Charged Assets is not made, the Charged Assets cannot be sold or if the relevant security arrangements would not be enforceable, a loss of principal under the Notes will result. Noteholders therefore assume the market and legal risk of the Charged Assets.

None of the Transaction Participants (as defined below) nor any affiliate of any of them or other person on their behalf has made any investigation of, or makes any representation or warranty, express or implied, as to the financial or other condition of the Charged Assets.

None of the Issuer, the Arranger, the Trustee, the Principal Paying Agent, the Calculation Agent, the Sale Agent or any other Agent (together, the "**Transaction Participants**") nor any affiliate of any of them (or any person on their behalf) assume any responsibility *vis-à-vis* the Noteholders for the economic success or lack of success of an investment in the Notes, or the performance, the value or terms of the Charged Assets. No Transaction Participant will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholders, or prospective purchasers of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

Independent review and advice

Each prospective purchaser of Notes must determine, based on its own independent review and such legal, financial and tax advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines, authorisations and restrictions (including as to its capacity) applicable to it, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for it, undertaken for a proper purpose.

Legality of purchase

None of the Transaction Participants or any affiliate of any of them or other person on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

No reliance

The Transaction Participants and all affiliates of any of them disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter.

No restrictions on activities

Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may have existing or future business relationships (including depository, lending, advisory or any other kind of commercial or investment banking activities or other business) with any of the other Transaction Participants and any affiliate of any of them or other person on their behalf and may purchase, sell or otherwise deal in any assets or obligations of, or relating to, any such party. Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may act with respect to any such business, assets or obligations without regard to any possible consequences for the Issuer, the Notes or any Noteholder (or the impact of any such dealing on the interests of any Noteholder) or otherwise.

No Operating History by the Borrower

The Borrower has limited performance history. Noteholders may not have sufficient historical information to serve as a basis for making a more informed investment decision.

Provision of information

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may at the date hereof or at any time hereafter be in possession of information in relation to the other Transaction Participants or any affiliate of any of them or any other person acting on their behalf or on behalf of the Charged Assets (which may or may not be publicly available or confidential). None of such persons shall be under any obligation to make any such information available to Noteholders or any other party other than as provided in the Conditions of the Notes.

Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Principal Paying Agent (or any other Paying Agent), although such requirement will give rise to an obligation to redeem the Notes early in the circumstances described in Condition 2 as amended by Special Condition IV of the Conditions of the Notes set out below.

Legal opinions

No legal opinions will be obtained with respect to any applicable laws, including the laws governing the Charged Assets or as to the validity, enforceability or binding nature of the Charged Assets.

Conflict of interests

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities (including shares in a Transaction Participant), currencies, financial instruments or other assets owned by a Transaction Participant. Any trading and/or hedging activities of Transaction Participants or any affiliate of any of them or any other person acting on their behalf related to this transaction may have an impact on the price of the underlying assets. It should also be noted that FlexFunds Ltd. acts as both the Arranger of the issue of the Notes and as Calculation Agent in respect of the Charged Assets.

Clearing systems

The Notes will be represented by one or more Temporary Global Notes and Permanent Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Limitations of the ability to grant security over Notes while in global form

Because transactions in the Notes will be effected only through Euroclear or Clearstream, Luxembourg, direct or indirect participants in their respective book-entry-systems and certain banks, the ability of a Noteholder to pledge such interests to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise to take actions in respect of such interests, may be limited due to the lack of physical security representing such interest.

Risks relating to the Charged Assets

Investment in Series Assets

The Issuer intends to use the proceeds of the issuance of the Notes to (i) invest, on or as soon as practicable after the Issue Date, in Class B-3 common stock (the "Common Stock") of 331 Park Ave S. NewCo, Inc. (the "Borrower"), a Delaware corporation with registered office at 2711 Centerville Road,

Suite 400, in the city of Wilmington, county of New Castle, 19808 and (ii) make a secured loan to the Borrower pursuant to the Loan Transaction Documents (as defined below) between, amongst others, the Issuer and the Borrower. The Borrower indirectly owns the option to purchase a property located at 331 Park Avenue South, New York, New York 10010 (Block 880; Lot 4) (the "Property").

Prospective purchasers of the Notes should conduct their own independent investigation and analysis regarding the Issuer, the Common Stock, the Loan Transaction Documents, the Borrower and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes.

It is important to note that, while it is the Issuer's intent, there is no certainty as at the Issue Date that the Issuer will enter into the Loan Transaction Documents, or what the timing of entry into of the Loan Transaction Documents will be. Therefore, neither the Issuer, the Arranger, the Trustee nor any other party makes any representation regarding the possibility or timing of entry into the Loan Transaction Documents.

The Notes will be redeemed early in full upon the termination or liquidation of the Loan Transaction Documents for any reason, including but not limited to, the completion of the Loan term, early prepayment of the Loan, if the Loan is not made at all, as per the above, following any event of default by the Borrower, or as agreed from time to time by the Issuer and Borrower and notified to the Calculation Agent and the Sale Agent.

The following is a description of the Property as stated in the Supplement to Prodigy Private Offering Memorandum: "A 12-story (37,000 square foot) loft building with 3,200 square foot of ground floor retail. The property is located in Manhattan's Madison Square North Historic District neighborhood. The premise was constructed in 1914 and is currently 100% vacant."

Additional details for the Property are more particularly set out in the Prodigy Private Offering Memorandum and / or Supplement, both which are attached as appendix of the Series Memorandum.

Prodigy Network, LLC, a Delaware limited liability company with registered office in 40 Wall St, 31st Floor, The Trump Building, New York, NY, USA , shall serve as the Investment Manager (the "Prodigy Investment Manager") of the Borrower.

Prodigy Network, LLC, a Delaware limited liability company formed on February 13, 2015, is a real estate investment platform specialized in connecting the global community with investment opportunities in major cities like New York. With its innovative investment model, Prodigy Network provides investors from around the world the opportunity to invest in prime real estate markets that were previously out of reach.

'Covenant-lite' Loan Transaction Documents

The Loan Transaction Documents do not contain financial covenants which the Borrower is required to maintain. The Loan Transaction Documents do not have "maintenance tests" which are reviewed periodically in order to determine whether the Borrower's operating performance is satisfactory and which provide lenders with greater control over the quality of their investment by requiring the borrower to more strictly preserve its credit quality. The lack of maintenance tests may result in a higher risk of loss and may hinder the Issuer's ability to restructure the Loan in order to mitigate the Issuer's exposure to loss.

Insolvency of the Borrower could reduce or eliminate the return to the Issuer on the Loan Transaction Documents and so may impair payments on the Notes

There is a significant risk that the Borrower may enter bankruptcy proceedings. Such proceedings may result in, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of the Loan Transaction Documents. Various laws enacted in the Borrower's home jurisdiction for the protection of debtors or creditors could adversely affect the Issuer's ability to recover amounts owed.

Lack of diversification

To the extent that all of the proceeds arising from the issue of the Notes are invested in the Common Stock and the Loan, such assets may be more susceptible to a single adverse economic or regulatory occurrence, and lead to greater fluctuations in the value of Notes than may have been the case when investing in a diversified pool of assets.

Redemption and transfer of the Charged Assets

Realisation of the Charged Assets may in certain circumstances be deferred in accordance with their relevant terms. The period of deferral may be significant. Therefore in certain circumstances, including where the Security for the Notes (and any Further Notes) becomes enforceable, there may be a significant delay in payments under the Notes and/or it may be impossible to transfer the Charged Assets as a means of realising their value.

Security may be declared invalid

The Issuer will grant security interests in favour of the Trustee for itself and for the benefit of the Noteholders in the Mortgaged Property pursuant to the Trust Deed and the Charging Instrument (as defined below). However, if the security interest of the Trustee in the Mortgaged Property was determined to be invalid or unperfected, Noteholders would be unsecured creditors and would rank on a *pari passu* basis with other unsecured creditors (if any) of the Issuer. Each of the foregoing factors may delay or reduce investors' return on their Notes and investors may suffer a loss (including a total loss) on their investment.

Not a bank deposit

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes.

Risks Related to the Borrower and its operations

The performance and realisation of the Series Assets, and thereby, of the Notes, is dependent on the overall performance, operations and financial condition of the Borrower

NEITHER THE ISSUER, THE TRUSTEE NOR ANY OF THE AGENTS HAVE REVIEWED THE OVERALL PERFORMANCE, OPERATIONS AND FINANCIAL CONDITION OF THE BORROWER OR ANY OTHER CONDITIONS OF THE BORROWER AT THE TIME OF THE ISSUE DATE AND DO NOT GUARANTEE OR MAKE ANY RECOMMENDATIONS OR WARRANTIES, IN ANY FORM, AS TO THE SUITABILITY OF ANY INVESTMENT, INCLUDING THROUGH PURCHASE OF THE NOTES, THE PERFORMANCE OF WHICH IS DEPENDENT ON THE BORROWER OR ANY OF ITS OPERATIONS.

During the term of the Notes the Borrower's operating results may fluctuate.

The Borrower's operating results may fluctuate due to a number of factors, including the risks described in this Series Memorandum.

Any adverse effect on the Borrower may, through the performance of the Common Stock or the Loan Transaction Documents, affect the performance of the Notes and the Issuer's ability to meet its obligations in respect of the Notes.

The performance of the Notes is tightly linked to the ability of the Borrower to meet its obligations under the Series Assets. Therefore, any adverse effect on the Borrower's financial results, performance, and / or growth prospects may subsequently, through the Series Assets, adversely affect the performance of the Notes and the ability by the Issuer to meet its obligations in respect of the Notes, which will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (Including the Series Assets).

Summary of Principal Underlying Investment Risks

As with any investment, you could lose all or part of your investment in the Notes, and the Notes' performance could trail that of other investments. The Notes are subject to the principal risks noted below (either directly or through its investments in the Series Assets), any of which may adversely affect the Net Asset Value of the Portfolio held in respect of the Notes and the Notes' trading price, yield, total return and ability to meet its investment objective.

Asset Class Risk: Securities in an underlying portfolio may underperform in comparison to the general securities markets or other asset classes.

Concentration Risk: To the extent that the Notes' underlying investments are concentrated in a particular issuer, region, country, market, industry or asset class, the Notes may be susceptible to loss due to adverse occurrences affecting that issuer, region, country, market, industry or asset class.

Counterparty Risk: The Issuer bears the risk that the counterparty to a derivative or other contract with a third party may default on its obligations or otherwise fail to honor its obligations. If a counterparty defaults on its payment obligations the Issuer will lose money and the value of an investment in the Notes may decrease. In addition, the Issuer may engage in such investment transactions with a limited number of counterparties.

Currency Exchange Rate Risk: Changes in currency exchange rates and the relative value of non-U.S. currencies may affect the value of the Issuer's investment and the value of the Notes. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Notes may change quickly and without warning and you may lose money.

Credit Risk: The financial condition of an issuer of securities may cause it to default or become unable to pay interest or principal due or otherwise fail to perform. The Issuer cannot collect interest and principal payments on securities if the issuer defaults. While the Issuer attempts to limit credit exposure in a manner consistent with its investment objective, the value of an investment in the Notes may change quickly and without warning in response to issuer defaults and changes in the credit ratings of the Issuer's portfolio investments.

Interest Rate Risk: Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates and other factors, such as perception of an issuer's creditworthiness.

Issuer-Specific Risk: Issuer-specific events relating to the underlying issuer of securities, including changes in the financial condition of any such issuer, can have a negative impact on the value of the Notes.

Investment Risk: As with all investments, an investment in the Notes is subject to investment risk. Noteholders could lose money, including the possible loss of the entire principal amount of an investment, over short or long periods of time.

Liquidity Risk: The Issuer may invest in the Series Assets which may be less liquid than other types of investments. The derivatives in which the Issuer invests may not always be liquid. This could have a negative effect on the Issuer's ability to achieve its investment objective and may result in losses to holders of the Notes.

Non-Diversification Risk: The Portfolio is considered to be non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified Portfolio. To the extent the Issuer invests a significant percentage of its assets in a limited number of issuers, the Issuer is subject to the risks of investing in those few issuers, and may be more susceptible to a single adverse economic or regulatory occurrence. As a result, changes in the market value of a single security could cause greater fluctuations in the value of the Notes than would occur in a diversified note.

Security for the Notes

As the Series Assets held in respect of the Notes are held in, and governed by New York law, the Issuer will grant security interests over the Series Assets pursuant to a New York law governed Supplemental Security Agreement entered into between the Issuer and the Trustee dated on or about the Issue Date. See "*Description in relation to the Security Arrangements in respect of the Notes*" below.

AS WITH ANY INVESTMENT YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT IN THE NOTES AND THE NOTES' PERFORMANCE COULD TRAIL THAT OF OTHER INVESTMENTS. YOUR ATTENTION IS DRAWN TO THE PRODIGY PRIVATE OFFERING MEMORANDUM AND / OR THE SUPPLEMENT AS DEFINED BELOW AND ATTACHED AS APPENDIX OR APPENDIXES TO THIS SERIES MEMORANDUM. IN PARTICULAR PROSPECTIVE INVESTORS SHOULD NOTE THE SECTION OF THE PRODIGY PRIVATE OFFERING MEMORANDUM AND THE SUPPLEMENT ENTITLED "CERTAIN RISK FACTORS" AND "ADDITIONAL RISK FACTORS", RESPECTIVELY.. PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE NOTES WITHOUT TAKING INDEPENDENT ADVICE ON THE RISKS SET OUT THEREIN.

THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES. THE ATTENTION OF INVESTORS IS ALSO DRAWN TO THE SECTIONS HEADED "RISK FACTORS" IN THE PROGRAMME MEMORANDUM.

Summary of the Transaction

The following summary of the transaction does not purport to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Series Memorandum including, without limitation, the Conditions of the Notes. Words and expressions used but not expressly defined in this summary of the transaction shall have the meanings given to them in the Conditions.

Issuer:	IA Capital Structures (Ireland) plc, a special purpose company incorporated for the sole purpose of carrying out the activities described in the Programme Memorandum. See " <i>Information relating to the Issuer</i> " below.
Programme:	The Notes are issued pursuant to the Issuer's €5,000,000,000 Secured Note Programme.
Arranger:	FlexFunds Ltd.
Calculation Agent:	FlexFunds Ltd.
Placing Agent:	Both GWM Group, Inc. and GWM LTD.
Sale Agent:	Both GWM Group, Inc. and GWM LTD.
Issue Agent:	Citibank N.A., London Branch.
Principal Paying Agent:	Citibank N.A., London Branch.
Trustee:	Sanne Fiduciary Services Limited.
Principal Amount:	USD 10,000,000 (subject to the provisions of Further Notes and Redemptions below).
Currency:	USD.
Authorised Denomination:	USD 1,000
Issue Price:	95% of the Authorised Denomination on the Issue Date, increasing to approximately 97% of the Authorised Denomination after USD 15,000,000 have been raised with respect to the issuance of Class B Preferred Interests of the 331 Park Ave S. Master Series (as defined in the Prodigy Private Offering Memorandum and/or Supplement for the 331 Park Ave S. Series, both of which are attached as an appendix of the Series Memorandum), and to approximately 100% of the Authorised Denomination after USD 30,000,000 have been raised with respect to the issuance of Class B Preferred Interests of the 331 Park Ave S. Master Series.
Interest:	Interest is determined based on the total return of the Portfolio, such that an amount in respect of Interest shall be payable in respect of each Note on the Interest Payment Date equal to the greater of:

(a) Distribution Net Proceeds; and

(b) Zero.

Interest Payment Date: Any Business Day determined by the Calculation Agent or the Issuer which falls within fifteen (15) Business Days of the Issuer receiving an interest payment, distribution or similar payment in respect of the Series Assets.

Issue Date: 28 December 2016.

Charged Assets: The Series Assets and the Related Rights. See "*Information relating to the Charged Assets*" below.

Series Assets: The Loan Transaction Documents, the Common Stock, any loan agreement and/or promissory note entered into between the Issuer and Borrower from time to time and all monies, credit balances, assets or related contracts and deposit accounts, to the extent any of the foregoing is held by the Issuer in relation to the Notes.

Fees: The amounts payable under the Notes are based on the performance of the Charged Assets after deduction of fees due to the Arranger. Such fees are in addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes as determined by the Calculation Agent.

All fees are payable prior to any amounts being payable in respect of the Notes to any Noteholders. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes.

Scheduled Maturity Date: 24 December 2021

Reports: The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange

See Special Condition V below.

Redemption Amount: Unless previously redeemed the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD (the "**Redemption Amount**") equal to the Net Proceeds.

See "*Limited recourse*" below.

The Final Maturity Payment Date may be significantly later than the Maturity Date. See "*Risk Factors – Payments*" above.

Optional Redemption by Noteholders have no right to request the Issuer to redeem the Notes at

the Noteholder:	any time prior to their Scheduled Maturity Date.
Optional Redemption by the Issuer:	The Issuer may, on giving not less than ten (10) Business Days' prior notice to Noteholders, redeem any amount of the Notes by a payment to the holders of the Notes that are so redeemed on the Optional Redemption Payment Date of an amount equal to the Early Redemption Amount.
Early Redemption:	<p>(a) If the Notes become due and repayable in accordance with Condition 2(b)(1), the Notes will be redeemed by a payment in respect of each Note on the Early Redemption Payment Date of an amount in USD equal to the Net Proceeds of the Charged Assets.</p> <p>(b) If the Notes become due and repayable in accordance with Condition 2(b)(2) or Condition 2(c) (as the case may be), the Notes will be redeemed at the applicable Early Redemption Amount by a payment in respect of each Note on the Early Redemption Payment Date of an amount in USD equal to the Early Redemption Amount.</p>
Early Redemption Amount:	Subject to the provisions of Special Condition (IV) below, the Early Redemption Amount shall be determined as an amount equal to the Redemption Amount as if the Early Redemption Date was the Final Maturity Payment Date.
Net Proceeds:	An amount determined by the Calculation Agent being the <i>pro rata</i> share of the Realisable Value of the Charged Assets in respect of one Note; less the <i>pro rata</i> share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the <i>pro rata</i> share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes; and less the <i>pro rata</i> share in respect of one Note of any fees payable to the Arranger pursuant to the Conditions of the Notes, less the <i>pro rata</i> share in respect of one Note of USD 1,000 per annum to be retained by the Issuer.
Realisable Value:	An amount determined by the Calculation Agent being: (a) the proceeds of sale or other means of realisation of the Charged Assets (including for the avoidance of doubt any repayments or prepayments of principal under the Loan Transaction Documents) or any proportion thereof as determined by the Calculation Agent; <i>less</i> (b) any costs, expenses, taxes and duties incurred in connection with the disposal, transfer or other realisation of the Charged Assets by the Sale Agent or any agent of the Issuer.
Distribution Proceeds:	An amount determined by the Calculation Agent being: (a) the proceeds of a dividend, interest payment or other distribution in respect of the Charged Assets; less (b) any costs, expenses, taxes and duties incurred in connection with the receipt of such dividend,

interest payment or other revenue.

Distribution Net Proceeds: An amount determined by the Calculation Agent being the *pro rata* share of the Distribution Proceeds of the Charged Assets in respect of one Note; less the *pro rata* share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the *pro rata* share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes; and less the *pro rata* share in respect of one Note of any fees payable to the Arranger pursuant to the Conditions of the Notes.

Security: The Security for the Notes will be constituted by the Constituting Instrument, a Trust Deed entered into by the execution of a Constituting Instrument dated the Issue Date between the Issuer and the Trustee, amongst others (the "**Trust Deed**") and the Charging Instrument as described in the Conditions of the Notes. See "*Description of the Security Arrangements in respect of the Notes*" below.

Priority on Enforcement of Security: On enforcement of Security in respect of the Notes the Trustee will apply the enforcement proceeds in the following order of priority:

1. payment of the fees, costs, charges, expenses (including legal fees), liabilities, indemnity payments and all other amounts payable to the Trustee or incurred by the Trustee or by any receiver, custodian or other person appointed by it in connection with the performance of its duties and obligations;
2. *pro rata* and *pari passu* according to the respective amounts thereof payment of the fees, costs, charges, expenses (including legal fees), liabilities, indemnity payments and all other amounts payable to the respective Agents in connection with the performance of their respective duties and obligations;
3. payment of any unpaid taxes or other governmental duties or charges owing by the Issuer;
4. in meeting the amounts due to Noteholders *pari passu* and rateably; and
5. in payment of the balance (if any) to the Issuer.

Events of Default: The Security in respect of the Notes will become enforceable in the circumstances described in Condition 4 relating to Events of Default. The Events of Default include, without limitation, unremedied defaults by the Issuer relating to the payment of amounts due on the Notes and the insolvency of the Issuer. Upon the occurrence of an Event of Default the Trustee may at its discretion (or, in certain cases, shall) deliver a notice to the Issuer and others declaring the Notes to be immediately due and payable and the amount payable in respect of

each Note is set out in Condition 2(e)(2). See also Conditions 4 and 5.

- Form:** The Notes will initially each be represented by beneficial interests in a temporary global note (the "**Temporary Global Note**") in bearer form. Pursuant to the Conditions of the Notes, each Temporary Global Note may be exchanged for a permanent global note in bearer form (the "**Permanent Global Note**"). Except in limited circumstances, bearer definitive Notes will not be issued in exchange for beneficial interests in the Permanent Global Notes.
- Status:** The Notes are limited recourse obligations of the Issuer secured in the manner described herein.
- Use of Proceeds:** The entire net proceeds from the issue of the Notes will be used by the Issuer to purchase the Charged Assets. 75% of the net proceeds from the issue of the Notes will be used to make the Loan to the Borrower pursuant to the Loan Transaction Documents and 25% of the net proceeds from the issue of the Notes will be used to purchase the Common Stock.
- Further Notes:** Further Notes may be issued which will be consolidated and form a single series with the Notes.
- Listing:** Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted.
- Rating:** The Notes will not be rated.
- Business Days:** New York, Dublin and London
- Governing Law:** The Notes and all non-contractual obligations and any other matters arising from them will be governed by, and construed in accordance with, the laws of Ireland. The courts of Ireland shall have non-exclusive jurisdiction in respect of any dispute. The New York Security is governed by New York law and New York State and / or Federal Courts may have jurisdiction over any dispute or enforcement proceedings relating thereto.
- Placing Agreement:** The Issuer has entered into the Placing Agreement with the Placing Agent, whereby the Placing Agent agreed to place the Notes with investors, subject to the selling restrictions. The Issuer may also enter into distribution agreements with third party distributors to place the Notes (as described in Special Condition (XI) below. Such third party distributors shall agree to adhere to the selling restrictions.
- The Issuer, after prior consultation with the Arranger, reserves the right to modify the total nominal amount of the Notes to which investors can subscribe.

Risk Factors:

The Notes are not principal protected and involve significant risks. The attention of prospective Noteholders is drawn to the section "*Risk Factors*" in the Programme Memorandum and in this Series Memorandum and the section "*Information Relating to the Charged Assets*" of this Series Memorandum.

Conditions of the Notes

Prodigy Network 331 Park Avenue South (Series 85) Notes due 2021

The Noteholders should note that words and expressions not otherwise defined below shall have the meanings respectively ascribed to them by Special Condition (I) below.

The Notes designated as above (the "**Notes**") shall have the following terms and conditions which shall complete, modify and amend the Master Conditions (March 2014 Edition), which shall apply to the Notes as so completed, modified and amended. References to "**Conditions**" or "**Condition**" shall mean references to the Conditions of the Notes as modified herein.

The Issuer intends that any Further Notes which are issued pursuant to Condition 16 as amended by Special Condition (VI) (as defined herein) shall (save in respect of the relevant issue date) have the same Conditions as, and form a single Series with, the Notes of this Series.

1. (i) Issuer: IA Capital Structures (Ireland) plc.
- (ii) Arranger: FlexFunds Ltd.
2. (i) Series Number: 85.
- (ii) Tranche Number: 1.
3. Principal Amount: USD 10,000,000.

The Principal Amount of the Notes may be increased, at the discretion of the Issuer, by the issue of Further Notes from time to time (without requiring the consent of Noteholders) which shall be consolidated and form a single Series with the Notes of this Series, subject as provided in Special Condition (VI).

4. Issue Price: 95% of the Authorised Denomination on the Issue Date, increasing to approximately 97% of the Authorised Denomination after USD 15,000,000 have been raised with respect to the issuance of Class B Preferred Interests of the 331 Park Ave S. Master Series (as defined in the Prodigy Private Offering Memorandum and/or Supplement for the 331 Park Ave S. Series, both of which are attached as an appendix of the Series Memorandum), and to approximately 100% of the Authorised Denomination after USD 30,000,000 have been raised with respect to the issuance of Class B Preferred Interests of the 331 Park Ave S. Master Series.
5. Authorised Denomination: USD 1,000

6. (i) Issue Date: 28 December 2016
- (ii) Interest Commencement Date: Not applicable.
7. Maturity Date: The later of (i) 24 December 2021 (the "**Scheduled Maturity Date**"); (ii) any Extended Maturity Date, and (iii) the date that all of the Notes are fully redeemed.
8. Extended Maturity Date: The date to which the term of the Notes may be extended under Special Condition (XIII)
9. Interest Basis: Variable Coupon Amount.
10. Status of the Notes:
- (i) Status of the Notes: Secured and limited recourse obligations of the Issuer ranking *pari passu* without any preferences amongst themselves secured as set out under Security below and subject to the priority set out under Priority below.
- (ii) Priority: Counterparty Priority applies.
11. Listing: An application has been made for admission of the Notes to the official list of the Third Market of the Vienna Stock Exchange. Such listing is expected to take place on or about the Issue Date. However, no assurance is given that approval of such application will be granted.
12. Fixed Rate Note Provisions: Not applicable.
13. Floating Rate Note Provisions: Not applicable.
14. Zero Coupon Note provisions: Not applicable.
15. Dual Currency Note Provisions: Not applicable.
16. Variable Coupon Amount Note Provisions: Applicable.
- (i) Interest Period: As regards the first interest period, the period from and including the Issue Date to and excluding the first Interest Determination Date and as regards all subsequent interest periods the period from and including an Interest Determination Date to and excluding the next Interest Determination Date or to and including the Scheduled Maturity Date or an Extended Maturity Date as applicable.
- (ii) Interest Determination Date: Any Business Day at the discretion of the Arranger, or the Issuer following receipt of an interest

		payment, dividend, distribution or similar payment in respect of the Series Assets.
(iii)	Interest Rate:	The Notes shall receive a total return based on the performance of the Portfolio during the Interest Period.
(iv)	Interest Amounts:	The greater of: <ul style="list-style-type: none"> (a) Distribution Net Proceeds; and (b) Zero.
(v)	Interest Payment Date:	Any Business Day determined by the Calculation Agent or the Issuer which falls within fifteen (15) Business Days of the Issuer receiving an interest payment, distribution or similar payment in respect of the Series Assets.
(vi)	Business Day Convention:	Following Business Day Convention in Dublin, London, and New York.
17.	Optional Redemption:	Condition 2(f)(2) applies as amended by Special Condition (III).
18.	Redemption Amount:	Special Condition (II) applies.
19.	Early Redemption Amount:	Special Condition (IV) applies.
20.	Redemption Amount on redemption for taxation:	Condition 2(c)(A)(1) shall apply as amended by Special Condition (IV).
21.	Form of Notes:	Bearer Notes: <ul style="list-style-type: none"> (i) The Notes will initially be represented by: Temporary Global Note. (ii) Applicable TEFRA exemption: D Rules (iii) Temporary Global Note exchangeable for Permanent Global/Definitive Bearer/Registered Notes: Condition 10(a) applies. (iv) Permanent Global Note exchangeable for Definitive Bearer/ Registered Notes: Permanent Global Note is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note. (v) Registered Notes: Not applicable.
22.	Additional Financial Centre(s) or other special provisions relating to	Not applicable.

Payment Dates:

23. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No.
24. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not applicable.
25. Redenomination applicable: Not applicable.
26. Portfolio Management:
- (i) Portfolio Manager: Not applicable.
 - (ii) Portfolio Management Agreement: Not applicable.
 - (iii) Investment Objective: Not applicable.
 - (iv) Management Criteria: Not applicable.
 - (v) Portfolio: Not applicable.
27. Security:
- (i) Charged Assets: The Charged Assets shall be the Series Assets and the Related Rights.

On the Issue Date, or as soon as practicable thereafter, the Issuer shall invest in the Series Assets set out in the section "*Information relating to Charged Assets*" below, (such Series Assets, together with the Related Rights applicable thereto, the "**Original Charged Assets**").

If the Issuer issues Further Notes pursuant to Condition 16 as amended by Special Condition (VI) with the intention that such Further Notes be consolidated and form a single Series with the Notes issued on the Issue Date (and all other Further Notes issued from time to time) the Issuer shall, in connection with each such issue of Further Notes, invest in further assets which shall be combined with the Series Assets (such further assets, together with the Related Rights applicable thereto, referred to as the "**Further Charged Assets**") with the issue proceeds of the relevant Further Notes such that the Notes and the Further Notes from time to time so issued shall be secured

collectively on the Original Charged Assets and all of the Further Charged Assets. All references to "*Charged Assets*" shall be to the Original Charged Assets and the Further Charged Assets from time to time so purchased by the Issuer.

The assets comprising the Portfolio will be registered in the name of the Issuer and certificates in respect of the Charged Assets will be held by the Issuer subject to the security constituted by the Constituting Instrument and the Charging Instrument.

(ii)	Charging Instrument	Pursuant to a supplemental security agreement in respect of the Series Assets entered into between the Issuer and the Trustee dated on the date of the purchase of the relevant Charged Assets (the " Charging Instrument ") the Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties, a security interest governed under the law of New York over the Issuer's interest in the Charged Assets from time to time (such security the " New York Security ").
(iii)	Depository Account	Not applicable.
(iv)	Charged Agreement:	Not applicable.
(v)	Swap Counterparty:	Not applicable.
28.	Securities Lending Agreement:	Not applicable.
29.	Portfolio Administrator:	Not applicable.
30.	Fees:	Special Condition (XI) applies.
31.	Additional selling restrictions	As set out in " <i>Selling Restrictions</i> " below.
32.	ISIN Code:	XS1518623068
33.	Common Code:	151862306
34.	Alternative Clearing System:	Not applicable.
35.	Delivery:	Free of payment.
36.	Principal Paying Agent:	Citibank N.A., London Branch.
37.	Sub-Custody:	Not applicable.
38.	Calculation Agent:	FlexFunds Ltd.

The Calculation Agent shall provide the NAV Report

to the Arranger on each NAV Report Date.

The Arranger will publish a summary of the NAV Report received from the Calculation Agent on Bloomberg and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange.

All determinations made by the Calculation Agent hereunder shall, in the absence of manifest error, be final and conclusive. Whenever a Calculation Agent is required to act or to exercise judgment in any way, it will do so in good faith and in a commercially reasonable manner. Furthermore, each party agrees that the Calculation Agent is not acting as a fiduciary for or as an advisor to such party in respect of its duties as Calculation Agent in connection with any determinations hereunder.

39. Exchange of Permanent Global Note: The Permanent Global Note will be exchangeable, in whole but not in part, for a definitive Bearer Note if:

- (i) Euroclear or Clearstream, Luxembourg or any other clearing system in which the Permanent Global Note is for the time being deposited is closed for business for a period of 14 days (other than by reason of holidays statutory or otherwise) or announces an intention to permanently cease business or to cease to make its book-entry system available for settlement of beneficial interests in such Permanent Global Note or does in fact do either of such things and no alternative clearing system, satisfactory to the Trustee and the Principal Paying Agent is available, or
- (ii) the Notes become due and payable in accordance with Condition 4 and payment is not made on due presentation of the Permanent Global Note for payment.

40. Governing law: The Notes and all non-contractual obligations and any other matters arising from it will be governed by and construed in accordance with the laws of Ireland. The courts of Ireland shall have non-exclusive jurisdiction in respect of any dispute. The New York Security is governed by New York law and New York State and / or Federal Courts may have jurisdiction over any dispute or enforcement

proceedings relating thereto. .

Admission to trading, public offer and listing

Application has been made to list the Notes on the Third Market of the Vienna Stock Exchange.

The Notes will not be offered to the public in any jurisdiction. See "*Selling Restrictions*" below and in the Programme Memorandum.

GWM Group, Inc. and GWM LTD, in their capacity as the Placing Agent, will be responsible for the placing of the Notes with prospective investors, provided that the Issuer may also enter into agreements with third party distributors to place the Notes as further described in Special Condition (XI) below.

Special Conditions:

(I) Definitions

Words set out in italics in these Conditions do not form part of the definitions for the purpose of the Constituting Instrument and the documents constituted thereby. In the event of a conflict between the Conditions and the Special Conditions, the Special Conditions shall prevail.

"Additional Mandatory Redemption Event" means, for the purpose of Condition 2(b)(4) (as amended), the occurrence of any of the following:

- (i) the Calculation Agent determines that there is a termination or liquidation of the Loan Transaction Documents, for any reason, including but not limited to, the completion of the Loan term, prepayment of the Loan in full, any event of default by the Borrower, or as agreed from time to time by the Issuer and Borrower and notified to the Calculation Agent and the Sale Agent.
- (ii) the Issuer determines that its obligations under the Notes at any time become illegal.

"Agents" means, the Principal Paying Agent, the Issue Agent, the Sale Agent, the Placing Agent and the Calculation Agent.

"Arranger Default" means if any of the follow events occur (in the sole discretion of the Issuer) in respect of the Arranger. If the Arranger:

- (iii) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (iv) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (v) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (vi) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof;
- (vii) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (viii) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (ix) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced

or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter;

- (x) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) above (inclusive);
- (xi) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or
- (xii) becomes unable to, or fails to within 10 days of receiving notice from the Trustee or the Issuer, perform its duties under the Notes.

"Borrower" means 331 Park Ave S. NewCo, Inc.

"Business Day" means a day on which banks are generally open for business in New York, Dublin and London.

"Calculation Agent" means FlexFunds Ltd. and any successor appointed by the Issuer (with the prior approval of the Trustee) in accordance with the provisions of the Agency Agreement.

"Class B-3 Subscription Agreement" means the subscription agreement for the subscription of the purchase of Common Stock in 331 Park Ave S. NewCo, Inc.

"Collateral Default" means either (i) a compulsory redemption (howsoever described) of the Charged Assets; or (ii) a distribution or return of capital and / or assets to holders of the Charged Assets following the winding up or liquidation of the Common Stock, Borrower and / or event of default under the Loan Transaction Documents.

"Common Stock" means the Class B-3 Common Stock.

"Distribution Date" means a date on which the Issuer receives an interest payment, dividend, distribution or similar payment in respect of the Series Assets.

"Distribution Proceeds" means an amount determined by the Calculation Agent being: (a) the proceeds of a dividend, interest payment or other distribution in respect of the Charged Assets; less (b) any costs, expenses, taxes and duties incurred in connection with the receipt of such dividend or other revenue.

"Distribution Net Proceeds" means an amount determined by the Calculation Agent being the *pro rata* share of the Distribution Proceeds of the Charged Assets in respect of one Note; less the *pro rata* share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the *pro rata* share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes; and less the *pro rata* share in respect of one Note of any fees payable to the Arranger pursuant to the Conditions of the Notes.

"Early Redemption Date" means in relation to Conditions 2(b) or 2(c), the date specified in the notice given by or on behalf of the Issuer to the Noteholders in accordance with the Conditions.

"Early Redemption Payment Date" means five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (IV). The Early

Redemption Payment Date may be significantly later than the Early Redemption Date. See "*Risk Factors – Payments*".

"Extended Maturity Date" means the date to which the term of the Notes may be extended under Special Condition (XIII).

"Final Maturity Payment Date" means, subject as provided in Special Condition (VII), five (5) Business Days following the day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (II). The Final Maturity Payment Date may be significantly later than the Scheduled Maturity Date or the Extended Maturity Date, as applicable. See "*Risk Factors – Payments*".

"Loan" means the loan made by the Issuer to the Borrower, pursuant to the Loan Transaction Documents.

"Loan and Security Agreement" means the loan and security agreement dated 15 July 2016 between the Borrower and Prodigy Network, LLC (as agent) pursuant to which the Issuer may accede in the capacity of lender, in relation to, inter alia, the advance of a loan to the Borrower (as may be amended, restated, supplemented, varied, assigned, novated, or otherwise from time to time).

"Loan Transaction Documents" means together the Loan and Security Agreement and Promissory Note.

"Mandatory Redemption Event" means any of the events described in Conditions 2(b)(1), (2) or (3).

"NAV Report" means a report provided to the Issuer by the Calculation Agent setting out the calculation of the Net Asset Value of the Portfolio (net of any fees as described under Special Condition (XI) below).

"NAV Report Date" means the last Business Day of each calendar month.

"Net Asset Value" means the value for each component of Series Assets (net of any fees as described under Special Condition (XI) below), as provided by the Calculation Agent to the Issuer, as the case may be, on or before the NAV Report Date, and **"Net Asset Value of the Portfolio"** means the aggregate of the Net Asset Value of each component (net of any fees as described under Special Condition (XI) below) comprised in the Portfolio.

"Net Proceeds" means an amount determined by the Calculation Agent being the *pro rata* share of the Realisable Value of the Charged Assets in respect of one Note; less the *pro rata* share in respect of one Note of any redemption and settlement costs and expenses in respect of the Charged Assets; less the *pro rata* share in respect of one Note of any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes; and less the *pro rata* share in respect of one Note of any fees payable to the Arranger pursuant to the Conditions of the Notes, less the *pro rata* share in respect of one Note of USD 1,000 per annum to be retained by the Issuer.

"New York Security" means the security interests governed by New York law created by the Charging Instrument dated the Issue Date between the Issuer and the Trustee pursuant to which the Issuer has granted in favour of the Trustee for itself and as trustee for the Secured Parties a security interest over the Charged Assets.

"Optional Redemption Date" means the date specified in an Optional Redemption Notice given by the Issuer or the Arranger pursuant to Condition 2(f)(2), as amended by Special Condition (III) (*Optional Redemption by the Issuer*).

"Optional Redemption Payment Date" means five (5) Business Days following a day that the Issuer receives the aggregate Realisable Value pursuant to Special Condition (III). The Optional Redemption Payment Date may be significantly later than the Optional Redemption Date. See "*Risk Factors – Payments*".

"Placing Agent" means both GWM Group, Inc. and GWM LTD.

"Portfolio" means the Series Assets.

"Prodigy Private Offering Memorandum and / or the Supplement" means the Confidential Private Offering Memorandum (dated 15 July 2016) and, as applicable, the Supplement to Confidential Private Offering Memorandum (dated 15 July 2016) of Prodigy Shorewood New York REP Fund, LP, appended to the Series Memorandum.

"Promissory Note" means the promissory note dated 15 July 2016 executed and delivered by the Borrower in connection with the Loan and Security Agreement (as may be amended, restated, supplemented, varied, assigned, novated, or otherwise from time to time).

"Realisable Value" means an amount determined by the Calculation Agent being the *pro rata* share of the proceeds of sale or other means of realisation of the Charged Assets (including for the avoidance of doubt any repayments or prepayments of principal under the Loan Transaction Documents) or any proportion thereof, as determined by the Calculation Agent, in respect of one Note *less* any costs, expenses, taxes and duties incurred in connection with the disposal or transfer of the Charged Assets by the Sale Agent or any Agent of the Issuer.

"Related Rights" means all rights of the Issuer derived from or connected to the Series Assets and the Charged Assets including, without limitation, any rights to receive additional shares or other securities, assets or rights or any offers in respect thereof (whether by way of bonus issue, option rights, exchange, substitution, conversion or otherwise) or to receive monies (whether by way of redemption, return of capital, interest, dividend, distribution, income or otherwise) in respect of the Series Assets and the Charged Assets.

"Sale Agent" means both GWM Group, Inc. and GWM LTD.

"Series Assets" means the Loan Transaction Documents (insofar as the Issuer's interest in such Loan Transaction Documents relates to the Notes), the Common Stock acquired or held by the Issuer, the Class B-3 Subscription Agreement, any loan agreement and/or promissory note entered into between the Issuer and Borrower from time to time and any and all investments, monies, credit balances, assets or related contracts and deposit accounts, trading positions or beneficial interests in any assets to the extent any of the foregoing is:

(i) held, carried and / or maintained by the Issuer and / or any of the Agents, in relation to the Notes, or

(ii) established, agreed or obtained by the Issuer in relation to the Notes.

See "*Information relating to the Charged Assets*" below.

"Security" means the Charging Instrument and the security constituted by the Trust Deed entered into by the execution of the Constituting Instrument dated the Issue Date between the Issuer and the Trustee, amongst others.

(II) **Redemption Amount**

Unless previously redeemed the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD (the "**Redemption Amount**") equal to the Net Proceeds.

No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Scheduled Maturity Date, to and including the Final Maturity Payment Date.

(III) **Optional Redemption**

The amount payable in respect of any Notes pursuant to an Optional Redemption by the Issuer or an Optional Redemption by the Arranger will be an amount in USD determined by the Calculation Agent equal to the Early Redemption Amount (the "**Optional Redemption Amount**").

Optional Redemption by the Issuer

Condition 2(f)(2) shall apply to the Notes.

The Issuer:

- (A) may, on giving not less than ten (10) Business Days' prior notice to the Trustee and the Noteholders (in accordance with Condition 7);
- (B) shall, at any time after receipt of a notice pursuant to this Special Condition (III) from the Arranger,

(such notice an "**Optional Redemption Notice**") redeem any amount of the Notes at their Optional Redemption Amount on the Optional Redemption Payment Date. The provisions of Condition 2(f)(2) is hereby amended accordingly.

Optional Redemption by the Arranger

The Issuer shall, subject to compliance with all relevant laws, regulations and directives, at the option of the Arranger, where the Arranger is the holder of any Note, redeem such Note on the Optional Redemption Date.

To exercise such option the Arranger must deposit the relevant Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at their respective specified offices, together with a duly completed notice of redemption ("**Redemption Notice**") in the form obtainable from any Paying Agent (in the case of Bearer Notes) or from the Registrar or any Transfer Agent (in the case of Registered Notes) not more than 30 nor less than 2 Business Days prior to the relevant date for redemption and provided that, in the case of any Note represented by a Global Note or a Global Registered Certificate registered in the name of a nominee for Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, the Arranger must deliver such Redemption Notice together with an authority to Euroclear or Clearstream, Luxembourg or the relevant Alternative Clearing

System (in each case, as appropriate) to debit such Arranger's account accordingly and provided that, in the case of any Note represented by a Global Registered Certificate registered in the name of any other person, the Arranger must deliver such Redemption Notice together with an instruction to such person to amend its records accordingly. No Note (or authority) so deposited may be withdrawn (except as provided in the Constituting Instrument) without the prior written consent of the Issuer.

(IV) **Early Redemption Amount**

Condition 2(c)(B) shall apply to the Notes.

(A) The Early Redemption Amount of the Notes (in respect of principal and interest (if applicable)) shall be determined in accordance with Condition 2(e)(2) read with this Special Condition (IV) as follows:

- (i) In the event the Notes become due and payable pursuant to Condition 2(b)(1), the Sale Agent shall, on behalf of the Issuer sell or procure the sale or other means of realisation of the Charged Assets in accordance with the Master Charged Assets Sale Terms. The applicable Early Redemption Amount payable in respect of each Note pursuant to Condition 2(b)(1) will be the Net Proceeds; or
- (ii) If the Notes become due and repayable in accordance with Conditions 2(b)(2) or 2(c),

then the applicable Early Redemption Amount shall be determined as an amount equal to the Redemption Amount had the Early Redemption Date been the Final Maturity Payment Date.

The Early Redemption Amount shall be payable on the Early Redemption Payment Date and shall not exceed the Net Proceeds of the Charged Assets. In the event that such Early Redemption Amount is less than the Net Proceeds of the Charged Assets, Noteholders shall receive such lesser amount.

- (B) Subject as provided in Special Condition (VII), the Early Redemption Amount will be paid on the Early Redemption Payment Date. No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Early Redemption Date to and including the Early Redemption Payment Date.
- (C) The Early Redemption Payment Date may be significantly later than the Early Redemption Date, see "*Risk Factors – Payments*".
- (D) For the avoidance of doubt, reference in Condition 4 and Condition 2(e) to the Early Redemption Amount payable pursuant to an Event of Default shall mean the amount payable on redemption of each Note upon its becoming due and payable as provided in Condition 4 being the lesser of (i) the outstanding principal amount of such Note and (ii) the amount available by applying the portion available to the Noteholders pursuant to Condition 3(d) of the Net Proceeds of the enforcement of the Security in accordance with Condition 3 *pari passu* and rateably between the Notes.

(V) **Calculations, determinations and notifications**

Following receipt by the Arranger of the NAV Report from the Calculation Agent on the NAV Report Date, the Arranger will publish a summary of the NAV Report on Bloomberg, and will disseminate the NAV to SIX Financial Information USA Inc. and to the Vienna Stock Exchange

The NAV Report and the summary thereof will be an estimated valuation of the Series Assets and shall not be interpreted as an indication of expected redemption values of the Notes. The NAV Report and the summary thereof shall take account of any fees, expenses or charges that apply to the Notes, and is subject to amendments and / or corrections at any time without giving notice to any person.

Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, in its sole and absolute discretion. The Calculation Agent has agreed in the Constituting Instrument to comply with its obligations set out in these Conditions.

Each of the Issuer, the Principal Paying Agent and the Trustee shall be entitled to rely on any certification, notification, calculation or determination of the Calculation Agent given or copied to it as being true and accurate for all purposes and none of them shall be obliged to make any investigation or enquiry into any such certification, notification, calculation or determination or into the basis on which such certification, notification, calculation or determination was prepared, given or made.

The Calculation Agent is entitled to rely on any certification, notification, calculation, determination or announcement made by or on behalf of Prodigy Investment Manager and / or any agent of Prodigy Shorewood New York REP Fund, LP in connection with the Prodigy Private Offering Memorandum and / or the Supplement and shall not be obliged to make any investigation or enquiry into, and shall incur no liability to any person for relying on, any such certification, notification, calculation, determination or announcement reasonably believed by it to be genuine and made by or on behalf of Prodigy Investment Manager and / or any agent of Prodigy Shorewood New York REP Fund, LP.

The Calculation Agent shall consider the value of Series Assets which do not have a valuation provided to remain at cost and shall not be required to modify the recorded value of such Series Assets until provided with supported valuation by Prodigy Investment Manager and / or any agent of Prodigy Shorewood New York REP Fund, LP. The Calculation Agent is entitled to rely on any certification, notification, calculation, determination or announcement made by or on behalf of Prodigy Investment Manager and / or any agent of Prodigy Shorewood New York REP Fund, LP in connection with the Series Assets.

(VI) **Further Notes**

Pursuant to Condition 16 as amended and supplemented by this Special Condition (VI), the Issuer shall be at liberty to issue Further Notes with the express intention that such Further Notes be consolidated and form a single series with the Notes (and with any subsequent Further Notes so issued) provided that:

- (A) the net proceeds of the issue of such Further Notes shall be used to acquire further assets (such further assets and the Related Rights applicable thereto being the Further Charged Assets);
- (B) each of the Further Notes that the Issuer may issue from time to time, together with the Notes, are secured collectively on the Issuer's right, title and interest in and to the Original Charged Assets and each of the Further Charged Assets such that the Security for the Notes and any Further Notes shall be the identical and all references to "*Charged Assets*" shall be to the Original Charged Assets and the Further Charged Assets from time to time;
- (C) the Conditions of each of the Further Notes are identical to the Conditions of the Notes (save in respect of their date of issue);
- (D) each issue of Further Notes will be constituted and secured by a supplement to the Constituting Instrument in the form substantially set out in the Constituting Instrument (or in such other form as is legally effective to constitute and secure the Further Notes) (the "**Further Constituting Instrument**") and so that upon the execution by the Issuer of the Further Constituting Instrument, all references to the Constituting Instrument shall be construed as being to such document as supplemented from time to time; and
- (E) the security interests granted by the Issuer in such Further Constituting Instrument are granted to the Trustee for all the Noteholders of the consolidated Series on a *pari passu* basis.

(VII) **Collateral Default and Arranger Default**

- (A) If the Calculation Agent determines in its sole discretion that a Collateral Default or a Charged Assets Default has occurred then it shall give notice as soon as practicable thereafter to the Issuer, the Trustee, the Principal Paying Agent and the Noteholders (in accordance with Condition 7) of the occurrence of such event. The Issuer shall redeem the Notes in full by payment to each Noteholder of the Net Proceeds (5) Business Days following the day on which the Issuer receives the Realisable Value.
- (B) If the Issuer (in its sole discretion) determines that an Arranger Default has occurred then it shall give notice as soon as practicable thereafter to the Trustee, the Principal Paying Agent and the Noteholders (in accordance with Condition 7) of the occurrence of such event. The Issuer shall redeem the Notes in full by payment to each Noteholder of the Net Proceeds five (5) Business Days following the day on which the Issuer receives the Realisable Value.

(VIII) **Purchase**

Condition 2(g) shall apply subject as amended by this Special Condition (VIII). In determining what proportion of Charged Assets corresponds to the proportion of Notes to be purchased, the Issuer shall be entitled to rely on advice given to it by the Calculation Agent. The Issuer has absolute discretion to designate which part of the Series Assets to select in order to fulfil its obligations pursuant to Condition 2(g) as hereby amended.

(IX) **The Trustee**

The Trustee shall not be responsible for, or be obliged to monitor or verify or investigate:

- (A) the performance, operation or calculation of the Portfolio or other element of the calculation thereof but shall be entitled to rely absolutely on any calculation thereof by the Calculation Agent;
- (B) the performance, operations or financial condition of the Portfolio or the terms of the Charged Assets or the calculation of amounts payable in respect thereof;
- (C) the performance by the Issuer of any agreement relating to, or in connection with, the Portfolio and shall be entitled to assume that the Issuer is in compliance with the terms thereof unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent;
- (D) whether or not any Additional Mandatory Redemption Event or other event referred to in Special Condition (IV), any Event of Default or any Collateral Default and shall be entitled to assume that no such event has occurred unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent; or
- (E) save to the extent caused by its own negligence or wilful default the Trustee shall not be responsible or liable for any failure to sell, realise or redeem the Charged Assets and the Mortgaged Property or any delay in doing so nor for any loss suffered or incurred by any person as a result of the Net Proceeds, the Realisable Value or any other proceeds of sale, realisation or redemption of the Charged Assets or the Mortgaged Property being insufficient to discharge any Redemption Amount, Early Redemption Amount or Optional Redemption Amount in full.

(X) **Sale Agent**

The Sale Agent shall, on behalf of the Issuer, sell or procure the sale or other means of realisation of the Charged Assets and shall be entitled to deduct any costs, expenses, taxes and duties incurred in connection with any disposal, realisation or transfer of such Charged Assets.

In the event of an Early Redemption Event or Mandatory Redemption Event, at the discretion of the Issuer and the Arranger, the Sale Agent may enter into agreements with third parties for the purpose of liquidation, realisation, disposal or transfer of Charged Assets, and shall be entitled to deduct any costs, expenses, taxes, duties and / or interest due and incurred in connection with such liquidation, realisation, disposal or transfer.

The Sale Agent may sell or procure the sale or other means of realisation of the Charged Assets in such manner and to and/or involving such person as it thinks fit and shall be entitled to sell and procure the sale or other means of realisation of the Charged Assets at such price in its sole discretion. The Sale Agent shall not be responsible or liable for any failure to sell or realise the Charged Assets or any delay in doing so nor for any loss suffered or incurred by any person as a result of their sale or other means of realisation.

(XI) **Fees**

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, as determined by the Calculation Agent, the Issuer has agreed to pay certain fees to the Arranger, which shall be paid by Prodigy Investment Manager or Prodigy Shorewood New York REP Fund, LP. In the event that Prodigy Investment Manager or Prodigy Shorewood New York REP Fund, LP fails

to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount. The Issuer has also agreed to pay certain fees to the Distribution Agent(s) as set out in 2) below.

The fees payable to the Arranger shall be determined by the Calculation Agent as at the date expected to be two Business Days immediately prior to the following: (i) each NAV Report Date, (ii) the Final Maturity Payment Date, and (iii) any Optional Redemption Payment Date or Early Redemption Payment Date. The fees payable to the Distribution Agent shall be determined by the Calculation Agent on the aforementioned dates and on the date of the relevant subscription.

1) The fees payable to the Arranger:

- a. 0.40% per annum of the Net Asset Value of the Portfolio as at the most recent NAV Report Date (the "**Arranger Fee**")

The Arranger Fee is subject to an aggregate minimum payment of USD 1,500 per month.

2) Distribution Agent Fees:

The Issuer may from time to time enter into distribution agreements with third party agents that are negotiated on arm's-length basis with agents unaffiliated with the Issuer (each such agent a "**Distribution Agent**"). Distribution Agents will agree to comply with the Selling Restrictions. In consideration for the Distribution Agent subscribing for or procuring subscribers for the Notes, the Issuer will pay to each Distribution Agent a fee equal to the excess (if any) of (i) the amount received by the Issuer from the Distribution Agent or its customers in respect of a subscription for Notes over (ii) the Issue Price of the Notes at the time of such subscription (such excess being the "**Subscription Difference**"). The Subscription Difference will be payable within five (5) Business Days of the relevant subscription.

In addition to the above, the Issuer will incur fees in relation to the issuance of the Notes, which shall be met by Prodigy Investment Manager or Prodigy Shorewood New York REP Fund, LP. In the event that Prodigy Investment Manager or Prodigy Shorewood New York REP Fund, LP fails to make such payments the fees will be deducted from the Portfolio when determining the Redemption Amount. Such fees will include, but shall not be limited to:

(A) any fees, costs and expenses payable by the Issuer which are directly attributable to the Notes, including:

- (1) costs incurred in connection with the issuance, listing, clearing of the Notes and/or the performance of obligations in relation thereto;
- (2) any commissions, fees, costs and expenses payable by the Issuer pursuant to the Constituting Instrument and the Series Documents as defined therein;
- (3) any fees, costs and expenses of the administrator of the Issuer payable by the Issuer or the Arranger in respect of the Notes; and
- (4) any legal fees and disbursements payable by the Issuer, the Arranger or the Trustee to Mason Hayes & Curran or to A&L Goodbody or any other legal advisers to the Issuer, Arranger or Trustee in respect of the issuance of the Notes; and

- (B) in relation to any realisation of the Charged Assets, all commissions, fees, charges and expenses (including, without limitation, any stamp duty, documentary or transfer or other taxes or duties payable in respect of the sale or other realisation of any such Charged Assets) incurred or payable by the Sale Agent in respect of such sale or other realisation, as certified by the Sale Agent to the Issuer and the Trustee.

Any amounts payable under the Notes are based on the performance of the Charged Assets net of the fees described above. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in value of the Notes.

Estimated fees include a set-up fee of €15,000 (euro) and other Administration fees estimated at €8,300 (euro) per year.

3) Fees payable in respect of the underlying investment

Investors in the Notes should take note of the fees payable to Prodigy Investment Manager (or its designee) and any other fees payable in respect of the underlying investment. Details of the fees payable to Prodigy Shorewood New York REP Fund, LP are set out in the Prodigy Private Offering Memorandum and / or the Supplement (a copy (or copies) of which is appended to the Series Memorandum).

(XII) **Interest**

The Calculation Agent or the Issuer may, from time to time, on a Business Day determined by the Issuer but no later than fifteen (15) calendar days after a Distribution Date, nominate any Business Day as an Interest Payment Date. The Interest Determination Date shall be any Business Day at the discretion of the Arranger, the Calculation Agent or the Issuer. On the Interest Determination Date the Calculation Agent shall calculate the amount of Interest owing on the Notes and shall inform the Trustee, Paying Agent and Issuer of the amount payable and interest shall be paid in accordance with the Conditions and the Agency Agreement.

(XIII) **Extended Maturity Date**

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders three (3) calendar months prior to the Scheduled Maturity Date or the anniversary thereof in each subsequent year, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed on the Scheduled Maturity Date or on the date stated in the final Extension Notice (such date being the "**Extended Maturity Date**").

Use of Proceeds

The entire net proceeds from the issue of the Notes and any Further Notes, will be invested by the Issuer in the Charged Assets and the relevant Further Charged Assets (in the case of any Further Notes) in each case within 30 days following the Issue Date or, as applicable, the relevant date of issue in respect of any Further Notes. 75% of the net proceeds from the issue of the Notes will be used to make the Loan to the Borrower pursuant to the Loan Transaction Documents and 25% of the net proceeds from the issue of the Notes will be used to purchase the Common Stock.

Information relating to the Charged Assets

General

The Issuer intends to use the proceeds of the issuance of the Notes to (i) invest, on or as soon as practicable after the Issue Date, in Class B-3 common stock and (ii) make a secured loan to the Borrower pursuant to the Loan Transaction Documents. The Borrower indirectly owns the option to purchase a property located at 331 Park Avenue South, New York, New York 10010 (Block 880; Lot 4) (the "Property") and intends to acquire and develop the Property as more thoroughly disclosed in the Supplement to Prodigy Private Offering Memorandum. Additional details of the Investment Objective and Strategy are also more particularly set out in the Prodigy Private Offering Memorandum and / or Supplement, both which are attached as appendix of the Series Memorandum.

Prodigy Network, LLC, a Delaware limited liability company with registered office in 40 Wall St, 31st Floor, The Trump Building, New York, NY, USA, shall serve as the Investment Manager (the "Prodigy Investment Manager") of the underlying asset.

Prodigy Network, LLC, a Delaware limited liability company formed on February 13, 2015, is a real estate investment platform specialized in connecting the global community with investment opportunities in major cities like New York. With its innovative investment model, Prodigy Network provides investors from around the world the opportunity to invest in prime real estate markets that were previously out of reach.

On the Issue Date, the Original Charged Assets will consist of the Series Assets and the Related Rights.

The Common Stock

For a detailed description of the Common Stock see the **PRODIGY PRIVATE OFFERING MEMORANDUM AND / OR THE SUPPLEMENT**, a copy (or copies) of which is appended to this Series Memorandum.

Description of security arrangements in respect of the Notes

Introduction

The Notes will be secured, limited recourse obligations of the Issuer. The purpose of this section is to provide further information in respect of these important features of the Notes, which are included in the Conditions. However, the following description is a summary only of certain aspects of the security arrangements and is subject in all respects to the terms of the Trust Deed and the Conditions of the Notes, of which Noteholders are deemed to have notice and by which they are bound.

The Issuer will, pursuant to the provisions of the Trust Deed, grant the Security described below to the Trustee as continuing security for the payment of all sums due under the Trust Deed and the Notes. The Trustee shall hold such Security on behalf of itself, the Agents and the Noteholders.

Security arrangements

The Notes will be secured by a charge over the Series Assets.

Under the Trust Deed, as amended by the terms of the Constituting Instrument, the Issuer, in favour of the Trustee for itself and as trustee for the Secured Parties, and as continuing Security, will:

- (A) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Series Assets;
- (B) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in and to all funds and any other assets now or thereafter standing to the credit of the account of the Principal Paying Agent in respect of the Notes, the Further Notes and the debts represented by such moneys;
- (C) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Agency Agreement and the Placing Agreement and all sums and any other assets derived therefrom; and
- (D) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights with respect to (a) the Charged Assets and (b) any moneys and/or assets received in respect of such Charged Assets (including for the avoidance of doubt, any assets received by it upon conversion of all or any part of the Charged Assets),

in each case on terms that the Trustee shall hold the proceeds of such Security for itself and on trust for itself, and the Secured Parties (and the holders of any Further Notes in accordance with the terms of the Trust Deed).

Charging Instrument

Pursuant to the Charging Instrument the Issuer will grant a New York law governed security interest over the Charged Assets obtained with the net proceeds of the issue of the Notes and all rights of the

Issuer derived from or connected to the Charged Assets as security in favour of the Trustee for itself and as trustee for the Secured Parties.

Enforcement of the Mortgaged Property

The Mortgaged Property may become enforceable if the Notes or any of them have become due and repayable (for example, due to acceleration following the occurrence of a Tax Event, Mandatory Redemption Event, Additional Mandatory Redemption Event or an Event of Default) and have not been repaid.

In such circumstances the Trustee may at its discretion, and upon being indemnified, secured and/or prefunded to its satisfaction and shall if so requested or directed by the relevant parties (as more fully described in Condition 7), realise the Charged Assets. In realising the Charged Assets the Trustee may, but shall not be obliged to, procure the sale of the Charged Assets or may request the redemption of the Charged Assets.

Priority of claims and potential for insufficient security on sale of Charged Assets and/or on enforcement

In the event that any Charged Assets are required to be sold pursuant to the Conditions or the Security constituted by the Trust Deed; the Constituting Instrument and the Charging Instrument becomes enforceable in accordance with the Conditions, the net sums realised could be insufficient to pay all the amounts due to the Noteholders under the Notes. The sums realised from any such sale of the Charged Assets will be subject to deduction of the costs and expenses associated with such sale. In addition, all costs and expenses incurred by the Trustee in enforcing the Security (including any costs of a receiver or similar official) and amounts due to the Agents will be deducted from the proceeds of such enforcement before such proceeds are paid to the Noteholders. After taking action to enforce the Security as provided in the Conditions, the Trustee shall not be entitled to take any further steps against the Issuer to recover any sum still unpaid and no debt shall be owed by the Issuer in respect of such sum. In particular, no Agent or Noteholder may petition or take any other step for the winding-up of the Issuer nor shall any of them have any claim in respect of any sum over or in respect of any assets of the Issuer which are security for any other liability of the Issuer.

Limited recourse provisions

The Trustee, the Agents and the Noteholders (in each case to the extent that their claims are secured) shall have recourse only to the Mortgaged Property. If, the Trustee having realised the Mortgaged Property, the proceeds thereof are insufficient for the Issuer to make all payments then due to all such parties, the obligations of the Issuer will be limited to such proceeds of realisation of the Mortgaged Property and no other assets of the Issuer will be available to meet such shortfall; the Trustee, the Agents, the Noteholders or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum and no debt shall be owed to any such persons by the Issuer. The Trustee and the Agents, shall rank prior to the Noteholders in the application of all moneys received in connection with the realisation or enforcement of the Security. In particular, none of the Trustee and the Agents or any holder of the Notes may petition or take any other step for the winding-up of the Issuer, and none of them shall have any claim in respect of any sum arising in respect of the Mortgaged Property for any other Series.

Information relating to the Arranger and Calculation Agent

FlexFunds Ltd. is the Arranger in respect of the Notes and has been appointed as Calculation Agent, and as such is responsible for certain management and administrative functions in relation to the Notes.

FlexFunds Ltd. is an exempted company incorporated in the Cayman Islands with limited liability. The company administers the Note program with all participants and prepares the notes for issuance and calculation of NAV.

FlexFunds Ltd. has a presence in the Cayman Islands.

As Calculation Agent, FlexFunds Ltd. is responsible for determining the Interest Payment Date and any Extended Maturity Date in addition to calculating interest payment on the Notes.

The Calculation Agent may at any time resign and the Issuer may at any time terminate its appointment, subject to giving 60 days' prior written notice. In such case the Issuer would, with the prior written consent of the Trustee, appoint a successor.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

Fees

The fees payable to FlexFunds Ltd. as the Arranger are described in Special Condition (XI) of the Notes.

Information relating to the Sale Agent and Placing Agent

GWM Group, Inc. and GWM LTD have been appointed as Sales Agent and Placing Agent, and as such are responsible for certain management and administrative functions in relation to the Notes.

GWM Group, Inc. is a full service broker dealer based in Stamford, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Its clients' accounts are introduced on a fully disclosed basis to Interactive Brokers, LLC.

GWM Group, Inc. offers execution services to clients ranging from retail clients to institutional investment firms, and services ranging from wealth management services to custody and clearing services. The company also offers investment solutions, such as fee-based programs, retirement products and programs, asset management accounts, margin borrowing, mutual fund solutions, and wealth management.

GWM Group, Inc. has a presence in Connecticut and Miami.

GWM LTD was incorporated in Bermuda in December 2014 and is licensed to conduct investment business by the Bermuda Monetary Authority.

The Bermuda Monetary Authority granted approval to GWM LTD for a license under section 16 of the Investment Business Act 2003.

As Placing Agent, GWM Group, Inc. and GWM LTD have agreed to comply with all duties and responsibilities set out in the Conditions of the Notes, and to strictly adhere to the Selling Restrictions.

As Sales Agent, GWM Group, Inc. and GWM LTD are responsible to the Issuer for taking any steps in order to realise the Charged Assets as required for the purposes of the Notes.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Arranger or any Agent of the Issuer.

Information relating to the Issuer

General

The Issuer was incorporated in Ireland as a public limited liability company on 29 August 2011, with registration number 502865 under the name IA Capital Structures (Ireland) plc, under the Companies Acts 1963 – 2013.

The registered office of the Issuer is at 76 Lower Baggot Street, Dublin 2, Dublin 2, Ireland. The telephone number of the Issuer is +353 (0) 19062 200. The authorised share capital of the Issuer is EUR 100,000,000 divided into 100,000,000 Ordinary Shares of EUR 1 each (“**Shares**”). The Issuer has issued 38,100 Shares all of which are fully paid. The issued Shares are held by a Jersey-incorporated company, Sanne Trustee Services Limited (the “**Share Trustee**”), on trust for charitable purposes. The Share Trustee has, inter alia, undertaken not to exercise its voting rights to wind up the Issuer unless and until it has received written confirmation from the Directors of the Issuer that the Issuer does not intend to carry on further business.

The Issuer has been established as a special purpose vehicle. The principal activities of the Issuer are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements.

The Issuer is not, and will not be, regulated by the Central Bank of Ireland (the “Central Bank”) by virtue of the issue of the Notes. Any investment in the Notes does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by the Central Bank.

The Issuer has not underwritten and will not underwrite the issue of, place, offer, or otherwise act in respect of the Notes, otherwise than in conformity with the provisions of all laws applicable in the jurisdiction in which the Notes are offered.

Directors and company secretary

The Directors of the Issuer are as follows:

- Louise McMorrow
- Conor Blake
- Adrian Bailie

The Company Secretary is Sanne Capital Markets Ireland Limited.

Sanne Capital Markets Ireland Limited is the administrator of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The appointment of the administrator may be terminated forthwith if the administrator commits any material breach of the corporate service agreement between the Issuer and the administrator, or if the administrator is unable to pay its debts as they fall due or if the administrator becomes subject to insolvency or other related proceedings. The administrator may retire upon 90 days’ written notice subject to the appointment of an alternative administrator on similar terms to the existing administrator. The business address of the administrator is 76 Lower Baggot Street, Dublin 2, Ireland.

The auditors of the Issuer are PricewaterhouseCoopers who are chartered accountants qualified to practice in Ireland.

Financial statements

The Issuer has published financial statements for up to 30 June 2015.

Authorisation

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed prior to 28 December 2016.

Litigation

There are no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the Issuer's financial position.

Selling restrictions

In addition to the Selling Restrictions set out in the Programme Memorandum the restrictions set out below shall apply.

The Notes have not been and will not be registered under the U.S Securities Act of 1933, as amended, and may not be directly or indirectly offered or sold in the United States or to or for the benefit of any U.S person (as defined in Regulation S) unless the securities are registered under the Securities Act of 1933, or an exemption from the registration requirements of the Securities Act of 1933 is available.

Where:

“U.S person” means a *“US person”*, as the term is defined in Regulation S under the Securities Act of 1933 (as amended from time to time) and more particularly are references to: (i) any natural person that resides in the U.S; (ii) any entity organised or incorporated under the laws of the U.S; (iii) any entity organised or incorporated outside the U.S that was formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act of 1933, unless it is organised or incorporated, and owned, by accredited investors (as defined in Section 501 of Regulation D promulgated under the Securities Act of 1933) who are not natural persons, estates or trusts; (iv) any estate of which any executor or administrator is a US person ; (v) any trust of which any trustee is a U.S person; (vi) any agency or branch of a foreign entity located in the U.S; or (vii) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; and (viii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or resident in the U.S. For the purposes hereof, the term **“U.S person”** shall not include any discretionary or non-discretionary account (other than an estate or trust) held for the benefit or account of a non-U.S person by a dealer or other professional fiduciary organised or incorporated in the US. The term **“U.S person”** includes entities that are subject to the U.S Employee Retirement Income Securities Act of 1974, as amended, or other tax-exempt investors or entities in which substantially all of the ownership is held by U.S persons.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **“Relevant Member State”**), an offer of Notes to the public has not and may not be made in that Relevant Member State.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Programme Memorandum, this Series Memorandum or any part thereof or any other offering material, in any country or jurisdiction where action for that purpose is required.

NO OFFER, SALE OR DELIVERY OF THE NOTES, OR DISTRIBUTION OR PUBLICATION OF ANY OFFERING MATERIAL RELATING TO THE NOTES, MAY BE MADE IN OR FROM ANY JURISDICTION EXCEPT IN CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. ANY OFFER OR SALE OF THE NOTES SHALL COMPLY WITH THE SELLING RESTRICTIONS AS SET OUT IN THE ISSUER'S OFFERING DOCUMENTS AND ALL APPLICABLE LAWS AND REGULATIONS.

General Information

For so long as the Notes remain outstanding, the following documents will be available in physical form from the date hereof during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Issuer and the specified office of the Principal Paying Agent in London:

- (a) the Master Documents which are incorporated by reference by the Constituting Instrument so as to constitute the Trust Deed, Agency Agreement, Placing Agreement and Charged Assets Sale Agreement with respect to the Notes (to the extent not otherwise amended, modified and/or supplemented by the Constituting Instrument);
- (b) any deed or agreement supplemental to the Master Documents;
- (c) the Programme Memorandum;
- (d) the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer; and
- (e) the Constituting Instrument

**APPENDIX 1 – PRODIGY PRIVATE OFFERING MEMORANDUM AND / OR THE
SUPPLEMENT**

SUPPLEMENT TO CONFIDENTIAL PRIVATE OFFERING MEMORANDUM

Of

PRODIGY SHOREWOOD MASTER REP FUND, LLC

a Delaware limited liability company

Preferred and Common Membership Interests

**PRODIGY SHOREWOOD DOMESTIC FEEDER REP FUND,
LLC**

a Delaware limited liability company

Preferred and Common Membership Interests

331 PARK AVE S. NEWCO, INC.

a Delaware corporation

Common Stock

and

PRODIGY SHOREWOOD NEW YORK REP FUND, LP

a Cayman Islands exempted limited partnership

Limited Partnership Interests

331 PARK AVE S. SERIES

July 15, 2016

Investment Manager:

Prodigy Network, LLC

40 Wall Street, 17th Floor

The Trump Building

New York, NY 10005

THE INTERESTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR ANY U.S. STATE SECURITIES LAWS, AND THE FUND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE “INVESTMENT COMPANY ACT”). THE INTERESTS ARE BEING OFFERED ONLY (I) TO “ACCREDITED INVESTORS,” AS SUCH TERM IS DEFINED UNDER RULE 501(A) OF REGULATION D UNDER THE SECURITIES ACT, PURSUANT TO THE EXEMPTION PROVIDED BY RULE 506(C) OF REGULATION D UNDER THE SECURITIES ACT AND (II) PERSONS THAT ARE NOT “U.S. PERSONS” IN “OFFSHORE TRANSACTIONS” IN RELIANCE ON (AND AS SUCH TERM IS DEFINED IN) REGULATION S UNDER THE SECURITIES ACT. PROSPECTIVE PURCHASERS

ARE HEREBY NOTIFIED THAT THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFER. SEE "REGULATORY MATTERS" IN THE CONFIDENTIAL PRIVATE OFFERING MEMORANDUM.

Reference is made to the Amended and Restated Confidential Private Offering Memorandum dated July 15, 2016 (as may be amended from time to time, the “**Base Private Offering Memorandum**”) issued by Prodigy Shorewood Master REP Fund, LLC, a Delaware limited liability company, Prodigy Shorewood Domestic Feeder REP Fund, LLC, a Delaware limited liability company, Prodigy Shorewood New York REP Fund, LP, a Cayman Islands exempted limited partnership, and the applicable NewCo pursuant to which the parties are offering to sell Interests in the Feeder Funds and NewCo. Capitalized terms used but not otherwise defined in this supplement to the Base Private Offering Memorandum (this “**Supplement**” and together with the Base Private Offering Memorandum, this “**Memorandum**”) shall have the respective meanings ascribed to them in the Base Private Offering Memorandum. The Base Private Offering Memorandum is incorporated herein by reference in its entirety.

The proposed primary terms for the Fund’s acquisition of the property located at 331 Park Avenue South, New York, New York and related sale of Interests are generally described below. This summary does not contain all of the information that may be important to you. To fully understand the terms of the offering of the Interests, you need to read this Memorandum and the transaction documents (including the Organizational Documents, the Structurally Subordinated Debt documents and the Senior Debt Documents) in their entirety. Certain of the defined terms used in this Memorandum are set forth in the Glossary to this Memorandum.

Principal Parties:

Investment Manager:	Prodigy Network, LLC
PropCo:	331 PAS Property Owner LLC, a Delaware limited liability company
MezzCo:	A wholly owned subsidiary of the JV for the purpose of incurring the Structurally Subordinated Debt, if any.
JV:	331 PAS JV LLC, a Delaware limited liability company
331 Park Ave S. Master Series:	The 331 Park Ave S. Series of the Master Fund.
Manager of Master Fund:	Prodigy Network, LLC
NewCo:	331 Park Ave S. NewCo, Inc., a Delaware corporation
331 Park Ave S. Offshore Feeder Series:	The LP Interests of Offshore Feeder associated with the 331 Park Ave S. Master Series.
331 Park Ave S. Domestic Feeder Series:	The 331 Park Ave S. Domestic Feeder Series of the Domestic Feeder.
Investment Manager of NewCo, 331 Park Ave S. Offshore Feeder Series and 331	Prodigy Network, LLC

Park Ave S. Domestic Feeder Series:	
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Property Address:	The Park Ave Property is located at 331 Park Avenue South, New York, New York 10010 (Block 880; Lot 4).
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Description of Property:	<p>The Park Ave Property is a 12-story (37,000 square foot) loft building with 3,200 square foot of ground floor retail. The Park Ave Property is located in Manhattan’s Madison Square North Historic District neighborhood. The premise was constructed in 1914 and is currently 100% vacant.</p> <p>The 331 Park Ave S. Master Series may also acquire as part of the Property certain other properties identified by PSIM, as manager of the JV, including the property located in Upstate New York for the purpose of establishing a retreat destination of The Assemblage members. The cost of such property, including land, building and improvements is anticipated to be less than \$5,000,000.</p>
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Purchase of Option Contract and the Property:

	<p>The Seller and PropCo have entered into the Option Purchase Agreement to purchase the Option Contract for \$5,340,000. Pursuant to the Option Purchase Agreement, the total purchase price for the Option Contract is due and payable in seven installments.</p> <p>As of the date hereof, the JV has made capital contributions to PropCo in the amount of \$2,840,000 for the payment of the first two installments of the purchase price due under the Option Purchase Agreement. JV, as a wholly owned subsidiary of the 114 E 25th Street Master Series, received the funds for the payment of those first two installments of the purchase price from the 114 E 25th Street Master Series. The 114 E 25th Street Master Series raised the funds needed for such contributions to the JV through the issuance of its 25th Street Master Class A Interests.</p> <p>In addition, Prodigy Network, LLC and Shorewood have made a \$1,500,000 interest free loan to PropCo for the payment of the following three installments of the purchase price due under the Option Contract.</p> <p>The remaining two installments of the purchase price due under the Option Contract (each in the amount of \$500,000 and due on or prior to September 15, 2016 and December 15, 2016, respectively), along with the repayment of the interest free loan</p>
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	<p>from Prodigy Network, LLC and Shorewood, will be paid through, the issuance of Master Class A-2 Preferred Interests by the 331 Park Ave S. Master Series to: (1) NewCo and (2) the 331 Park Ave S. Domestic Feeder Series.</p> <p>It is anticipated that the Seller and PropCo will enter into the Purchase Agreement on or before December 15, 2016 (or such other date as may be determined by the Seller and PropCo) in accordance with the Option Purchase Agreement for the purchase of the Park Ave Property. Additional capital required to close on the acquisition of the Property will be raised through the issuance of Master Class B Preferred Interests by the 331 Park Ave S. Master Series to NewCo and 331 Park Ave S. Domestic Feeder Series and the incurrence of certain debt described herein.</p> <p>Notwithstanding the foregoing, PSIM, as manager of the JV, may, at any time prior to the closing of the Park Ave Property, direct PropCo to sell the Option Contract. Net proceeds received by the 331 Park Ave S. Master Series in connection with such sale will be distributed as Available Operating Cash as set forth in this Memorandum.</p>
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Capital Structure:

<p>PropCo:</p>	<p>While PropCo is currently 100% owned by JV, if JV determines that Structurally Subordinated Debt is required or otherwise desirable in connection with the acquisition or redevelopment of the Property, JV will establish MezzCo. If JV determines that Structurally Subordinated Debt shall be incurred, MezzCo will use the capital contributed to it by JV in addition to the proceeds of the Structurally Subordinated Debt to acquire 100% of the membership interests of PropCo from JV, resulting in PropCo being wholly owned by MezzCo and MezzCo being wholly owned by JV.</p>
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<p>JV:</p>	<p>As of the date hereof, JV is a wholly owned subsidiary of the 114 E 25th Street Master Series. Pursuant to the MIPCA, the 114 E 25th Street Master Series will transfer to the 331 Park Ave S. Master Series 100% of the membership interest in the JV on the 25th Street Final Closing Date.</p>
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<p>Park Ave Note:</p>	<p>To the extent less than 100% of the membership interest of the JV that are held by the 114 E 25th Street Master Series will be transferred to the 331 Park Ave S. Master Series in connection with the conversions by investors that are reallocating their</p>
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interests from the applicable Feeder Fund relating to the 114 E 25th Street Master Series for Offshore Class A-1 Preferred Interests or Domestic Class A-1 Preferred Interests, any remaining membership interests in the JV will be sold by the 114 E 25th Street Master Series to the 331 Park Ave S. Master Series in exchange for the Park Ave Note issued by the 331 Park Ave S. Master Series to the 114 E 25th Street Master Series. The Park Ave Note will be paid with capital expected to be raised by the 331 Park Ave S. Master Series by issuing membership interests to NewCo and/or the 331 Park Ave S. Domestic Feeder Series.

331 Park Ave S. Master Series:

The 331 Park Ave S. Master Series is expected to issue approximately \$1,566,063 of Master Class A-1 Preferred Interests to NewCo and the 331 Park Ave S. Domestic Feeder Series. The 331 Park Ave S. Master Series is also expected to issue approximately \$6,000,000 of Master Class A-2 Preferred Interests to NewCo and 331 Park Ave S. Domestic Feeder Series. The net proceeds from the issuance of such interests will be (a) contributed or deemed contributed by the 331 Park Ave S. Master Series, directly or indirectly, to PropCo for the purchase and redevelopment of the Park Ave Property (including the Option Contract) and (b) used for the repayment of the Park Ave Note (in such order and at such times and in such amounts as may be determined by the Investment Manager). In addition, the 331 Park Ave S. Master Series is expected to issue approximately \$50,000,000 of Master Class B Preferred Interests to NewCo and the 331 Park Ave S. Domestic Feeder Series. The net proceeds from the issuance of such interests will be (a) contributed or deemed contributed by the 331 Park Ave S. Master Series, directly or indirectly, to PropCo for the purchase and redevelopment of the Property, (b) used for the repayment of the Park Ave Note and (c) used to redeem the Master Class A Preferred Interests on the Final Closing Date.

NewCo:

331 Park Ave S. NewCo, Inc. will be the “NewCo” (as defined in the Base Private Offering Memorandum) for the transaction. The 331 Park Ave S. Offshore Feeder Series and other direct investors in NewCo will hold the non-voting NewCo Class B Common Stock and thereby make an indirect investment in the 331 Park Ave S. Master Series. The 331 Park Ave S. Offshore Feeder Series and certain other shareholders of NewCo have made or will make (a) NewCo Loans to NewCo, and (b) equity investments in NewCo, and all proceeds of such loans and equity investments to NewCo have been or will be contributed

by NewCo to the capital of the 331 Park Ave S. Master Series in return for certain of the (a) Master Class A Preferred Interests, (b) Master Class B Preferred Interests and (c) Master Common Interests. All distributions received by NewCo and any surplus assets and properties of NewCo, net of any applicable taxes, fees, expenses and other liabilities (including the NewCo Loans), will be distributed by NewCo to NewCo's shareholders, including the 331 Park Ave S. Offshore Feeder Series, in accordance with NewCo's organizational documents and that certain Stockholders Agreement, dated as of July 15, 2016, among the shareholders of NewCo. NewCo has authorized the issuance of NewCo Class A Common Stock, NewCo Class B-1 Common Stock, NewCo Class B-2 Common Stock, NewCo Class B-3 Common Stock and NewCo Class B-4 Common Stock.

Except as otherwise required by law, (a) only Holders of NewCo Class A Common Stock are entitled to vote on the affairs of NewCo and (b) Holders of NewCo Class B Common Stock are not entitled to vote on the affairs of NewCo. All shares of NewCo are in registered form, and no certificated shares will be issued.

All voting NewCo Class A Common Stocks will be issued to Prodigy Network, LLC.

NewCo Class B-1 Common Stock will be issued solely to the 331 Park Ave S. Offshore Feeder Series in connection with the capital contribution made by 331 Park Ave S. Offshore Feeder Series to NewCo pursuant to the MIPCA. NewCo Class B-2 Common Stock will be issued to the 331 Park Ave S. Offshore Feeder Series and direct investors in NewCo. Capital raised through the issuance of the NewCo Class B-2 Common Stock will be contributed to the 331 Park Ave S. Master Series in exchange for Master Class A-2 Preferred Interests. NewCo Class B-3 Common Stock will be issued to the 331 Park Ave S. Offshore Feeder Series and other direct investors in NewCo. Capital raised or to be raised through the issuance of NewCo Class B-3 Common Stocks will be contributed to the 331 Park Ave S. Master Series in exchange for: (x) Master Class B Preferred Interests and (y) to redeem certain NewCo Class B-1 Common Stock and NewCo Class B-2 Common Stock that will not be converted to NewCo Class B-3 Common Stock and/or NewCo Class B-4 Common Stock on the Final Closing Date.

NewCo Class B-4 Common Stock will be issued to the 331 Park Ave S. Offshore Feeder Series and other direct investors in NewCo. NewCo Class B-4 Common Stock will be issued solely to (a) holders of NewCo Class B-1 Common Stock and

NewCo Class B-2 Common Stock that elect to convert their NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock to NewCo Class B-3 Common Stock as described below and (b) certain holders of NewCo Class B-3 Common Stock if so specified in such investor's subscription agreement. The number of shares of NewCo Class B-4 Common Stock held by a holder thereof at any time is determined by multiplying (a) the NewCo Common Interest Percentage then applicable to such holder by (b) all issued and then outstanding shares of NewCo Class B-4 Common Stock.

On or prior to December 31, 2016, each holder of NewCo Class B-1 Common Stock and NewCo Class B-2 Common Stock is required to provide to the Investment Manager a written direction (in such form as provided by the Investment Manager) in respect of 100% of the capital contributions made by such investor in NewCo with respect to such NewCo Class B-1 Common Stock and NewCo Class B-2 Common Stock. In such written direction, each holder of NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock shall irrevocably direct the Investment Manager to:

(a) cause NewCo to convert all or a portion of the NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock then held by such holder in an amount equal to the NewCo Conversion Amount applicable to such holder to (i) NewCo Class B-3 Common Stock in an amount equal to the NewCo Conversion Price applicable to such holder, and (ii) NewCo Common Factor of 0.80% for each \$125,000 of NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock converted to NewCo Class B-3 Common Stock as described in clause (i), in each of the foregoing clauses (i) and (ii), effective as of the Final Closing Date; and/or

(b) cause NewCo to redeem, effective as of the Final Closing Date, all or a portion of the NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock then held by such holder in an amount equal to the NewCo Redemption Amount applicable to such holder at a price equal to the NewCo Redemption Price applicable to such holder.

In addition to assigning NewCo Common Factors to investors in NewCo in connection with their conversion of NewCo Class B-1 Common Stock and NewCo Class B-2 Common Stock as described above, the Investment Manager is authorized to issue on behalf of NewCo, NewCo Class B-4 Common Stock (on such terms and conditions as the Investment Manager may

determine in its discretion) to certain investors in connection with an investor's investments in NewCo Class B-3 Common Stocks. In connection with any such investment, the Investment Manager may determine the amount of NewCo Class B-4 Common Stock that will be issued to an investor by reference to the quotient of (x) the NewCo Common Factor ascribed to such investor in its Subscription Agreement over (y) the aggregate NewCo Common Factor of all holders of NewCo Class B-4 Common Stock. NewCo has no obligation to issue to any investor in NewCo Class B-3 Common Stock any NewCo Class B-4 Common Stock.

If NewCo does not have sufficient funds for the payment of the full amount of the NewCo Redemption Price to redeem all NewCo Designated Interests on the Final Closing Date (after giving effect to the payment of amounts necessary to acquire, renovate and redevelop the Property and to pay fees and expenses of NewCo), NewCo will use amounts available for purposes of such redemption, if any, to redeem NewCo Designated Interests that may be redeemed on the Final Closing Date, *pro rata* among redeeming investors, and NewCo will have until the Extended Conversion Date to raise the remaining balance of the NewCo Redemption Price; *provided*, that if the remaining balance of the aggregate NewCo Redemption Price for all applicable investors is not raised by the Extended Conversion Date, the remaining portion of the NewCo Designated Interests will be converted into (i) NewCo Class B-3 Common Stocks, and the applicable investor will receive NewCo Class B-3 Common Stocks in an amount equal to the outstanding balance of the NewCo Redemption Price with respect to such investor, and (ii) NewCo Common Factor of 0.80% for each \$125,000 NewCo Designated Interests converted to NewCo Class B-3 Common Stocks pursuant to clause (i), in each case, effective as of the Extended Conversion Date.

331 Park Ave S. Offshore Feeder Series:

The 331 Park Ave S. Offshore Feeder Series has authorized the issuance of Offshore Class A-1 Preferred Interests, Offshore Class A-2 Preferred Interests, Offshore Class B Preferred Interests and Offshore Common Interests. Capital raised through the issuance of the Offshore Class A-2 Preferred Interests will be indirectly used to purchase Master Class A-2 Preferred Interests. Capital raised or to be raised through the issuance of the Offshore Class B Preferred Interests have been and will be indirectly used to purchase Master Class B Preferred Interests and to redeem certain Offshore Class A Preferred Interests that will not be converted to Offshore Class

B Preferred Interests on the Final Closing Date. Offshore Common Interests will be issued solely to (a) holders of Offshore Class A Preferred Interests that elect to convert their Offshore Class A Preferred Interests to Offshore Class B Preferred Interests as described below and (b) certain holders of Offshore Class B Preferred Interests if so specified in such investor's subscription agreement. The amount of Offshore Common Interest held by a holder thereof at any time is determined by multiplying (a) the Offshore Common Interest Percentage then applicable to such holder by (b) all issued and then outstanding Offshore Common Interests.

On or prior to December 31, 2016, each holder of Offshore Class A Preferred Interests is required to provide to the Investment Manager a written direction (in such form as provided by the Investment Manager) in respect of 100% of the capital contributions made by such investor in the Offshore Class A Preferred Interests (including any premium collected). In such written direction, each investor shall irrevocably direct the Investment Manager to:

(a) cause the 331 Park Ave S. Offshore Feeder Series to convert all or a portion of the Offshore Class A Preferred Interests then held by such holder in an amount equal to the Offshore Conversion Amount applicable to such holder to (i) Offshore Class B Preferred Interests in an amount equal to the Offshore Class A Preferred Interests Conversion Price applicable to such holder, and (ii) Offshore Common Factor of 0.80% for each \$500,000 of Offshore Class A Preferred Interests converted to Offshore Class B Preferred Interests as described in clause (i), in each of the foregoing clauses (i) and (ii), effective as of the Final Closing Date; and/or

(b) cause the 331 Park Ave S. Offshore Feeder Series to redeem, effective as of the Final Closing Date, all or a portion of the Offshore Class A Preferred Interests then held by such holder in an amount equal to the Offshore Redemption Amount applicable to such holder at a price equal to the Offshore Class A Preferred Interests Redemption Price applicable to such holder.

In addition to assigning Offshore Common Factors to investors in connection with their conversion of Offshore Class A Preferred Interests as described above, the Investment Manager is authorized to issue on behalf of the 331 Park Ave S. Offshore Feeder Series Offshore Common Interests (on such terms and conditions as the Investment Manager may determine in its discretion) to certain investors in connection

with an investor's investments in Offshore Class B Preferred Interests. In connection with any such investment, the Investment Manager may determine the amount of Offshore Common Interests that will be issued to an investor in the 331 Park Ave S. Offshore Feeder Series by assigning Offshore Common Factor to such investor. The 331 Park Ave S. Offshore Feeder has no duty or obligation to assign to any investor of Offshore Class B Preferred Interests any Offshore Common Factor.

If the 331 Park Ave S. Offshore Feeder Series does not have sufficient funds for the payment of the full amount of the Offshore Class A Preferred Interests Redemption Price to redeem all Offshore Feeder Designated Interests on the Final Closing Date (after giving effect to the payment of amounts necessary to acquire, renovate and redevelop the Property and to pay fees and expenses of 331 Park Ave S. Offshore Feeder Series), the 331 Park Ave S. Offshore Feeder Series will use amounts available for purposes of such redemption, if any, to redeem Offshore Feeder Designated Interests that may be redeemed on the Final Closing Date, pro rata among redeeming investors, and the Offshore Feeder Series will have until the Extended Conversion Date to raise the remaining balance of the Offshore Class A Preferred Interests Redemption Price; *provided*, that if the remaining balance of the aggregate Offshore Class A Preferred Interests Redemption Price for all applicable investors is not raised by the Extended Conversion Date, the remaining portion of the Offshore Feeder Designated Interests will be converted into (i) Offshore Class B Preferred Interests, and the applicable investor will receive Offshore Class B Preferred Interests in an amount equal to the outstanding balance of the Offshore Class A Preferred Interests Redemption Price with respect to such investor, and (ii) Offshore Common Factor of 0.80% for each \$500,000 Offshore Class A Preferred Interests converted to Offshore Class B Preferred Interests as described in clause (i), in each case, effective as of the Extended Conversion Date.

All partnership interests of the 331 Park Ave S. Offshore Feeder Series will entitle the holders thereof to distributions as set forth in this Memorandum.

331 Park Ave S. Series of Domestic Feeder:

The Domestic Feeder will issue a series of limited liability company interests to investors acquiring interests in the 331 Park Ave S. Domestic Feeder Series for the purpose of making an investment in the 331 Park Ave S. Master Series.

The 331 Park Ave S. Domestic Feeder Series has authorized the issuance of Domestic Class A-1 Preferred Interests,

Domestic Class A-2 Preferred Interests, Domestic Class B Preferred Interests and Domestic Common Interests. Capital raised through the issuance of the Domestic Class A-2 Preferred Interests will be contributed to the 331 Park Ave S. Master Series in exchange for Master Class A-2 Preferred Interests. Capital raised through the issuance of the Domestic Class B Preferred Interests will be contributed to the 331 Park Ave S. Master Series in exchange for Master Class B Preferred Interests and to redeem certain Domestic Class A Preferred Interests that will not be converted to Domestic Class B Preferred Interests. All membership interests of the 331 Park Ave S. Domestic Feeder Series are in registered form, and no certificated membership interests will be issued.

Domestic Common Interests will be issued solely to (a) holders of Domestic Class A Preferred Interests that elect to convert their Domestic Class A Preferred Interests to Domestic Class B Preferred Interests as described below and (b) certain holders of Domestic Class B Preferred Interests if so specified in such holder's subscription agreement. The amount of Domestic Common Interest held by a holder thereof at any time is determined by multiplying (a) the Domestic Common Interest Percentage then applicable to such holder by (b) all issued and then outstanding Domestic Common Interests.

On or prior to December 31, 2016, each holder of Domestic Class A Preferred Interest is required to provide to the Investment Manager a written direction (in such form as provided by the Investment Manager) concerning the reallocation of 100% of capital contributions made by such investor with respect to the Domestic Class A Preferred Interests (including any premium collected). In such written direction, each investor shall irrevocably direct the Investment Manager to:

(a) cause the 331 Park Ave S. Domestic Feeder Series to convert all or a portion of the Domestic Class A Preferred Interests then held by such holder in an amount equal to the Domestic Conversion Amount applicable to such holder to (i) Domestic Class B Preferred Interests in an amount equal to the Domestic Class A Preferred Interests Conversion Price applicable to such holder, and (ii) Domestic Common Factor of 0.80% for each \$500,000 of Domestic Class A Preferred Interests converted to Domestic Class B Preferred Interests as described in clause (i), in each of the foregoing clauses (i) and (ii), effective as of the Final Closing Date; and/or

(b) cause the 331 Park Ave S. Domestic Feeder Series

to redeem, effective as of the Final Closing Date, all or a portion of the Domestic Class A Preferred Interests then held by such holder in an amount equal to the Domestic Redemption Amount applicable to such holder at a price equal to the Domestic Class A Preferred Interests Redemption Price applicable to such holder.

In addition to assigning Domestic Common Factors to investors in connection with their conversion of Domestic Class A Preferred Interests as described above, the Investment Manager is authorized to and may issue Domestic Common Interests on behalf of the 331 Park Ave S. Domestic Feeder Series (on such terms and conditions as the Investment Manager may determine in its discretion) to an investor in connection with an investor's investment in Domestic Class B Preferred Interests. In connection with any such investment, the Investment Manager may determine the amount of Domestic Common Interests that will be issued to an investor in the 331 Park Ave S. Domestic Feeder Series by assigning Domestic Common Factor to such investor. The 331 Park Ave S. Domestic Feeder has no duty or obligation to assign to any investor of Domestic Class B Preferred Interests any Domestic Common Factor.

With respect to each holder of Domestic Class A Preferred Interests, the conversion of all or a portion of each such holder's Domestic Class A Preferred Interests to Domestic Class B Preferred Interests on a Conversion Date generally would not be expected to be a taxable transaction on such Conversion Date. However, on the applicable Conversion Date, each holder of Domestic Class A Preferred Interests also may receive additional Domestic Class B Preferred Interests based on Domestic Class A Conversion Tax Exposure Amount of such holder as of such Conversion Date. The 331 Park Ave S. Domestic Feeder Series does not intend to treat such additional Domestic Class B Preferred Interests received by such holder as issued in exchange for deemed capital contributions to the 331 Park Ave S. Domestic Feeder Series by such holder for purposes of maintenance of the Capital Account (as defined in Section 4.3(a) of the Domestic Feeder's Operating Agreement). As a result, such additional Domestic Class B Preferred Interests are not expected to increase the Capital Account of such holder as of the Conversion Date. Holders of Domestic Class A Preferred Interests should consult their tax advisors regarding the economic and tax consequences to them of receiving additional Domestic Class B Preferred Interests without a corresponding increase in their

Capital Accounts as of the applicable Conversion Date.

If the 331 Park Ave S. Domestic Feeder Series does not have sufficient funds for the payment of the full amount of the Domestic Class A Preferred Interests Redemption Price to redeem all Domestic Feeder Designated Interests on the Final Closing Date (after giving effect to the payment of amounts necessary to acquire, renovate and redevelop the Property and to pay fees and expenses of the 331 Park Ave S. Domestic Feeder Series), the 331 Park Ave S. Domestic Feeder Series will use amounts available for purposes of such redemption, if any, to redeem the Domestic Feeder Designated Interests that may be redeemed on the Final Closing Date, pro rata among redeeming investors, and the 331 Park Ave S. Domestic Feeder Series will have until the Extended Conversion Date to raise the remaining balance of the Domestic Class A Preferred Interests Redemption Price; *provided*, that if the remaining balance of the aggregate Domestic Class A Preferred Interests Redemption Prices for all applicable investors is not raised by the Extended Conversion Date, the remaining portion of the Domestic Feeder Designated Interests will be converted into (i) Domestic Class B Preferred Interests, and the applicable investor will receive Domestic Class B Preferred Interests in an amount equal to the outstanding balance of the Domestic Class A Preferred Interests Redemption Price with respect such investor, and (ii) Domestic Common Factor of 0.80% for each \$500,000 of Domestic Class A Preferred Interests converted to Domestic Class B Preferred Interests as described in clause (i), in each case, as of the Extended Conversion Date.

All membership interests of 331 Park Ave S. Domestic Feeder Series will entitle the holders thereof to distributions as set forth in this Memorandum.

331 Park Ave S. Series of Master Fund:

The Master Fund will issue a series of limited liability company interests of the 331 Park Ave S. Master Series to NewCo and the 331 Park Ave S. Domestic Feeder Series.

The 331 Park Ave S. Master Series has authorized the issuance of Master Class A-1 Preferred Interests, Master Class A-2 Preferred Interests, Master Class B Preferred Interests and Master Common Interests. Master Class A-1 Preferred Interests are issued to NewCo and the 331 Park Ave S. Domestic Feeder Series in connection with their contribution of the membership interests in the JV to the 331 Park Ave S. Master Series. Master Class A-2 Preferred Interests and Master Class B Preferred Interests will be issued to NewCo and the 331 Park Ave S. Domestic Feeder. Capital raised through the

issuance of the Master Class A-2 Preferred Interests will be used in connection with the purchase of the Option Contract. Capital raised through the issuance of the Master Class B Preferred Interests is expected to be used in connection with the purchase of the Property and to redeem certain Master Class A Preferred Interests that will not be converted to Master Class B Preferred Interests. Master Preferred Interests are being offered only to NewCo and the 331 Park Ave S. Domestic Feeder Series. Master Common Membership Interests of the 331 Park Ave S. Master Series will be held by PSIM Park Ave, the 331 Park Ave S. Domestic Series and/or NewCo. All membership interests of the 331 Park Ave S. Master Series are in registered form, and no certificated membership interests will be issued.

All membership interests of 331 Park Ave S. Master Series will entitle the holders thereof to distributions as set forth in this Memorandum.

On the Final Closing Date, the Investment Manager will reallocate 100% of capital contributions received by the 331 Park Ave S. Master Series in connection with the Master Class A Preferred Interests (including any premium collected), in such proportion as determined by the Investment Manager, for the following purposes:

(a) for the conversion to (i) Master Class B Preferred Interests, in an amount equal to the Master Class A Preferred Interests Conversion Price, and (ii) Master Common Interests, in an amount equal to (A) in the case of NewCo, the product of (x) the sum of all NewCo Common Factors allocated to the investors of NewCo in connection with the conversion of such investors' NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock to NewCo Class B-3 Common Stock and NewCo Class B-4 Common Stock multiplied by (y) all issued and outstanding Master Common Interests as of the applicable Conversion Date and (B) in the case of 331 Park Ave S. Domestic Feeder Series, the product of (x) the sum of all Domestic Common Factors allocated to the investors of 331 Park Ave S. Domestic Feeder Series in connection with the conversion of such investors' Domestic Class A Preferred Interests to Domestic Class B Preferred Interests and Domestic Common Interests multiplied by (y) all issued and outstanding Master Common Interests as of the applicable Conversion Date; and/or

(b) for the redemption of certain Master Class A Preferred Interests by the 331 Park Ave S. Master

Series in an amount equal to the Master Class A Preferred Interests Redemption Price.

In addition to issuing Master Common Interests in connection with conversions of Master Class A Preferred Interests as described above, the Investment Manager may assign some or all of its Master Common Interests and is authorized to issue on behalf of the 331 Park Ave S. Master Series additional Master Common Interests to investors of Master Class B Preferred Interests on such terms and conditions as the Investment Manager may determine in its discretion. The Organizational Documents of the 331 Park Ave S. Master Series do not limit the aggregate amount of Master Common Interests that may be issued from time to time. When the Investment Manager issues on behalf of the 331 Park Ave S. Master Series, the relative ownership and entitlement to distributions of holders of Master Common Interests will be less than their relative entitlement thereto and therein prior to such issuance. Neither the Investment Manager nor PSIM Park Ave has any obligation or duty to assign Master Common Interests to an investor instead of issuing additional Master Common Interests, and neither the Investment Manager nor PSIM Park Ave has any obligation to issue to any investors in Master Class B Preferred Interest any Master Common Interests.

The conversion of all or a portion of the Master Class A Preferred Interests into the Master Class B Preferred Interests on a Conversion Date generally would not be expected to be a taxable transaction for either NewCo or 311 Park Ave S. Domestic Feeder Series. However, on the applicable Conversion Date, NewCo or 311 Park Ave S. Domestic Feeder Series may receive additional Master Class B Preferred Interests based on the Master Class A Conversion Tax Exposure Amount applicable to it as of such Conversion Date. The 331 Park Ave S. Master Series does not intend to treat such additional Master Class B Preferred Interests received by NewCo or 311 Park Ave S. Domestic Feeder, as applicable, as issued in exchange for deemed capital contributions to the 331 Park Ave S. Master Series by NewCo or the 311 Park Ave S. Domestic Feeder Series, as applicable, for purposes of maintenance of the Capital Account (as defined in Section 4.3(a) of the Master Fund's Operating Agreement). As a result, such additional Master Class B Preferred Interests are not expected to increase the Capital Account of NewCo or the 311 Park Ave S. Domestic Feeder Series as of the Conversion Date. Holders of NewCo Class B-1 Common Stock, NewCo Class B-2 Common Stock and Domestic Class A Preferred Interests should consult their tax advisors regarding the

economic and tax consequences to them of NewCo or the 311 Park Ave S. Domestic Feeder Series, as applicable, receiving additional Master Class B Preferred Interests without a corresponding increase in its Capital Account as of the applicable Conversion Date. Unless Master Common Interests have otherwise been assigned to an investor of the 331 Park Ave Master Series by the Investment Manager, all Master Common Interests will be held by PSIM Park Ave.

If the 331 Park Ave S. Master Series does not have sufficient funds for the payment of the full Master Class A Preferred Interests Redemption Price on the Final Closing Date (after giving effect to the payment of amounts necessary to acquire, renovate and redevelop the Property and to pay fees and expenses of the 331 Park Ave S. Master Series), the 331 Park Ave S. Master Series will use amounts available for purposes of such redemption, if any, to redeem the Master Designated Interests that may be redeemed on the Final Closing Date, pro rata among redeeming investors, and the 331 Park Ave S. Master Series will have until the Extended Conversion Date to raise the remaining balance of the Master Class A Preferred Interests Redemption Price; *provided*, that if the remaining Master Class A Preferred Interests Redemption Price is not raised by the Extended Conversion Date, the remaining portion of the Master Designated Interests will be converted into Master Class B Preferred Interests, in an amount equal to the outstanding balance of the Master Class A Preferred Interests Redemption Price. Additionally, in connection with such conversion (a) NewCo will receive from PSIM Park Ave Master Common Interests in an amount equal to the product of (x) the sum of all NewCo Common Factors assigned to the investors of NewCo in connection with the conversion of such investor's NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock to NewCo Class B-3 Common Stock on such date multiplied by (y) all issued and outstanding Master Common Interests as of the applicable Conversion Date and (b) the 331 Park Ave S. Domestic Feeder Series will receive from PSIM Park Ave Master Common Interests in an amount equal to the product of (x) the sum of all Domestic Common Factors assigned to the investors of the 331 Park Ave S. Domestic Feeder Series in connection with the conversion of such investor's Domestic Class A Preferred Interests converted to Domestic Class B Preferred Interests on such date multiplied by (y) all issued and outstanding Master Common Interest as of the Applicable Conversion.

Property Purchase Price:

See definition of "Property Purchase Price". The Property

	<p>Purchase Price with respect to the Park Ave Property is expected to be the sum of: (i) \$49,153,847.64, <i>plus</i> (ii) a stipulated amount of construction costs, air rights acquisition costs, carry costs and capital costs at the rate of \$200,000 per month commencing on March 1, 2016 through the property closing date, as more fully set forth below, <i>less</i> (iii) the aggregate amount of option payments in the amount of \$5,340,000. The purchase price for the property located in Upstate New York is anticipated to be approximately \$1.5 million, and may be purchased from a related party that previously acquired the property for purposes of securing the land for the retreat. If the property is acquired from a related party, it will be done so at the then current appraised value of the property as determined by a reputable third party appraisal firm.</p>
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Initial Closing Date:	See definition of “Initial Closing Date”. The Initial Closing Date is expected to occur on or period to December 15, 2016.
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Final Closing Date:	See definition of “Final Closing Date”. The Final Closing Date is expected to occur in March, 2017.
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Investment Objective and Strategy:	<p>Upon the completion of the renovation of the Property, PSIM, in its capacity as the manager of the JV, may select and work with the Assemblage as the brand and operator of the Property. The Assemblage is a newly created brand owned by Prodigy Network, LLC and Shorewood that is intended to market and operate the Property in collaboration with a third party operator, among other properties managed by PSIM, as collaborative workspace. It is anticipated that PropCo will enter into a management agreement with the Assemblage that will more clearly define the terms of the arrangement between PropCo and Assemblage.</p> <p>The total project cost is expected to be approximately \$90 million including the acquisition and development of the retreat in Upstate New York.</p> <p>The acquisition and renovation of the Park Ave Property is expected to be financed by Senior Debt in the aggregate amount of approximately \$35 million and approximately \$55 million from amounts contributed by the 331 Park Ave S. Domestic Feeder Series and NewCo (including the 331 Park Ave S. Offshore Feeder Series and each other shareholder of</p>
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	<p>NewCo). Amounts contributed by the 331 Park Ave S. Domestic Feeder Series and NewCo (including the 331 Park Ave S. Offshore Feeder Series and each other shareholder of NewCo) will be used to pay fund expenses and fees and will reduce the amount of capital available for contribution to the JV. Capital raised prior to the Final Closing Date may be deployed by the Investment Manager at such dates and in such amounts as may be determined by the Investment Manager, including for the payment of various fees and expenses described hereunder.</p> <p>The Investment Manager may opt to adjust the capitalization of the project in the event it determines it should secure more, or less, debt for the project.</p> <p>The Park Ave Property is anticipated to be completed in the first quarter of 2018, at which point the Investment Manager will launch its first opening of the Park Ave Property.</p>
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<p>Required Capital Amount:</p>	<p>The Required Capital Amount is approximately \$50,000,000 through the issuance of Master Class A Preferred Interests (until such Master Class A Preferred Interests are redeemed or converted to Master Class B Preferred interests) and, Master Class B Preferred Interests (including the Master Class A Preferred Interests Redemption Price paid to holders of Master Class A Preferred Interests).</p>
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<p>Offering of Interests:</p>	<p>The 331 Park Ave S. Master Series will raise the Required Capital Amount through the 331 Park Ave S. Domestic Feeder Series, NewCo (including the 331 Park Ave S. Offshore Feeder Series and each other shareholder of NewCo) and/or PSIM Park Ave.</p>
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<p>Minimum Subscription for 331 Park Ave S. Domestic Feeder Series:</p>	<p>The minimum subscription for the 331 Park Ave S. Domestic Feeder Series is (i) \$250,000 for Domestic Class A-2 Preferred Interests and (ii) \$10,000 for Domestic Class B Preferred Interests. However, the Investment Manager may alter the required minimum subscription at any time in its sole discretion.</p>
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<p>Minimum Subscription for NewCo:</p>	<p>The minimum subscription for NewCo is (i) \$62,500 for NewCo Class B-2 Common Stock and (ii) \$12,500 for NewCo Class B-3 Common Stock. However, the Investment Manager may alter the required minimum subscription at any time in its sole discretion.</p>
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<p>Minimum Subscription for 331 Park Ave S. Offshore Feeder Series:</p>	<p>The minimum subscription for the 331 Park Ave S. Offshore Feeder Series is (i) \$500,000 for Offshore Class A-2 Preferred Interests and (ii) \$50,000 for Offshore Class B Preferred Interests. However, the Investment Manager may alter the required minimum subscription at any time in its sole discretion.</p>
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<p>Deemed Capital Contribution:</p>	<p>The Investment Manager is authorized to treat NewCo, the 331 Park Ave S. Feeder Funds and/or Investors thereof as having made cash contributions (“Deemed Capital Contribution”) to the 331 Park Ave S. Master Series, NewCo and/or the 331 Park Ave S. Feeder Funds, as applicable, without actually receiving any actual cash from such persons, in each case on such terms and conditions as the Investment Manager may determine in its discretion (including with respect to the vesting of the interests in 331 Park Ave S. Master Series and/or the 331 Park Ave S. Feeder Funds); <i>provided</i>, the aggregate amount of Deemed Capital Contribution to the 331 Park Ave S. Master Series, NewCo and the 331 Park Ave S. Feeder Funds from employees of the Investment Manager and/or employees of its affiliates shall not exceed, in the aggregate, 2% of the Raised Equity.</p> <p>Incremental taxes (in excess of those which would have been borne by NewCo had no deemed capital contributions been made) which are borne by NewCo with respect to income and gain associated with such deemed capital contributions shall be solely for the account of those persons treated as making such deemed capital contributions with respect to NewCo and accordingly shall reduce, dollar for dollar, amounts otherwise distributable to such persons.</p>
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<p>Investor Subscriptions:</p>	<p>If, after receiving this Supplement along with the corresponding Subscription Agreement, an investor subscribes for Domestic Class A-2 Preferred Interests, Offshore Class A-2 Preferred Interests or NewCo Class B-2 Common Stock (by the Investor’s delivery to the Investment Manager and Administrator of a completed and executed Subscription Agreement), the Investor will be required to make a capital contribution equal to one hundred percent (100%) of its subscription amount pursuant to the applicable Subscription Agreement within ten (10) days after delivery of notice by the Administrator to the Investor that such Subscription Agreement has been approved.</p> <p>If, after receiving this Supplement along with the corresponding Subscription Agreement, an investor subscribes for Domestic Class B Preferred Interests, Offshore Class B Preferred Interests or NewCo Class B-3 Common Stock (by</p>
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the Investor's delivery to the Investment Manager and Administrator of a completed and executed Subscription Agreement), the Investor will be required to make a capital contribution equal to twenty percent (20%) of its subscription commitment pursuant to the applicable Subscription Agreement within ten (10) days after delivery of notice by the Administrator to the Investor that such Subscription Agreement has been approved, and its remaining unpaid subscription amount on or before the earlier of: (x) February 28, 2017 or (y) within thirty (30) days of receiving notice from the Investment Manager that the balance of the Subscriber's subscription amount is due, provided that, in the event the notice from the Administrator of the approval of this Subscription is received on or after February 28, 2017, then the Subscriber shall make a capital contribution of its entire subscription amount (without any requirement by the Investment Manager to provide notice) pursuant to this Supplement Agreement within ten (10) days after notice by the Administrator that this Subscription has been approved.

Capital Contributions in respect of the Domestic Class B Preferred Interests, the Offshore Class B Preferred Interests, and NewCo Class B-3 Common Stock shall be held in escrow by or on behalf of the 331 Park Ave S. Master Series. An investor's date of contribution shall not be deemed the date that capital has been deposited in escrow but shall be the date such funds are released from escrow and directly or indirectly contributed to the capital of the 331 Park Ave S. Master Series (as reflected in the books and records of the 331 Park Ave S. Master Series).

Unless otherwise waived in writing by the Investment Manager, the failure of the Subscriber to contribute in full its remaining subscription when due will result in the forfeiture by the Subscriber in all of its Interests in the Series (including any accrued return thereon) and all capital contributions made by the Subscriber in connection with the Series.

Uses:

The proceeds of capital contributed from time to time by an Investor may be used for any purpose permitted by applicable law and consistent with the Investment Objective and Strategy, including, without limitation, for payment of fees and expenses.

Any unused amount of the Investor's capital contribution in respect of the applicable 331 Park Ave S. Feeder Fund or NewCo in excess of reasonable reserves set aside for such Feeder Fund expenses and contingencies, will be returned to the Investor (i) within one year of the completion of the

	<p>Property's redevelopment, or (ii) such time as there is a change in law or business conditions that, in the sole discretion of the Investment Manager, makes termination of the investment period necessary or advisable. If the 331 Park Ave S. Master Series does not receive aggregate capital contributions sufficient (together with other sources of capital available to the 331 Park Ave S. Master Series, JV, MezzCo or PropCo) to enable PropCo (or an affiliate thereof) to close on the acquisition of the Park Ave Property by December 31, 2017 and the Investment Manager elects not to proceed with the purchase of the Park Ave Property, each Investor's capital contributions related to the Master Class B Preferred Interests will be returned.</p>
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Investment Term:	<p>Four (4) years from the Final Closing Date with three (3) one-year extensions at the discretion of the Investment Manager.</p>
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Fees:	<p>As compensation for the management of the Property, Investment Manager will receive the Management Fee. The Management fee is payable by the 331 Park Ave S. Master Series to the Investment Manager in advance on each Semiannual Distribution Date.</p> <p>As compensation for its services in connection with the acquisition of the Property, securing of the Senior Debt, development and redevelopment of the Property, PSIM or one or more of its affiliates, will receive from the JV the following fees: An acquisition fee equal to one percent (1%) of the gross purchase price of the Property, which fee shall be paid upon the closing date of the acquisition of the applicable Property; and a development fee equal to three percent (3%) of the sum of (x) the gross purchase price of the Property and (y) the total soft and hard costs required to develop the Property, which fee is to be paid in equal monthly installments from the period beginning March 17, 2016 until the completion of the renovation of the Property.</p>
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Expenses:	<p>The definition of Fund Expenses in the Base Private Offering Memorandum is deleted in its entirety and replaced with the definition of "Fund Expenses" in this Supplement.</p> <p>The JV will bear all fees, costs and expenses incurred in connection with the organization and funding of the JV, including: (i) the negotiation, establishment and operation of the JV and PropCo, (ii) the acquisition of the Property, (iii) the redevelopment of the Property, (iv) the marketing of the Property, and (v) the operations, sale and/or other disposition</p>
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of the Property or any of its units.

Distributions:

a. Distribution Dates:

Distributions of Available Cash by the 331 Park Ave S. Master Series, if any, shall be made on each Semiannual Distribution Date beginning on the first such Semiannual Distribution Date following the Final Closing Date. Distributions by NewCo (solely with respect to distributions received from the 331 Park Ave S. Master Series and net of deductions), if any, will be made within nine (9) Business Days of receipt from the 331 Park Ave S. Master Series. Distributions by the 331 Park Ave S. Offshore Feeder Series (solely with respect to distributions received from NewCo), if any, will be made within one (1) Business Day of receipt from NewCo.

Distributions by the 331 Park Ave S. Domestic Feeder Series (solely with respect to distributions received from the 331 Park Ave S. Master Series and net of deductions), if any, will be made within ten (10) Business Days of receipt from the 331 Park Ave S. Master Series.

b. Priority of Payments:

Distributions of PropCo's operational cash flow and cash flow upon the sale of the Property, net of deductions (including, but not limited to, (i) payments due to any credit provider under any financing agreement, including Senior Debt, (ii) other existing or reasonably foreseeable expenses of PropCo, MezzCo and the JV and (iii) amounts reserved by the Investment Manager or PSIM in its sole discretion to establish reserves for PropCo's, MezzCo's (if applicable) and/or the JV's operations and/or liabilities), shall be made directly to the JV or, if MezzCo is created for purposes of incurring Structurally Subordinated Debt, MezzCo.

If applicable, distributions of MezzCo's net cash flow, net of deductions (including, but not limited to, (i) payments due to any credit provider under any financing agreement, including Structurally Subordinated Debt, (ii) other existing or reasonably foreseeable expenses of MezzCo and (iii) amounts reserved by the Investment Manager or PSIM in its sole discretion to establish reserves for MezzCo's operations and/or liabilities), shall be made directly to the JV.

Distributions of the JV's net cash flow, net of deductions (including, but not limited to, (i) payments due to any credit provider under any financing agreement, (ii) existing or reasonably foreseeable expenses of the JV and (iii) amounts reserved by PSIM in its sole discretion to establish reserves for

the JV's operations and/or liabilities), will be made to the 331 Park Ave S. Master Series.

On each Semiannual Distribution Date (subject to any special distribution provision described herein, if any), the Investment Manager shall cause the 331 Park Ave S. Master Series to distribute its Available Cash in accordance with the Master Priority of Payments.

“Master Priority of Payments” means:

with respect to the distributions of the Available Operating Cash of 331 Park Ave S. Master Series, the following order of application on each Semiannual Distribution Date (subject to any special distribution provision described herein, if any) (**“Operating Cash Priority of Distributions”**):

- (i) First, if the Master Class A Preferred Interests have not been either (x) redeemed and/or (y) converted to Master Class B Preferred Interests, pursuant to the Master Class A Preferred Interests Priority of Distributions;
- (ii) Second, 100% to the holders of Master Class B Preferred Interests until each such holder has received an aggregate amount (including, for the avoidance of doubt, all distributions made to the holders of Master Class B Preferred Interests pursuant to clauses (ii) and (iv) of this Operating Cash Priority of Distributions, in each case on any prior Semiannual Distribution Date) equal to an eight percent (8%) pre-tax annual compounded return on the sum of (x) the then unreturned capital contributions of such holder and (y) unreturned premiums paid by such holder, and as amongst such holders pro rata in proportion to their relative entitlement to such compound return not previously distributed pursuant to this clause (ii); the pre-tax annual compounded return described in this clause (ii) shall begin to accrue on the later of: (a) twelve (12) months after the date of the Final Closing Date, and (b) the date of the Subscriber's capital contribution.
- (iii) Third, 100% to the holders of Master Common Interests until the holders of Master Common Interests have received distributions in an aggregate amount equal to 30% of distributions made under clauses (ii) and (iii) of this Operating Cash Priority of Distributions (including, for the avoidance of doubt, all distributions made to the holders of

Master Common Interests and Master Class B Preferred Interests pursuant to the Operating Cash Priority of Distributions on any prior Semiannual Distribution Date), and as amongst such holders *pro rata* in accordance with their respective percentage interest in the Master Common Interest.

- (iv) Fourth, 30% to the holders of Master Common Interests *pro rata* in accordance with their respective percentage interest in the Master Common Interests and 70% to the holders of such Master Class B Preferred Interests *pro rata* in accordance with their respective percentage interest in the Master Preferred Interests.

with respect to the Master Class A Preferred Interests (“**Master Class A Preferred Interests Priority of Distributions**”), and solely with respect to distributions of the Available Cash other than Available Operating Cash (except by operation of clause (i) of the Operating Cash Priority of Distributions), the application of the applicable portion of the Available Cash of 331 Park Ave S. Master Series shall be in the following order on each Semiannual Distribution Date (subject to any special distribution provision described herein, if any):

- (i) First, *pro rata* based on the amounts determined pursuant to subclauses (x) and (y) hereof, 100% to the holders of (x) Master Class A-1 Preferred Interests in a cumulative amount (including distributions on prior Semiannual Distribution Dates) under this clause (x) equal to the sum of (a) the cumulative capital contributions received with respect to Master Class A-1 Preferred Interests plus (b) the cumulative Additional Master Class A-1 Accrued Return for both NewCo and the 331 Park Ave S. Domestic Feeder Series and as among the holders of such Master Class A-1 Preferred Interests, *pro rata* in proportion to their relative percentage interest in the Master Class A-1 Preferred Interests, until each such holder of Master Class A-1 Preferred Interests has received an amount equal to the sum of (a) its then unreturned capital contributions *plus* (b) the Additional Master Class A-1 Accrued Return and (y) Master Class A-2 Preferred Interests in a cumulative amount (including distributions on prior Semiannual Distribution Dates) under this clause (y) equal to the cumulative capital contributions received with

respect to Master Class A-2 Preferred Interests, and as among the holders of such Master Class A-2 Preferred Interests, *pro rata* in proportion to their relative percentage interest in the Master Class A-2 Preferred Interests, until each such holder of Master Class A-2 Preferred Interests has received an amount equal to the sum of its then unreturned capital contributions;

- (ii) Second, on a *pro rata* basis, 100% to the holders of (x) Master Class A-1 Preferred Interests until each such holder has received an aggregate amount (including, for the avoidance of doubt, distributions made to the holders of Master Class A-1 Preferred Interests pursuant to clause (ii) of this Master Class A Preferred Interests Priority of Distributions on any prior Semiannual Distribution Date) equal to a 25% pre-tax annual compounded return on the sum of (1) its capital contributions with respect to Master Class A-1 Preferred Interests and (2) its Additional Master Class A-1 Accrued Return, in each case, from the 25th Street Final Closing Date to the date on which such compounded return amount has been fully distributed pursuant to this clause (x), and as amongst such holders *pro rata* in proportion to their relative entitlement to such compound return not previously distributed pursuant to this clause (x) and (y) Master Class A-2 Preferred Interests until each such holder has received an aggregate amount (including, for the avoidance of doubt, distributions made to the holders of Master Class A-2 Preferred Interests pursuant to clause (ii) of this Master Class A Preferred Interests Priority of Distributions, in each case, on any prior Semiannual Distribution Date) equal to a 25% pre-tax annual compounded return on its capital contributions from the date of contribution to the date on which such compounded return amount has been fully distributed pursuant to this clause (y), and as amongst such holders *pro rata* in proportion to their relative entitlement to such compound return not previously distributed pursuant to this clause (y);
- (iii) Third, if the Master Class B Preferred Interests have been issued, pursuant to the Master Class B Preferred Interests Priority of Distributions; and
- (iv) Fourth, if the Master Class B Preferred Interest

have not been issued, 100% to the holders of Master Common Interests *pro rata* in proportion to their relative percentage interest in the Master Common Interests.

with respect to the Master Class B Preferred Interests (the “**Master Class B Preferred Interests Priority of Distributions**”), and solely with respect to distributions of the Available Cash other than Available Operating Cash (except by operation of clause (iii) of the Master Class A Preferred Interests Priority of Distributions) and provided that there are no Master Class A Preferred Interests outstanding, the application of the applicable portion of the Available Cash of 331 Park Ave S. Master Series shall be in the following order on each Semiannual Distribution Date (subject to any special distribution provision described herein, if any):

- (i) First, 100% to the holders of Master Class B Preferred Interests in a cumulative amount (including distributions on prior Semiannual Distribution Dates) under this clause (i) equal to the cumulative capital contributions plus any premium payment made by the investors in the Master Class B Preferred Interests to the 331 Park Ave S. Master Series (including, for the avoidance of doubt, the Master Class A Preferred Interests Conversion Price), and as among the holders of such Master Class B Preferred Interests *pro rata* in proportion to their relative percentage interest in the Master Class B Preferred Interests, until each such holder of Master Class B Preferred Interests has received an amount equal to the sum of (x) its then unreturned capital contributions (including, for the avoidance of doubt, the Master Class A Preferred Interests Conversion Price related to such holder) plus (y) any premium payments paid by such holder in connection with its purchase of Master Class B Preferred Interests not previously distributed under this clause (i);
- (ii) Second, 100% to the holders of Master Class B Preferred Interests until each such holder has received an aggregate amount (including, for the avoidance of doubt, all distributions made to the holders of Master Class B Preferred Interests pursuant to (x) the Operating Cash Priority of Distributions, (y) clause (iii) of the Master Class A Preferred Interests Priority of Distributions and (z) clauses (ii) and (iii) of this Master Class B Preferred

Interests Priority of Distributions, in each case on any prior Semiannual Distribution Date) equal to an eight percent (8%) annual compounded return on its unreturned capital contributions (including, for the avoidance of doubt, the Master Class A Preferred Interests Conversion Price related to such holder, but excluding any premiums) from the later of: (a) twelve (12) months after the date of the Final Closing Date, and (b) the date of the Subscriber's capital contribution, to the date on which such compounded return amount has been fully distributed pursuant to this clause (ii), and as amongst such holders *pro rata* in proportion to their relative entitlement to such compound return amounts not previously distributed pursuant to this clause (ii);

- (iii) Third, 100% to the holders of Master Common Interests until the holders of Master Common Interests have received distributions in an aggregate amount equal to 30% of distributions made under clauses (ii) and (iii) of the Master Class B Preferred Interests Priority of Distributions (including, for the avoidance of doubt, all prior distributions made pursuant to (x) the Operating Cash Priority of Distributions and (y) clause (ii) and (iii) of this Master Class B Preferred Interest Priority of Distributions, in each case on any prior Semiannual Distribution Date), and as amongst such holders *pro rata* in proportion to their relative entitlement to such amounts not previously distributed pursuant to this clause (iii); and
- (iv) Fourth, 30% to the holders of Master Common Interests *pro rata* in accordance with their respective percentage interest in the Master Common Interests and 70% to the holders of Master Class B Preferred Interests *pro rata* in accordance with their respective percentage interest in the Master Class B Preferred Interests.

Within ten (10) Business Days of receipt from 331 Park Ave S. Master Series following the corresponding Semiannual Distribution Date for 331 Park Ave S. Master Series, the Investment Manager will cause 331 Park Ave S. Domestic Feeder Series to distribute to its Investors all of its Available Cash in accordance with the following:

- (i) With respect to Available Cash received from 331 Park Ave S. Master Series in connection with

Master Class A-1 Preferred Interests, 100% to the holders of Domestic Class A-1 Preferred Interests *pro rata* in accordance with their relative ownership in the Domestic Class A-1 Preferred Interests;

- (ii) With respect to Available Cash received from 331 Park Ave S. Master Series in connection with Master Class A-2 Preferred Interests, 100% to the holders of Domestic Class A-2 Preferred Interests *pro rata* in accordance with their relative ownership in the Domestic Class A-2 Preferred Interests;
- (iii) With respect to Available Cash received from 331 Park Ave S. Master Series in connection with Master Class B Preferred Interests, 100% to the holders of Domestic Class B Preferred Interests *pro rata* in accordance with their relative ownership in the Domestic Class B Preferred Interests; and
- (iv) With respect to Available Cash received from 331 Park Ave S. Master Series in connection with Master Common Interests, 100% to the holders of Domestic Common Interests *pro rata* in accordance with their relative Domestic Common Interest Percentages.

Within five (5) Business Days of receipt from 331 Park Ave S. Master Series following the corresponding Semiannual Distribution Date for 331 Park Ave S. Master Series, the Investment Manager will cause NewCo to distribute to its Investors all of its Available Cash in accordance with the following:

- (i) With respect to Available Cash received from 331 Park Ave S. Master Series in connection with Master Class A-1 Preferred Interests, 100% to the holders of NewCo Class B-1 Common Stocks *pro rata* in accordance with their relative ownership of NewCo Class B-1 Common Stocks;
- (ii) With respect to Available Cash received from 331 Park Ave S. Master Series in connection with Master Class A-2 Preferred Interests, 100% to the holders of NewCo Class B-2 Common Stocks *pro rata* in accordance with their relative ownership of NewCo Class B-2 Common Stocks;
- (iii) With respect to Available Cash received from 331 Park Ave S. Master Series in connection with Master Class B Preferred Interests, 100% to the holders of NewCo Class B-3 Common Stocks *pro rata* in accordance with their relative ownership of

NewCo Class B-3 Common Stocks; and

- (iv) With respect to Available Cash received from 331 Park Ave S. Master Series in connection with Master Common Interests, (a) until all NewCo Loans are fully paid and discharged, 100% to the holders of NewCo Class B-4 Common Stocks *pro rata* in accordance with their relative NewCo Common Interests Percentage and (b) after all NewCo Loans are fully paid and discharged, on a *pari passu basis*, (x) 1% to the holders of NewCo Class A Common Stocks *pro rata* in accordance with their relative ownership of NewCo Class A Common Stocks and (y) 99% to the holders of NewCo Class B-4 Common Stocks *pro rata* in accordance with their relative NewCo Common Interests Percentage.

Within five (5) Business Day of receipt from NewCo, the Investment Manager will cause 331 Park Ave S. Offshore Feeder Series to distribute to its Investors all of its Available Cash in accordance with the following:

- (i) With respect to Available Cash received from NewCo in connection with NewCo's Master Class A-1 Preferred Interests, 100% to the holders of Offshore Class A-1 Preferred Interests *pro rata* in accordance with their relative capital contributions in the Offshore Class A-1 Preferred Interests;
- (ii) With respect to Available Cash received from NewCo in connection with NewCo's Master Class A-2 Preferred Interests, 100% to the holders of Offshore Class A-2 Preferred Interests *pro rata* in accordance with their relative capital contributions in the Offshore Class A-2 Preferred Interests;
- (iii) With respect to Available Cash received from NewCo in connection with NewCo's Master Class B Preferred Interests, 100% to the holders of Offshore Class B Preferred Interests *pro rata* in accordance with their relative ownership in the Offshore Class B Preferred Interests; and
- (iv) With respect to Available Cash received from NewCo in connection with NewCo's Master Common Interests, 100% to the holders of Offshore Common Interests *pro rata* in accordance with their relative Offshore Common Interest Percentages.

For purposes of the above described distributions, tax credits allocated to holders of Master Preferred Interest, Domestic

	Preferred Interest or Offshore Preferred Interest and not thereafter subject to disallowance or recapture, are treated as cash distributions.
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Special Loss Allocation	<p>Net losses from the 331 Park Ave S. Master Series that are otherwise allocable to NewCo during the redevelopment phase of the Property will instead be allocated to PSIM Park Ave for so long as PSIM Park Ave remains a member of the 331 Park Ave S. Master Series and has basis in such membership interest, in a cumulative amount not in excess of \$5,000,000. If such specially allocated net losses with respect to the 331 Park Ave S. Master Series are not offset by subsequent allocations (upon the sale of substantially all of the assets of the 331 Park Ave S. Master Series) of net income from the 331 Park Ave S. Master Series that are otherwise allocable to NewCo, then PSIM Park Ave may be required, upon liquidation of the 331 Park Ave S. Master Series (or the Master Fund), to make capital contributions to the 331 Park Ave S. Master Series up to the amount of such difference. The amount of such capital contribution, if any, will be distributed to NewCo and accordingly, may result in a difference in the ratable amounts distributable to NewCo (and therefor the 331 Park Ave S. Offshore Feeder Series and other investors of NewCo) and the 331 Park Ave S. Domestic Feeder Series.</p>
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Incentive Management Payments:	The amounts payable in respect of the Common Interests held by PSIM Park Ave that are described in “Distributions”.
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Principals of Prodigy Shorewood Investment Management, LLC (PSIM), the Manager of JV	<p><i>Rodrigo Nino, Principal of PSIM</i></p> <p>Rodrigo Niño is the CEO of Prodigy Network, LLC and a Principal of PSIM. Mr. Niño has participated in over 30 projects in Panama, Mexico, Colombia, the Dominican Republic, Miami and New York.</p> <p>Prodigy Network, LLC is a real estate crowdfunding platform in the United States. Focused primarily on prime commercial assets in Manhattan, Prodigy Network, LLC provides smaller investors access to institutional quality investments.</p> <p>Prodigy Network, LLC has raised over \$400 million from investors around the world and currently has a portfolio of five projects in Manhattan and two in Bogota, Colombia with a total estimated value of more than \$750 million.</p>
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S. Lawrence Davis, Principal of PSIM

S. Lawrence Davis is the founder of Shorewood Real Estate Group LLC, a multi-strategy real estate investment platform that specializes in the sourcing of equity and debt opportunities on behalf of its institutional clients and partners. Since its inception in 2009 Shorewood has participated in over \$650 million of real estate transactions. The firm has extensive experience in all aspects of the real estate investment arena and provides integrated and innovative solutions to maximize the long term value of real estate assets.

Mr. Davis was a partner for 10 years at the Emmes Group of Companies, a privately-held real estate investment firm. As president of Emmes Asset Management Co., he was responsible for a nationwide portfolio of properties valued in excess of \$1 billion. With properties in each of the core asset classes (office, residential, retail and industrial) across a wide swath of geographies, he played a key role in successfully restructuring these portfolios, many of them distressed.

Mr. Davis also served as President of Emmes Capital, a debt investment platform which specialized in “loan to own” investments. Emmes Capital’s strategy was to identify opportunities for high risk-adjusted returns based on originating senior loans at high yields.

Following his tenure at Emmes, Mr. Davis was president of SDS Investments LLC, a New York- based real estate investment firm where he managed in excess of \$100 million of equity and oversaw the development of approximately \$500 million of real estate projects and platform investments. These investments included the ground-up construction of William Beaver House, a \$400 million residential condominium project in the Financial District of Manhattan.

Mr. Davis has served as an adjunct professor at New York University’s Real Estate Institute, teaching in the Master of Science program. He holds an MS in Real Estate Finance from New York University and a BS in International Finance from Georgetown University.

**Collaborative Constriction Management,
the Construction Manager**

It is anticipated that CCM will be retained by PropCo as the Construction Manager responsible for overseeing the construction and redevelopment process of the Property.

	<p>Since 1997 CCM has converted 35 former commercial properties, totaling nearly 7 million square feet, into over 6,500 residential units.</p>
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<p>Voluntarily Redemption:</p>	<p><i>No additional provisions to the Base Private Placement Memorandum</i></p>
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<p>Compulsory Redemption:</p>	<p><i>No additional provisions to the Base Private Placement Memorandum</i></p>
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<p>Transfer Rights:</p>	<p><i>No additional provisions to the Base Private Placement Memorandum</i></p>
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<p>Senior Debt:</p>	<p>THE FOLLOWING IS A SUMMARY OF SOME OF THE ANTICIPATED TERMS OF THE SENIOR DEBT AND DOES NOT PURPORT TO BE A COMPLETE LIST OF ALL POTENTIAL RISKS. THE TERMS OF THE SENIOR DEBT MAY CONTINUE TO BE NEGOTIATED AFTER THIS SUPPLEMENT IS FINALIZED AND MAY CONTAIN ADDITIONAL OR VARYING TERMS AND CONDITIONS THAN THOSE DESCRIBED BELOW.</p> <p>In order to acquire and redevelop the Property, PropCo may require capital in excess of the Investment and, if applicable, the proceeds of the Structurally Subordinated Debt; accordingly, JV will attempt to secure a loan to PropCo from a third party bank or other financial institution secured by a first lien mortgage on the Property and otherwise at market rates and on market terms (the “Senior Debt”). On or about March 31, 2017, PropCo intends to incur Senior Debt in the amount of approximately \$35,000,000. Prior to closing of the Senior Debt, potential Senior Debt lenders will have the right to at any time and for any reason to elect to not provide the Senior Debt. If the Senior Debt is extended to PropCo, the Senior Debt lenders may have the right to assign the Senior Debt to one or more persons or entities from time to time.</p> <p>In consideration of the bank(s) and/or financial institution(s) extending Senior Debt, PropCo may be required to pay to the Senior Debt lenders an arm’s-length negotiated origination fee on market terms and conditions. The origination fee may be added to the outstanding principal balance of the Senior Debt and, if added to the outstanding principal balance of the Senior Debt, will accrue interest on the unpaid amount thereof at the interest rate of the Senior Debt.</p>
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The Senior Debt will be secured by all assets and properties of PropCo, including a first mortgage on the applicable Property, all property relating to the ownership, use, maintenance and/or operation of the improvements thereon, and all rents, profits and revenues therefrom. The Senior Debt loan documents may restrict the ability of PropCo to dispose of or encumber the Property or for the equity interests of PropCo to be disposed of or encumbered, without the prior written consent of the Senior Lenders. The transaction documents for the Secured Debt will provide the lenders with certain rights and remedies if an event of default were to exist thereunder, including the right to foreclose upon and dispose of the Property. Upon disposition of the Property, the proceeds remaining after repayment of the Secured Debt may not be sufficient to make any or all payments in respect of the Investment associated with the Property.

The initial term of the Senior Debt is anticipated to be two years, but PropCo may have the right to extend the term of the Senior Debt by an additional period assuming satisfaction of certain conditions precedent.

During the term of the Senior Debt, PropCo will be required to pay periodic interest on Senior Debt. Upon the occurrence of an event of default under the Senior Debt loan documents, at the option of the Senior Lender, all unpaid amounts due and payable under the Senior Debt will accrue interest at a default rate.

If PropCo fails to generate sufficient operating income to pay periodic interest on the Senior Debt, an event of default may occur under the Senior Debt. Accrued and unpaid interest on the Senior Debt that is added to the outstanding principal balance of the Senior Debt will accrue interest on the unpaid amount thereof at the interest rate payable on the Senior Debt.

A portion of the outstanding principal balance of the Senior Debt will be paid in connection with the operating income of the Property. Unless PropCo is able to refinance the outstanding principal balance of the Senior Debt at the expiration of the applicable term of the Senior Debt, PropCo's failure to generate sufficient income to repay the outstanding principal balance of the Senior Debt may result in an event of default under the Senior Debt.

If an event of default were to occur under one or more Secured Debt or if one or more financial covenants or other conditions were to result in the acceleration of a Secured Debt, it is possible that there would be no cash available for distribution by the 331 Park Ave S. Master Series to the 331 Park Ave S.

Feeder Funds for the 331 Park Ave S. Feeder Funds to make payments in respect of the Investment of the applicable Investors in the 331 Park Ave S. Feeder Funds.

The Senior Debt loan documents may require PropCo to escrow and reserve from time to time amounts necessary to pay interests, taxes, insurance, planning, design, other pre-development costs, development costs, marketing expenses, common charges and certain repairs (the amount reserved for repairs may exceed the estimated cost of the repair). Operating income from the Property may be used to provide for the escrow and reserve for interest payments, taxes, insurance, common charges and repairs. Amounts escrowed and/or reserved for these items will not be available for distribution to the 331 Park Ave S. Master Series. As a condition to providing the Senior Debt, the Senior Debt lenders may impose restrictions on the ability of (a) the 331 Park Ave S. Master Series and the 331 Park Ave S. Feeder Funds to terminate or remove the Investment Manager as their series manager and (b) the Investment Manager to resign as the series manager of the 331 Park Ave S. Master Series and the 331 Park Ave S. Feeder Funds.

While PropCo may have the right to prepay the Senior Debt at any time, each prepayment of Senior Debt may need to be accompanied by an exit, make-whole, breakage and/or other similar fees.

An event of default under the Senior Debt may result in an event of default under the Structurally Subordinated Debt. Also, an event of default under the Structurally Subordinated Debt may result in an event of default under the transaction documents relating to the Senior Debt.

Structurally Subordinated Debt:

THE FOLLOWING IS A SUMMARY OF SOME OF THE ANTICIPATED TERMS OF THE STRUCTURALLY SUBORDINATED DEBT AND DOES NOT PURPORT TO BE A COMPLETE LIST OF ALL POTENTIAL RISKS. THE TERMS OF THE STRUCTURALLY SUBORDINATED DEBT MAY CONTINUE TO BE NEGOTIATED AFTER THIS SUPPLEMENT IS FINALIZED AND MAY CONTAIN ADDITIONAL OR VARYING TERMS AND CONDITIONS THAN THOSE DESCRIBED BELOW.

In order to acquire and redevelop the Property, PropCo may require capital in excess of the Investment and the proceeds of the Senior Debt; accordingly, JV may attempt to secure a loan to MezzCo from a third party bank or other financial institution. If applicable, Structurally Subordinated Debt will

be secured by all assets and properties of MezzCo, including the membership interests of PropCo (the “**Structurally Subordinated Debt**”). As of the date hereof, JV does not intend to incur Structurally Subordinated Debt for the financing of the Property. Prior to closing of the Structurally Subordinated Debt, the potential Structurally Subordinated Debt lenders will have the right to at any time and for any reason to elect not to provide the Structurally Subordinated Debt. If the Structurally Subordinated Debt is extended to MezzCo, the Structurally Subordinated Debt lenders may have the right to assign the Structurally Subordinated Debt to one or more persons or entities from time to time.

A portion of the proceeds of the Structurally Subordinated Debt, if applicable, may be reserved at the closing of the Structurally Subordinated Debt to pay periodic payments of interests due and payable on the outstanding principal balance of the Structurally Subordinated Debt. If an event of default were to occur under the Structurally Subordinated Debt, amounts remaining on deposit in the reserve account may be applied by the Structurally Subordinated Debt lenders to satisfy obligations and liabilities under or in respect of the Structurally Subordinated Debt.

If the Structurally Subordinated Debt is incurred by MezzCo, the Structurally Subordinated Debt documents may restrict the ability of PropCo or its members to incur indebtedness secured, directly or indirectly, by the Property (other than the Senior Debt and the Structurally Subordinated Debt). If JV’s assumption on the amount of debt required to acquire, renovate and market the Property is incorrect and if JV is not able to raise additional equity capital, it may not be able to complete the acquisition, renovation and marketing of the Property resulting in a loss of all or a portion of the Investment in the Option Contract and the Property.

In consideration of the bank(s) and/or financial institution(s) extending the Structurally Subordinated Debt to MezzCo, MezzCo may be required to pay to them an arm’s-length negotiated origination fee on market terms and conditions. The origination fee may be added to the outstanding principal balance of the Structurally Subordinated Debt and, if added to the outstanding principal balance of the Structurally Subordinated Debt, will accrue interest on the unpaid amount thereof at the interest rate of the Structurally Subordinated Debt.

If the Structurally Subordinated Debt is incurred by MezzCo, the Structurally Subordinated Debt documents may restrict the ability of MezzCo to dispose of or encumber the membership

interests of PropCo, or issue additional equity interests of PropCo, without the prior written consent of the Structurally Subordinated Debt lenders. The transaction documents for the Structurally Subordinated Debt may, subject to the terms and conditions of the Senior Documents (including any intercreditor or subordination agreement between the Senior Debt lenders and the Structurally Subordinated Debt lenders), provide the lender with certain rights and remedies if an event of default were to exist thereunder, including the right to foreclose upon and dispose of the membership interests of PropCo. Upon disposition of the Property, the proceeds remaining after repayment of the Secured Debts may not be sufficient to make any or all payments in respect of the Investment associated with the Option Contract and/or the Property.

During the term of the Structurally Subordinated Debt, the MezzCo will be required to pay periodic interest on the Structurally Subordinated Debt at an arm's-length negotiated market rate on market terms. Upon the occurrence of an event of default under the Structurally Subordinated Debt loan documents, at the option of the Structurally Subordinated Debt lender, all unpaid amounts due and payable under the Structurally Subordinated Debt will accrue interest at a default rate.

If MezzCo fails to receive sufficient distribution from PropCo to pay periodic interest on the Structurally Subordinated Debt, an event of default may occur under the Structurally Subordinated Debt. Accrued and unpaid interest on the Structurally Subordinated Debt that is added to the outstanding principal balance of the Structurally Subordinated Debt will accrue interest on the unpaid amount thereof at the interest rate payable on the Structurally Subordinated Debt.

If an event of default were to occur under the Structurally Subordinated Debt or if one or more financial covenants or other conditions were to result in an event requiring greater periodic amortization thereunder, it is possible that there would be no cash available for distribution by the 331 Park Ave S. Master Series to the 331 Park Ave S. Feeder Funds for the 331 Park Ave S. Feeder Funds to make payments in respect of the Investment of the applicable Investors in the 331 Park Ave S. Feeder Funds.

If the Structurally Subordinated Debt is incurred by MezzCo, the Structurally Subordinated Debt documents may require MezzCo to, or cause PropCo to, escrow and reserve from time to time amounts necessary to pay interests, taxes, insurance, common charges and certain environmental issues and repairs

	<p>(the amount reserved for repairs may exceed the estimated cost of the repair). Operating income from the Property may be used to provide for the escrow and reserve for interest payments, taxes, insurance, common charges and repairs. Amounts escrowed and/or reserved for these items will not be available for distribution to the 331 Park Ave S. Master Series.</p> <p>While MezzCo may have the right to prepay the Structurally Subordinated Debt at any time, each prepayment of Structurally Subordinated Debt may need to be accompanied by an exit, make-whole, breakage and/or other similar fees.</p> <p>An event of default under the Structurally Subordinated Debt may result in an event of default under the Senior Debt loan documents. Also, an event of default under the Senior Debt may result in an event of default under the Structurally Subordinated Debt. The rights of the Structurally Subordinated Debt lenders may be limited pursuant to an intercreditor/subordination agreement if an event of default occurs under the Senior Debt loan documents. The relative rights of the various lenders may be governed by one or more intercreditor agreements.</p>
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JV:	<p>As of the date hereof, PSIM is the managing member of JV and as of the 25th Street Final Closing Date, the 331 Park Ave S. Master Series will become the sole member of the JV. PSIM, as the manager of JV, is authorized to make any and all decisions for and on behalf of the JV.</p>
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Investment Restrictions:	<p><i>No additional provisions to the Base Private Placement Memorandum</i></p>
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Underwriting Methods:	<p>The Investment Manager intends to hire NESF Fund Services Corp. or such other firm with similar credentials to assist it and the property manager with its analysis of real estate market and real estate valuations as they pertain to the Property.</p>
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Risk Management:	<p>If an event of default occurs and continues under the Senior Debt, the JV will use reasonable efforts to restructure or refinance the Senior Debt, as applicable. There can be no assurance that the Senior Debt will be restructured or that any restructuring will not result in a dilution of the expected return on the Investment or a loss, in whole or in part, of the Investment.</p> <p>If an event of default occurs and continues under the Structurally Subordinated Debt, the JV will use reasonable</p>
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efforts to restructure or refinance the Structurally Subordinated Debt, as applicable. There can be no assurance that the Structurally Subordinated Debt will be restructured or that any restructuring will not result in a dilution of the expected return on the Investment or a loss, in whole or in part, of the Investment.

Additional Risk Factors:

An Event of Default Under the Seller's Debt Financing May Result in a Foreclosure of the Property and a Total Loss of investments in Domestic Class A Preferred Interests and Offshore Class A Preferred Interests

The Property is encumbered by one or more mortgages securing acquisition and construction debt financing incurred by the Seller. If any event of default occurs under such financing, the Seller's lenders may foreclose on the Property and dispose of the Property without providing the PropCo the opportunity to purchase the Property. Also, if PropCo is given the opportunity to purchase the Property, PropCo may not have or be able to arrange the funds necessary to acquire the Property. Under these circumstances, investments in the Domestic Class A Preferred Interests and Offshore Class A Preferred Interests would not be recoverable. In addition, if PropCo is able to arrange the capital necessary to acquire the Property were such an event of default to occur, the terms and conditions of such capital could have a material adverse effect on the expected time and amount anticipated to be realized in respect of Domestic Class A Preferred Interests and Offshore Class A Preferred Interests.

If PropCo Is Unable to Arrange Senior Debt and/or Structurally Subordinated Debt, Additional Interests May Be Issued

PropCo intends to incur Senior Debt and MezzCo, if applicable, may incur Structurally Subordinated Debt. If PropCo is unable to arrange the requisite amount of Senior Debt and, to the extent necessary, Structurally Subordinated Debt to MezzCo, to acquire and market the Property, the Investment Manager may cause the 331 Park Ave S. Master Series and the 331 Park Ave S. Feeder Funds to issue additional Interests, which may be on terms and conditions materially adverse to the Interests and will dilute the issued Interests.

The Conversion of Master Class A Preferred Interests into Master Class B Preferred Interests on a Conversion Date May Be a Taxable Event for NewCo and/or 311 Park Ave S. Domestic Feeder Series Thereby Reducing Available Funds

Distributable to the Investors

The conversion of all or a portion of the Master Class A Preferred Interests into the Master Class B Preferred Interests on a Conversion Date generally would not be expected to be a taxable transaction for either NewCo or 311 Park Ave S. Domestic Feeder Series. However, on the applicable Conversion Date, NewCo or 311 Park Ave S. Domestic Feeder Series may receive additional Master Class B Preferred Interests based on the Master Class A Conversion Tax Exposure Amount applicable to it as of such Conversion Date. The 311 Park Ave S. Master Series does not intend to treat such additional Master Class B Preferred Interests received by NewCo or 311 Park Ave S. Domestic Feeder, as applicable, as issued in exchange for deemed capital contributions *to the 311 Park Ave S. Master Series* by NewCo or 311 Park Ave S. Domestic Feeder Series, as applicable, for purposes of maintenance of the Capital Account (as defined in Section 4.3(a) of the Master Fund's Operating Agreement). As a result, such additional Master Class B Preferred Interests are not expected to increase the Capital Account of NewCo or 311 Park Ave S. Domestic Feeder Series as of each applicable Conversion Date. Holders of NewCo Class B-1 Common Stock, NewCo Class B-2 Common Stock and Domestic Class A Preferred Interests should consult their tax advisors regarding tax consequences to them of NewCo or 311 Park Ave S. Domestic Feeder Series, as applicable, receiving additional Master Class B Preferred Interests without a corresponding increase in its Capital Account as of the applicable Conversion Date.

The IRS may take the position that the issuance of such additional Master Class B Preferred Interests to NewCo or 311 Park Ave S. Domestic Feeder Series should result in a "capital shift" to NewCo or 311 Park Ave S. Domestic Feeder Series, as applicable. If there is a "capital shift" to NewCo that is taxable in the tax year of NewCo that includes the applicable Conversion Date, this would reduce the cash NewCo has available for distribution in such tax year. If there is a "capital shift" to 311 Park Ave S. Domestic Feeder Series that is taxable in the tax year of 311 Park Ave S. that includes the applicable Conversion Date, this could result in a tax liability to the holders of the Domestic Class A Preferred Interests. The amount and character of such taxable income is uncertain but may be as much as the sum of the Master Class A Conversion Tax Exposure Amount applicable to NewCo and 311 Park Ave S. Domestic Feeder Series. If the IRS asserts such a tax liability, there may be an additional exposure for interest and penalties. Holders of NewCo Class B-1 Common Stock,

NewCo Class B-2 Common Stock and Domestic Class A Preferred Interests are urged to consult their tax advisors regarding the economic and tax consequences to them of the conversions of Master Class A Preferred Interests to Master Class B Preferred Interests.

The Conversion of Domestic Class A Preferred Interests into Domestic Class B Preferred Interests on a Conversion Date May Be a Taxable Event for Holders of Domestic Class A Preferred Interests

With respect to each holder of Domestic Class A Preferred Interests, the conversion of all or a portion of each such holder's Domestic Class A Preferred Interests to Domestic Class B Preferred Interests on a Conversion Date generally would not be expected to be a taxable transaction. However, on the applicable Conversion Date, each holder of Domestic Class A Preferred Interests also may receive additional Domestic Class B Preferred Interests based on the Domestic Class A Conversion Tax Exposure Amount of such holder as of such Conversion Date. The 331 Park Ave S. Domestic Feeder Series does not intend to treat such additional Domestic Class B Preferred Interests received by such holder as issued in exchange for deemed capital contributions to the 331 Park Ave S. Domestic Feeder Series by such holder for purposes of maintenance of the Capital Account (as defined in Section 4.3(a) of the Domestic Feeder's Operating Agreement). As a result, such additional Domestic Class B Preferred Interests are not expected to increase the Capital Account of such holder as of the applicable Conversion Date. Holders of Domestic Class A Preferred Interests should consult their tax advisors regarding the economic and tax consequences to them of receiving additional Domestic Class B Preferred Interests without a corresponding increase in their Capital Accounts as of the applicable Conversion Date.

The IRS may take the position that the issuance of such additional Domestic Class B Preferred Interests should result in a taxable "capital shift" to each such holder in the taxable year of such holder that includes such Conversion Date. The amount and character of such taxable income is uncertain but may be as much as the Domestic Class A Conversion Tax Exposure Amount of the applicable holder as of the applicable Conversion Date. If the IRS asserts such a tax liability, there may be an additional exposure for interest and penalties. Holders of Domestic Class A Preferred Interests are urged to consult their tax advisors regarding the economic and tax consequences to them of the conversions of Domestic Class A Preferred Interests to Domestic Class B Preferred Interests.

Distributions Made by NewCo to Its Investors May Not Reflect Their Pro Rata Ownership Interest in NewCo

Investors may receive Master Common Interests in amounts or percentages that are not based on a pro rata determination of their ownership of Master Preferred Interests or pro rata based on the Master Common Interests given to other Investors. The distribution of cash to lenders to and Investors in NewCo will be based on their relative loan balances due from and ownership interests in NewCo. As a result of the operation of the Master Priority of Payments and the distribution mechanics at NewCo, Investors that own Master Common Interests that are greater than their proportionate percentage of the outstanding principal amount of the loan made to NewCo may receive repayment of their interest on and principal of that loan sooner than other Investors.

GLOSSARY

“**114 E 25th Street Master Series**” means the 114 E 25th Street Series of the Master Fund.

“**331 Park Ave S. Feeder Funds**” means, collectively, the 331 Park Ave S. Domestic Feeder Series and the 331 Park Ave S. Offshore Feeder Series.

“**25th Street Final Closing Date**” means July 15, 2016.

“**25th Street Master Class A Interests**” means the “Class A Preferred Interests” issued by the 114 E 25th Street Master Series.

“**Additional Domestic Class A-1 Accrued Return**” means, with respect to a holder of Domestic Class A-1 Preferred Interests, an amount reflected on the books and records of the Investment Manager equal to a 25% pre-tax annual compounded return on an amount equal to such holder’s Class A-1 Domestic Contribution Amount, calculated from (a) the date such holder contributed such amounts with respect to the Class A membership interests in the 114 E 25th Street Domestic Feeder Series of the Domestic Feeder to (b) the date such Domestic Class A-1 Preferred Interests are reallocated from the 114 E 25th Street Domestic Feeder Series of the Domestic Feeder to the 331 Park Ave S. Domestic Feeder Series pursuant to the MIPCA.

“**Additional Master Class A-1 Accrued Return**” means, as of the date of determination, (a) with respect to the 331 Park Ave S. Domestic Feeder Series, the aggregate Additional Domestic Class A-1 Accrued Return of all holders of Domestic Class A-1 Preferred Interests and (b) with respect to NewCo, the aggregate Additional NewCo Class B-1 Accrued Return of all holders of NewCo Class B-1 Common Stocks.

“**Additional Offshore Class A-1 Accrued Return**” means, with respect to a holder of Offshore Class A-1 Preferred Interests, an amount reflected on the books and records of the Investment Manager equal to a 25% pre-tax annual compounded return on an amount equal to such holder’s Class A-1 Offshore Contribution Amount, calculated from (a) the date such holder contributed such amounts with respect to the Class A limited partnership interests in the 114 E 25th Street Offshore Feeder Series of the Offshore Feeder to (b) the date such Offshore Class A-1 Preferred Interests are reallocated from the 114 E 25th Street Offshore Feeder Series of the Offshore Feeder to the 331 Park Ave S. Offshore Feeder Series pursuant to the MIPCA. For the avoidance of doubt the 25% pre-tax annual compounded return set forth above reflects the gross return of NewCo and that the investor’s actual rate of return may be less after giving effect of the payment or withholding of taxes of NewCo and the 331 Park Ave S. Offshore Feeder Series.

“**Additional NewCo Class B-1 Accrued Return**” means the sum of Additional Offshore Class A-1 Accrued Return of each holder of Offshore Class A-1 Preferred Interests.

“**Assemblage**” means The Assemblage Hospitality, LLC, a Delaware limited liability company.

“**Available Operating Cash**” means the portion of Available Cash of 331 Park Ave S. Master Series not related to the refinancing or disposition of the Property (including any unit thereof).

“**CCM**” means Collaborative Construction Management, LLC, a New York limited liability company.

“**Class A-1 Domestic Contribution Amount**” means, with respect to a holder of Domestic Class A-1 Preferred Interests, 100% of capital contributions made by such investor with respect to Domestic Class A-1 Preferred Interests.

“**Class A-1 Offshore Contribution Amount**” means, with respect to a holder of Offshore Class A-1 Preferred Interests, 100% of capital contributions made by such investor with respect to Offshore Class A-1 Preferred Interests.

“Class A-2 Domestic Contribution Amount” means, with respect to a holder of Domestic Class A-2 Preferred Interests, 100% of capital contributions made by such investor with respect to Domestic Class A-2 Preferred Interests.

“Class A-2 Offshore Contribution Amount” means, with respect to a holder of Offshore Class A-2 Preferred Interests, 100% of capital contributions made by such investor with respect to Offshore Class A-2 Preferred Interests.

“Conversion Date” means the Final Closing Date; provided, with respect to the portion of Domestic Feeder Designated Interests, NewCo Designated Interests, Offshore Feeder Designated Interests and Master Designated Interests that are not converted until the Extended Conversion Date, “Conversion Date” means the Extended Conversion Date.

“Deemed Capital Contribution” has the meaning set forth in the section of this Supplement titled “Deemed Capital Contributions”.

“Domestic Class A Preferred Interests” means, collectively, the Domestic Class A-1 Preferred Interests and the Domestic Class A-2 Preferred Interests.

“Domestic Class A Preferred Interests Balance” means, (a) with respect to a holder of Domestic Class A-1 Preferred Interests, the excess of (i) the sum of (A) the Class A-1 Domestic Contribution Amount applicable to such holder *plus* (B) the Additional Domestic Class A-1 Accrued Return of such investor (as reflected on the books and records of the Investment Manager) *plus* (C) a 25% pre-tax annual compounded return on the sum of (x) such investor’s Class A-1 Domestic Contribution Amount *plus* (y) such investor’s Additional Domestic Class A-1 Accrued Return from the date the Class A-1 Domestic Contribution Amount of such holder are contributed by the 331 Park Ave S. Domestic Feeder Series to the 331 Park Ave S. Master Series (in each case as reflected on the books and records of the 331 Park Ave S. Domestic Feeder Series) to the date such Domestic Class A-1 Preferred Interests are redeemed or converted to Domestic Class B Preferred Interests (in each case as described in this Memorandum) over (ii) any amounts previously distributed to such holder in connection with such Domestic Class A-1 Preferred Interests and (b) with respect to a holder of Domestic Class A-2 Preferred Interests, the excess of (i) the sum of (A) the Class A-2 Domestic Contribution Amount applicable to such holder and (B) a 25% pre-tax annual compounded return on such Class A-2 Domestic Contribution Amount from the date the Class A-2 Domestic Contribution Amount of such holder are contributed by the 331 Park Ave S. Domestic Feeder Series to the 331 Park Ave S. Master Series (in each case as reflected on the books and records of the 331 Park Ave S. Domestic Feeder Series) to the date such Domestic Class A-2 Preferred Interests are redeemed or converted to Domestic Class B Preferred Interests (in each case as described in this Memorandum) over (ii) any amounts previously distributed to such holder in connection with such Domestic Class A-2 Preferred Interests.

“Domestic Class A Preferred Interests Conversion Price” means, with respect to the Domestic Conversion Amount of a holder of Domestic Class A Preferred Interests, the product of (x) the Domestic Class A Preferred Interests Balance applicable to such holder and (y) a ratio the numerator of which is the Domestic Conversion Amount applicable to such holder and the denominator of which is the total capital contribution made by such holder in connection with Domestic Class A Preferred Interests.

“Domestic Class A Conversion Tax Exposure Amount” means with respect to a holder of Domestic Class A Preferred Interests, the excess of (a) the Domestic Class A Preferred Interests Conversion Price applicable to such holder over (b) the Domestic Conversion Amount applicable to such holder.

“Domestic Class A Preferred Interests Redemption Price” means, with respect to the Domestic Redemption Amount of a holder of Domestic Class A Preferred Interests, the product of (x) the Domestic Class A Preferred Interests Balance applicable to such holder and (y) a ratio the numerator of which is the Domestic Redemption

Amount applicable to such holder and the denominator of which is the total capital contribution made by such holder in connection with Domestic Class A Preferred Interests.

“Domestic Class A-1 Preferred Interests” means the Class A-1 preferred membership interests of the 331 Park Ave S. Domestic Feeder Series.

“Domestic Class A-2 Preferred Interests” means the Class A-2 preferred membership interests of the 331 Park Ave S. Domestic Feeder Series.

“Domestic Class B Preferred Interests” means the Class B preferred membership interests of the 331 Park Ave S. Domestic Feeder Series.

“Domestic Common Factor” means the “Domestic Common Factor” assigned to certain holders of Domestic Common Interests (as reflected in the books and records of the 331 Park Ave S. Domestic Feeder Series).

“Domestic Common Interest Percentage” means, with respect to a holder of Domestic Common Interests, the ratio (expressed as a percentage) of Domestic Common Factor held by such holder relative to the aggregate Domestic Common Factor of all other holders of Domestic Common Interests.

“Domestic Common Interests” means the common membership interests of the 331 Park Ave S. Domestic Feeder Series.

“Domestic Conversion Amount” means, with respect to a holder of Domestic Class A Preferred Interests, the portion of such holder’s capital contributions (including Deemed Capital Contributions) with respect to its Domestic Class A Preferred Interests, that are designated by such holder to be converted to Domestic Class B Preferred Interests on the Final Closing Date in a written direction (in such form as provided by the Investment Manager) to the Investment Manager prior to December 31, 2016.

“Domestic Feeder Designated Interests” means all Domestic Class A Preferred Interests that are designated by the holders thereof to be redeemed by the 331 Park Ave S. Domestic Feeder Series on the Final Closing Date in a written direction (in such form as provided by the Investment Manager) to the Investment Manager prior to December 31, 2016.

“Domestic Preferred Interests” means, collectively, the Domestic Class A Preferred Interests and Domestic Class B Preferred Interests.

“Domestic Redemption Amount” means, with respect to a holder of Domestic Class A Preferred Interests, the portion of such holder’s capital contributions (including Deemed Capital Contributions) with respect to Domestic Class A Preferred Interests, that are designated by such holder to be redeemed by the 331 Park Ave S. Domestic Feeder Series on the Final Closing Date in a written direction (in such form as provided by the Investment Manager) to the Investment Manager prior to December 31, 2016.

“Extended Conversion Date” means the date that is six (6) months after the Final Closing Date.

“Final Closing Date” means the date on which the 331 Park Ave S. Master Series, the JV, MezzCo and PropCo have collectively raised sufficient capital to (a) close on the acquisition of the Park Ave Property in accordance with the terms of the Option Purchase Agreement and Purchase Agreement and (b) renovate and redevelop the existing real estate on the Park Ave Property. For the avoidance of doubt, the Final Closing Date will not occur if the Option Contract is sold, assigned, terminated or otherwise becomes non-exercisable by PropCo or any of its affiliates.

“Fund Expenses” means, collectively, all fees, costs and expenses incurred in connection with the organization and funding of the Fund, including (i) the negotiation, establishment and operation of the Master Fund, Feeder Funds, and NewCo, (ii) the issuance of the Interests, (iii) the ongoing management activities of the fund, and

(iv) marketing and selling expenses associated with the capital raising effort (such marketing and selling expenses not to exceed 5% of the Required Capital Amount, excluding salaries and bonuses due to employees of the Investment Manager and/or affiliates of the Investment Manager that provide services related to the capital raising effort).

Additionally, the Fund is required to pay the following expenses: (i) insurance expenses, (ii) legal, accounting, auditing, consulting and other similar fees and expenses, (iii) costs, expenses and liabilities of the Master Fund, the Feeder Fund and/or NewCo, as the case may be (including, without limitation, litigation and indemnification costs and expenses, judgments and settlements), (iv) any taxes, fees and other governmental charges levied against the Master Fund, the Feeder Fund and/or NewCo, as applicable, (v) salaries and bonuses due to employees of the Investment Manager and/or affiliates of the Investment Manager that provide services related to the capital raising effort of the Fund (such salaries and bonuses will not exceed 2% of the capital raised by the Fund), as well as any overhead associated with providing such services, (vi) expenses connected with communications to members of the Fund and other bookkeeping and clerical work necessary to maintaining relations with such members and in complying with the continuous reporting and other requirements of governmental bodies or agencies, (vii) costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used for the Fund, (viii) expenses incurred by directors, officers, personnel and agents of the Investment Manager for work conducted on behalf of the Fund, and (ix) placement fees to third party agents that are negotiated on arm's-length basis with agents unaffiliated with the Investment Manager and its affiliates and are anticipated not to exceed 5% of the total capital contributions actually received by the Fund.

In addition to the foregoing, the Fund and/or JV may engage and pay fees to the Investment Manager, JV Manager, any member or any Affiliate thereof for services rendered or goods provided to the Fund to the extent that the fees paid to such persons or entities do not exceed the prevailing market rates for fees that would be payable to an independent responsible third party that is willing to perform such services or provide such goods. Such fees may include, without limitation, property management fees, financing procurement fees, due diligence costs, lease negotiation fees, and disposition fees.

“Improvement” means all buildings and improvements located on the Land which are owned by the Seller, including, without limitation, all sidewalks, roads, heating, air conditioning and ventilating systems, sewer systems, lines, feeders, switches and transformers, lighting systems, furnaces, boilers, engines, pipes, pumps, tanks, motors, conduits, switch boards, and all plumbing, lifting, fire prevention, fire extinguishing, fire alarm, sprinkler, ventilating, and communications and telecommunications equipment, apparatus and systems.

“Initial Closing Date” means the date on which the Option Contract has been paid in full in accordance with the terms of the Option Purchase Agreement.

“Land” means the land located in the County of New York, City and State of New York located at 331 Park Avenue South, New York, New York 10010 (Block 880; Lot 4).

“Management Fee” means the management fee payable to the Investment Manager in an amount equal to one percent (1.0%) of the Property Value (in its discretion, the Investment Manager may charge less than 1% or defer such Management Fee in which case the shortfall amount shall accrue and shall be paid to the Investment Manager at such time that there is sufficient available cash flow and/or sales proceeds to pay the deferred fee).

“Master Class A Preferred Interests” means, collectively, the Master Class A-1 Preferred Interests and Master Class A-2 Preferred Interests.

“Master Class A Preferred Interests Conversion Price” means, as of the date of determination, the sum of (i) all NewCo Conversion Price to be paid to the applicable holders of NewCo Class B-1 Common Stock and

NewCo Class B-2 Common Stock and (ii) all Domestic Class A Preferred Interests Conversion Price to be paid to the applicable holders of the Domestic Class A Preferred Interest.

“Master Class A Conversion Tax Exposure Amount” means (a) with respect to the 331 Park Ave S. Domestic Feeder Series, as a holder of the Master Class A Preferred Interests, the aggregate Domestic Class A Conversion Tax Exposure Amount of each holder of Domestic Class A Preferred Interests and (b) with respect to NewCo, as a holder of the Master Class A Preferred Interests, the aggregate NewCo Conversion Tax Exposure Amount of each holder of NewCo Class B-1 Common Stock and NewCo Class B-2 Common Stock.

“Master Class A Preferred Interests Priority of Distributions” has the meaning set forth in the section of this Supplement titled “Distributions – b. Priority of Payments”.

“Master Class A Preferred Interests Redemption Price” means, as of the date of determination, the sum of (i) the sum of all NewCo Redemption Price to be paid by NewCo to the applicable holders of the NewCo Class B-1 Common Stocks and NewCo Class B-2 Common Stocks and (ii) the sum of all Domestic Class A Preferred Interests Redemption Price to be paid by the 331 Park Ave S. Domestic Feeder Series to the applicable holders of the Domestic Class A Preferred Interest.

“Master Class A-1 Preferred Interests” means the Class A-1 preferred membership interests of the 331 Park Ave S. Master Series.

“Master Class A-2 Preferred Interests” means the Class A-2 preferred membership interests of the 331 Park Ave S. Master Series.

“Master Class B Preferred Interests” means the Class B preferred membership interests of the 331 Park Ave S. Master Series.

“Master Class B Preferred Interests Priority of Distributions” has the meaning set forth in the section of this Supplement titled “Distributions – b. Priority of Payments”.

“Master Common Interests” means the common membership interests of the 331 Park Ave S. Master Series.

“Master Common Interest Percentage” means, with respect to a holder of Master Common Interests, the ratio (expressed as a percentage) of Master Common Factor held by such holder relative to the aggregate Master Common Factor of all other holders of Master Common Interests.

“Master Designated Interests” means all Master Class A Preferred Interests that are designated by the Investment Manager to be redeemed by the 331 Park Ave S. Master Series on the Final Closing Date.

“Master Preferred Interests” means, collectively, the Master Class A Preferred Interests and the Master Class B Preferred Interests.

“Master Priority of Payments” has the meaning set forth in the section of this Supplement titled “Distributions – b. Priority of Payments”.

“MIPCA” means the Membership Interest Purchase and Contribution Agreement, dated July 15, 2016, among, *inter alia*, the Investment Manager, the 114 E 25th Street Master Series, the 331 Park Ave S. Master Series, 114 E 25th Street NewCo, Inc., the 114 E 25th Street Domestic Feeder Series of the Domestic Feeder, the Offshore Feeder, NewCo, the 331 Park Ave S. Domestic Feeder Series and the JV.

“NewCo Class A Common Stock” means the Class A Common Stock of NewCo.

“NewCo Class B Common Stocks” means, collectively, the NewCo Class B-1 Common Stocks, the NewCo Class B-2 Common Stocks, the NewCo Class B-3 Common Stocks and the NewCo Class B-4 Common Stocks.

“NewCo Class B-1 Common Stock” means the Class B-1 Common Stock of NewCo.

“NewCo Class B-1 Contribution Amount” means 100% of the capital contributions made by 331 Park Ave S. Offshore Feeder Series with respect to NewCo Class B-1 Common Stock, including amounts made under the NewCo Loans.

“NewCo Class B-1/B-2 Balance” means, (a) with respect to the 331 Park Ave S. Offshore Feeder as the sole holder of all NewCo Class B-1 Common Stocks to be issued, the excess of (i) the sum of (A) NewCo Class B-1 Contribution Amount *plus* (B) Additional NewCo Class B-1 Accrued Return *plus* (C) a 25% pre-tax annual compounded return on the sum of the NewCo Class B-1 Contribution Amount *plus* the Additional NewCo Class B-1 Accrued Return from the date NewCo contributed the applicable NewCo Class B-1 Contribution Amount to the 331 Park Ave S. Master Series (in each case as reflected on the books and records of the 331 Park Ave S. Master Series) to the date NewCo Class B-1 Common Stocks are redeemed or converted to NewCo Class B-3 Common Stocks (in each case as described in this Memorandum) over (ii) any amounts previously distributed to 331 Park Ave S. Offshore Feeder Series in connection with NewCo Class B-1 Common Stocks and (b) with respect to a holder of NewCo Class B-2 Common Stocks, the excess of (i) the sum of (A) the NewCo Class B-2 Contribution Amount of such holder and (B) a 25% pre-tax annual compounded return on such NewCo Class B-2 Contribution Amount from the date such NewCo Class B-2 Contribution Amount are contributed by NewCo to the 331 Park Ave S. Master Series (in each case as reflected on the books and records of the 331 Park Ave S. Master Series) to the date such NewCo Class B-2 Common Stocks are redeemed or converted to NewCo Class B Common Stocks (in each case as described in this Memorandum) over (ii) any amounts previously distributed to such holder in connection with NewCo Class B-2 Common Stocks.

“NewCo Class B-2 Common Stock” means the Class B-2 Common Stock of NewCo.

“NewCo Class B-2 Contribution Amount” means 100% of capital contributions made by an investor of NewCo with respect to NewCo Class B-2 Common Stocks, including amounts made under the NewCo Loans.

“NewCo Class B-3 Common Stock” means the Class B-3 Common Stock of NewCo.

“NewCo Class B-4 Common Stock” means the Class B-4 Common Stock of NewCo.

“NewCo Common Factor” means the “NewCo Common Factor” assigned to certain holders of NewCo Class B Common Stocks (as reflected in the books and records of NewCo).

“NewCo Common Interest Percentage” means, with respect to a holder of NewCo Class B-4 Common Stock, the ratio (expressed as a percentage) of NewCo Common Factor held by such holder relative to the NewCo Common Factor of all other holders of NewCo Class B-4 Common Stock.

“NewCo Conversion Amount” means, with respect to a holder of NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock, the portion of such holder’s capital contributions (including Deemed Capital Contributions) with respect to its NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock, as applicable, that are designated by such holder to be converted to NewCo Class B-3 Common Stock on the Final Closing Date in a written direction (in such form as provided by the Investment Manager) to the Investment Manager prior to December 31, 2016.

“NewCo Conversion Price” means, with respect to the NewCo Conversion Amount of a holder of NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock, the product of (x) the NewCo Class B-1/B-2 Balance of such holder and (y) a ratio the numerator of which is the NewCo Conversion Amount of such holder and the denominator of which is the total capital contribution made by such holder as of the Final Closing Date in connection with NewCo Class B-1 Common Stock and NewCo Class B-2 Common Stock.

“NewCo Designated Interests” means all NewCo Class B-1 Common Stocks and NewCo Class B-2 Common Stocks that are designated by the holders thereof to be redeemed by NewCo on the Final Closing Date in a

written direction (in such form as provided by the Investment Manager) to the Investment Manager prior to December 31, 2016.

“NewCo Loans” means loans made to NewCo pursuant to that certain Loan and Security Agreement, dated as of July 15, 2016, among NewCo, as borrower, Prodigy Network, LLC, as administrative agent, and lenders party thereto.

“NewCo Redemption Amount” means, with respect to a holder of NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock, the portion of such holder’s capital contributions (including Deemed Capital Contributions) with respect to its NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock, as applicable, that are designated by such holder to be redeemed by NewCo on the Final Closing Date in a written direction (in such form as provided by the Investment Manager) to the Investment Manager prior to December 31, 2016.

“NewCo Redemption Price” means, with respect to the NewCo Redemption Amount of a holder of NewCo Class B-1 Common Stock and/or NewCo Class B-2 Common Stock, the product of (x) the NewCo Class B-1/B-2 Balance applicable to such investor and (y) a ratio the numerator of which is the NewCo Redemption Amount and the denominator of which is the total capital contribution made by such investor in connection with NewCo Class B-1 Common Stock and NewCo Class B-2 Common Stock.

“Offshore Class A Preferred Interests” means, collectively, the Offshore Class A-1 Preferred Interests and the Offshore Class A-2 Preferred Interests.

“Offshore Class A Preferred Interests Balance” means, (a) with respect to a holder of Offshore Class A-1 Preferred Interests, the excess of (i) the sum of (A) the Class A-1 Offshore Contribution Amount applicable to such holder *plus* (B) the Additional Offshore Class A-1 Accrued Return of such investor (as reflected on the books and records of the Investment Manager) *plus* (C) a 25% pre-tax annual compounded return on the sum of (x) such investor’s Class A-1 Offshore Contribution Amount *plus* (y) such investor’s Additional Offshore Class A-1 Accrued Return from the date the Class A-1 Offshore Contribution Amount of such holder are contributed by the 331 Park Ave S. Offshore Feeder Series to NewCo (as reflected on the books and records of the Investment Manager) to the date such Offshore Class A-1 Preferred Interests are redeemed or converted to Offshore Class B Preferred Interests (in each case as described in this Memorandum) over (ii) any amounts previously distributed to such holder in connection with such Offshore Class A-1 Preferred Interests and (b) with respect to a holder of Offshore Class A-2 Preferred Interests, the excess of (i) the sum of (A) the Class A-2 Offshore Contribution Amount applicable to such holder *plus* (B) a 25% pre-tax annual compounded return on such Class A-2 Offshore Contribution Amount from the date the Class A-2 Offshore Contribution Amount of such holder are contributed by the 331 Park Ave S. Offshore Feeder Series to NewCo (as reflected on the books and records of the Investment Manager) to the date such Offshore Class A-2 Preferred Interests are redeemed or converted to Offshore Class B Preferred Interests (in each case as described in this Memorandum) over (ii) any amounts previously distributed to such holder in connection with such Offshore Class A-2 Preferred Interests.

“Offshore Class A Preferred Interests Conversion Price” means, with respect to the Offshore Conversion Amount of a holder of Offshore Class A Preferred Interests, the product of (x) the Offshore Class A Preferred Interests Balance applicable to such holder and (y) a ratio the numerator of which is the Offshore Conversion Amount applicable to such holder and the denominator of which is the total capital contribution made by such holder as of the Final Closing Date in connection with Offshore Class A Preferred Interests.

“Offshore Class A Preferred Interests Redemption Price” means, with respect to the Offshore Redemption Amount of a holder of Offshore Class A Preferred Interests, the product of (x) the Offshore Class A Preferred Interests Balance applicable to such holder and (y) a ratio the numerator of which is the Offshore Redemption

Amount applicable to such holder and the denominator of which is the total capital contribution made by such holder in connection with Offshore Class A Preferred Interests.

“Offshore Class A-1 Preferred Interests” means the Class A-1 preferred limited partnership interests of the 331 Park Ave S. Offshore Feeder Series.

“Offshore Class A-2 Preferred Interests” means the Class A-2 preferred limited partnership interests of the 331 Park Ave S. Offshore Feeder Series.

“Offshore Class B Preferred Interests” means the Class B preferred limited partnership interests of the 331 Park Ave S. Offshore Feeder Series.

“Offshore Common Factor” means the “Offshore Common Factor” assigned to certain holders of Offshore Common Interests (as reflected in the books and records of the 331 Park Ave S. Offshore Feeder Series).

“Offshore Common Interest Percentage” means, with respect to a holder of Offshore Common Interests, the percentage of Offshore Common Factor held by such holder relative to the aggregate Offshore Common Factor of all other holders of Offshore Common Interests.

“Offshore Common Interests” means the common limited partnership interests of the 331 Park Ave S. Offshore Feeder Series.

“Offshore Conversion Amount” means, with respect to a holder of Offshore Class A Preferred Interests, the portion of such holder’s capital contributions (including Deemed Capital Contributions) with respect to its Offshore Class A Preferred Interests, that are designated by such holder to be converted to Offshore Class B Preferred Interests on the Final Closing Date in a written direction (in such form as provided by the Investment Manager) to the Investment Manager prior to December 31, 2016.

“Offshore Feeder Designated Interests” means all Offshore Class A Preferred Interests that are designated by the holders thereof to be redeemed by the 331 Park Ave S. Offshore Feeder Series on the Final Closing Date in a written direction (in such form as provided by the Investment Manager) to the Investment Manager prior to December 31, 2016.

“Offshore Preferred Interests” means, collectively, the Offshore Class A Preferred Interests and the Offshore Class B Preferred Interests.

“Offshore Redemption Amount” means, with respect to a holder of Offshore Class A Preferred Interests, the portion of such holder’s capital contributions (including Deemed Capital Contributions) with respect to Offshore Class A Preferred Interests, that are designated by such holder to be redeemed by the 331 Park Ave S. Offshore Feeder Series on the Final Closing Date in a written direction (in such form as provided by the Investment Manager) to the Investment Manager prior to December 31, 2016.

“Operating Cash Priority of Distributions” has the meaning set forth in the section of this Supplement titled “Distributions – b. Priority of Payments”.

“Option Contract” means the option to purchase the Park Ave Property referenced in the Option Purchase Agreement, as amended from time to time.

“Option Purchase Agreement” means that certain Option To Purchase Agreement, dated February 1, 2015, between the Seller and PropCo, as amended from time to time.

“**Park Ave Note**” means the note issued by the 114 E 25th Street Master Series to the 331 Park Ave S. Master Series in connection with the purchase of the membership interests in the JV pursuant to the MIPCA in an amount equal to approximately \$2,306,500 million at an interest rate of 6% per annum.

“**Park Ave Property**” means (a) the Land; (b) all Improvements; (c) all equipment, furniture, fittings, fixtures and articles of personal property affixed or attached to, installed or placed in or upon and used for or useable in any present or future enjoyment, occupancy or operation of the Property which is owned by the Seller; (d) all new leases, licenses and occupancy agreements which are entered into by the Seller in accordance with the Purchase Agreement, and any service contracts expressly assumed in writing by PropCo thereunder; (e) all transferable governmental licenses, permits, approvals and certificates which are used in connection with the ownership or operation of the Property; (f) any strips and gores adjacent to the Land and any land lying in the bed of any street, road or avenue opened or proposed, in front of or adjoining the Land, to the center line thereof; (g) all of the easements, rights, privileges and appurtenances belonging or in any way appertaining to the Land and Improvements (including, without limitation, any and all development rights applicable to the Property); and (h) to the extent assignable, all trade names and general intangibles used in connection with the ownership and operation of the Land and Improvements, if any.

“**Property**” means (a) the Park Ave Property and (b) other properties to be identified by PSIM in its capacity as the manager of the JV to be purchased by PropCo or an Affiliate thereof.

“**Property Purchase Price**” means the total purchase price for the Property.

“**Property Value**” means the greater of (x) PropCo’s cost basis in the Property (as determined in accordance with generally accepted accounting practices in the United States of America) and (y) the appraised value of the Property as determined by a reputable third party appraisal firm.

“**PSIM**” means Prodigy Shorewood Investment Management LLC, a Delaware limited liability company.

“**PSIM Park Ave**” means PSIM 331 PAS, LLC, a Delaware limited liability company owned by Shorewood and Prodigy Network, LLC.

“**Purchase Agreement**” has the meaning set forth in the Option Purchase Agreement.

“**Raised Equity**” means the sum of (a) the total contributed capital contributions with respect to Master Class A Preferred Interests (including any premiums received and irrespective of whether such capital is repaid to the investors pursuant to the Master Fund’s Operating Agreement as described in the section titled “Distributions”, (b) the aggregate Additional Master Class A-1 Accrued Return with respect to both NewCo and the 331 Park Ave S. Domestic Feeder Series and (c) the total contributed capital contributions with respect to Master Class B Preferred Interests (including any premiums received and irrespective of whether such capital is repaid to the investors pursuant to the Master Fund’s Operating Agreement as described in the section titled “Distributions”).

“**Required Capital Amount**” means the aggregate amount of capital targeted with respect to the 331 Park Ave S. Master Series.

“**Seller**” means 331-17J LLC, a New York limited liability company.

“**Semiannual Distribution Date**” means June 30 and December 31 of each year beginning one year after the Final Closing Date, provided, if such day is not a Business Day, the immediately preceding Business Day.

“**Senior Debt**” has the meaning set forth in the section of this Supplement titled “Senior Debt”.

“Shorewood” means Shorewood Real Estate Group LLC, a Delaware limited liability company wholly owned by S. Lawrence Davis.

“Structurally Subordinated Debt” has the meaning set forth in the section of this Supplement titled **“Structurally Subordinated Debt”**.

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY THE INFORMATION SET FORTH IN THE APPLICABLE SUPPLEMENT TO THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM, WHICH MAY MODIFY OR SUPPLEMENT ANY OF THE STATEMENTS SET FORTH HEREIN.

**CONFIDENTIAL PRIVATE OFFERING MEMORANDUM
of**

**PRODIGY SHOREWOOD
MASTER REP FUND, LLC**

a Delaware limited liability company

**Preferred and Common Membership
Interests**

**PRODIGY SHOREWOOD
DOMESTIC FEEDER REP
FUND, LLC**

a Delaware limited liability company

**Preferred and Common Membership
Interests**

NewCo

(as identified in the applicable Supplement)

Common Stock

and

**PRODIGY SHOREWOOD
NEW YORK REP FUND, LP**

a Cayman Islands exempted limited partnership

Limited Partnership Interests

Investment Manager:

Prodigy Network, LLC
40 Wall Street, 17th Floor
New York, NY 10005

July 15, 2016

CONFIDENTIAL PRIVATE OFFERING MEMORANDUM

This Confidential Private Offering Memorandum (the “Base”) and any supplement to this Confidential Private Offering Memorandum (each a “Supplement” and together with the Base, this “Memorandum”) of Prodigy Shorewood Domestic Feeder REP Fund, LLC, a Delaware limited liability company (the “Domestic Feeder”), Prodigy Shorewood New York REP Fund, LP, a Cayman Islands exempted limited partnership (the “Offshore Feeder”; and together with the Domestic Feeder, the “Feeder Funds”), each NewCo (as defined below and identified in the applicable Supplement) and Prodigy Shorewood Master REP Fund, LLC, a Delaware limited liability company (the “Master Fund” and collectively with the Feeder Funds and the NewCos (to the extent not otherwise dissolved), the “Fund”), and all related information including marketing materials and Organizational Documents (as defined below) that are approved by the Fund or Prodigy Network, LLC, a Delaware limited liability company (or an affiliate thereof, in its capacity as the investment manager for the applicable series of the Master Fund and/or the Domestic Feeder, as applicable, the “Investment Manager”), and furnished in connection with the offering of the Interests (as defined below) (collectively, “Related Information”) are being furnished on a confidential basis solely to selected qualified investors considering the purchase of membership interests, limited partnership interests, or stocks, as applicable, of (x) a series of the applicable Feeder Fund relating to a series of the Master Fund or (y) to a NewCo relating to such series of the Master Fund (each, an “Interest,” and collectively, the “Interests”, as the context requires). For the avoidance of doubt, this Base is applicable with respect solely to series of the Fund established on or after the date hereof and is not applicable to any series of the Fund established prior to the date hereof. References to “the Investment Manager” herein with respect to the Master Fund, the Domestic Feeder, the Offshore Feeder and/or the Fund are intended to refer to the Investment Manager of the applicable series of the Master Fund, Domestic Feeder, Offshore Feeder and/or the Fund, as applicable, as the context may require, and references to “the Investment Manager” herein with respect to a NewCo are intended to refer to the Investment Manager of the applicable NewCo associated with the relevant series of the Fund. For the avoidance of doubt, the Offshore Feeder is not comprised of legally separate cells or series, and references to a “series” of the Offshore Feeder are used, for convenience, to refer to those LP Interests in the Offshore Feeder that are associated with a particular series of the Master Fund. This Memorandum and the Related Information are not to be reproduced or distributed to others, at any time, without the prior written consent of the Investment Manager and all recipients agree they will keep confidential all information contained herein or therein not already in the public domain and will use this Memorandum and the Related Information for the sole purpose of evaluating a possible investment in the Feeder Funds and/or a NewCo. The Interests are offered subject to the right of the Fund to reject any subscription in whole or in part. Notwithstanding the foregoing, each prospective investor (and each employee, representative or other agent of each prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Fund and all materials of any kind (including opinions or other tax analyses) that are provided to each prospective investor relating to such tax treatment or tax structure. For this purpose, “tax structure” is limited to facts relevant to the U.S. federal and state income tax treatment of the transaction and does not include information relating to the identity of the parties, their affiliates, agents or advisors. Acceptance of this Memorandum by prospective investors constitutes an agreement to be bound by the foregoing terms.

The Interests have not been registered under the Securities Act, the securities laws of any state in the U.S. or the securities laws of any other jurisdiction, nor is such registration contemplated. The Interests will be offered and sold only (i) to “accredited investors,” as such term is defined under Rule 501(a) of

Regulation D under the U.S. Securities Act of 1933, as amended (the “Securities Act”), pursuant to the exemption provided by Rule 506(c) of Regulation D under the Securities Act, or (ii) to persons that are not “U.S. persons” in “offshore transactions” in reliance upon (and as such terms are defined in) Regulation S under the Securities Act (“Regulation S”). None of the Master Fund, the Domestic Feeder or the Offshore Feeder will be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”) in reliance on an exemption under Section 3(c)(5)(C) of the Investment Company Act for certain companies primarily engaged in the business of purchasing or otherwise acquiring mortgages or other liens on and interests in real estate. There is no public market for the Interests and no such market is expected to develop in the future. The Interests may not be sold or transferred except as permitted under the Organizational Documents.

Prospective investors are not to construe the contents of this Memorandum as legal, tax, investment or other advice. Each prospective investor should consult its own advisors as to legal, business, tax, ERISA (defined herein) and other related matters concerning an investment in the Interests. Each prospective investor is invited to meet with representatives of the Fund and to discuss with, ask questions of and receive answers from such representatives concerning the terms and conditions of this offering and to obtain any additional information, to the extent that such representatives possess such information or can acquire it without unreasonable effort or expense, necessary to verify the information contained herein.

Potential investors are asked to pay particular attention to the information in “*Section XVI Tax Considerations*,” which is a summary of some of the tax rules and considerations affecting the investors, the Fund and the Fund’s operations and does not purport to be a complete analysis of all relevant tax rules and considerations, nor does it purport to be a complete listing of all potential tax risks inherent in purchasing or holding Interests. Each prospective investor is urged to consult its tax advisor in order to understand fully the U.S. federal, state, local and any non-U.S. tax consequences of such an investment in its particular situation.

In making an investment decision, investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. Qualified investors must (a) have such knowledge and experience in business and financial matters as will enable them to evaluate the merits and risks of a proposed investment in the Interests and (b) be able to bear the economic risk of this investment. The Fund will be the sole judge as to whether or not a prospective investor possesses these qualifications. Each investor will be required to make certain representations to the Fund, including (but not limited to) representations as to investment intent, degree of sophistication, access to information concerning the Fund and ability to bear the economic risk of the investment.

There is no active secondary market for the Interests. An investment in the Interests involves significant risks. Potential investors should pay particular attention to the information in “*Section II Certain Risk Factors*.” No assurance can be given that the Fund’s investment objectives will be achieved or that investors will receive a return of their capital.

The Interests have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”) or by the securities regulatory authority of any state of the United States or of any other jurisdiction, nor has the SEC or any such securities regulatory authority passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

The distribution of this Memorandum and the offer and sale of the Interests in certain jurisdictions may be restricted by law. This Memorandum does not constitute an offer to sell or the solicitation of an offer to buy in any state in the U.S. or, other jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such state or jurisdiction. Interests that are acquired by persons not entitled to hold them are subject to compulsory redemption.

The Interests are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and any applicable U.S. state or other securities laws, pursuant to registration or an exemption therefrom. The transferability of the Interests will be further restricted by the terms of the Organizational Documents (defined herein) of the Fund. Investors should be aware that they will be required to bear the financial risks of an investment in the Interests for an extended period of time. There will be no public market for the Interests, and there is no obligation on the part of any person to register the Interests under the Securities Act or any state securities laws.

As the Offshore Feeder is closed-ended, it is not considered to be a mutual fund for the purposes of the Cayman Islands Mutual Funds Law (2009 Revision), as amended from time to time. Accordingly, the Offshore Feeder is not regulated by the Cayman Islands Monetary Authority (the “Authority”). The Offshore Feeder will not be subject to supervision in respect of its investment activities or the constitution of its investment assets by the Authority or any other governmental authority in the Cayman Islands. Neither the Authority nor any other governmental authority in the Cayman Islands has passed upon or approved the terms or merits of this Memorandum. There is no investment compensation scheme available to investors in the Cayman Islands.

The Offshore Feeder is prohibited from making any invitation to the public of the Cayman Islands to subscribe for Interests. Non-resident or exempted companies and certain other non-resident or exempted entities established in the Cayman Islands and engaged in offshore business may, however, be permitted to subscribe. The Offshore Feeder does not intend to undertake business with the public in the Cayman Islands other than so far as may be necessary for the carrying on of the business of the Fund exterior to the Cayman Islands.

In order to comply with regulations aimed at the prevention of money laundering in any applicable jurisdictions, the Fund may require prospective investors to provide evidence to verify their identity and the source of their funds. Accordingly, the Fund reserves the right to request such information as it considers necessary to verify the identity of a prospective investor and the source of such prospective investor’s funds. The Fund may refuse to accept any subscription application if a prospective investor delays in producing or fails to produce any information required by the Fund for the purpose of verification or based on the information provided, and, in any such event, the funds received by the Fund will be returned without interest to the account from which the moneys were originally debited.

If any person resident in the Cayman Islands knows or suspects that a payment to the Offshore Feeder (by way of subscription or otherwise) contains the proceeds of criminal conduct, the person will be required to report such belief or suspicion pursuant to the Proceeds of Crime Law, 2008, as amended from time to time (“Proceeds of Crime Law”).

As the Interests of the Domestic Feeder are offered pursuant to Rule 506(c) under Regulation D of the Securities Act, the Investment Manager may prepare and generally distribute marketing or advertising materials in connection with the offer of Interests of the Domestic Feeder. No person has been authorized to give any information or to make any representation concerning the Domestic Feeder or the offering of the Interests of the Domestic Feeder that is contrary or inconsistent with the information contained in this Memorandum and the Related Information, and if such contrary or inconsistent information is given or made, such information or representation must not be relied upon. This Memorandum supersedes all prior versions, and, in the event of any inconsistency between this Memorandum and any prior version or any Related Information that are marketing or presentational materials, this Memorandum controls.

As the Interests of the applicable NewCo are offered pursuant to Rule 506(c) under Regulation D or Regulation S of the Securities Act, the Investment Manager may prepare and generally distribute marketing or advertising materials in connection with the offer of Interests of a NewCo. No person has

been authorized to give any information or to make any representation concerning any NewCo or the offering of the Interests of a NewCo that is contrary or inconsistent with the information contained in this Memorandum and the Related Information, and if such contrary or inconsistent information is given or made, such information or representation must not be relied upon. This Memorandum supersedes all prior versions, and, in the event of any inconsistency between this Memorandum and any prior version or any Related Information that are marketing or presentational materials, this Memorandum controls.

The Directors (defined herein) of the Offshore Feeder whose names appear in this Memorandum accept responsibility for the information contained in this Memorandum. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

This Memorandum does not purport to be, and should not be construed as, a complete description of the Organizational Documents of the Fund, the investment management agreements entered into among each series of the Master Fund, the related series of the Domestic Feeder, the Offshore Feeder, the applicable NewCo and the Investment Manager party thereto (each such investment management agreement, an “Investment Management Agreement”), or the administration agreements entered into among each series of the Master Fund, the related series of each Feeder Fund, the Offshore Feeder, the applicable NewCo and the Administrator (as defined herein). To the extent of any inconsistency between this Memorandum, any Investment Management Agreement and an Administration Agreement, the terms of such Investment Management Agreement or Administration Agreement, as the case may be, shall control.

Statistical data and other factual statements contained in this Memorandum have been obtained from publicly available documents, or other sources considered to be generally reliable. There is no representation or warranty, expressed or implied, as to the accuracy, adequateness or completeness of any of such information used in this Memorandum. This Memorandum does not include information relating to events occurring subsequent to its date, except as expressly indicated. The delivery of this Memorandum does not imply that information contained herein is correct as of any time subsequent to the date hereof. This Memorandum does not include information relating to the past performance of funds previously managed or currently managed by the Investment Manager.

Certain information contained in this Memorandum constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “shall,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those described in “*Section II Certain Risk Factors*,” actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

None of the Fund, the Directors, the Investment Manager, the governing body of any entity included within the Fund or their respective affiliates or any of their respective partners, members, officers, employees, managers, consultants, associates or agents has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

All references herein to “Dollars” or “\$” shall mean the lawful currency of the United States.

All references to “Business Day” shall mean any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks are authorized or required by applicable law, regulation or executive order to

close in New York, New York and, with respect to references to the Offshore Feeder, the Cayman Islands.

NOTICE TO FLORIDA RESIDENTS

FLORIDA OFFEREEES. THE INTERESTS BEING OFFERED HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION. IF SALES OF THESE INTERESTS ARE CONSUMMATED WITH FIVE (5) OR MORE OFFEREEES IN THE STATE OF FLORIDA, ANY SUCH OFFEREE MAY, AT SUCH OFFEREE'S OPTION, VOID ANY PURCHASE HEREUNDER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE SPONSOR, AN AGENT OF THE SPONSOR, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO THE PURCHASER, WHICHEVER OCCURS LATER.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No offer or invitation may be made to the public in the Cayman Islands to subscribe for Interests in the Feeder Fund. Non-resident or exempted companies and certain other non-resident or exempted entities established in the Cayman Islands and engaged in offshore business may however be permitted to subscribe.

NOTICE TO RESIDENTS OF THE REPUBLIC OF SINGAPORE

The offer or invitation of the Interests as set out in this Memorandum does not relate to a collective investment scheme that is authorised under section 286 of the Securities and Futures Act (Cap. 289) (the "SFA"), or recognised under section 287 of the SFA, by the Monetary Authority of Singapore. This Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Interests may not be circulated or distributed, nor may the Interests be offered and sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the retail public or any member of the retail public in Singapore unless permitted under any applicable exemption. This Memorandum is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and the offeree should consider carefully whether the investment is suitable for him.

TABLE OF CONTENTS

I. SUMMARY OF INVESTMENT TERMS..... 1

II. CERTAIN RISK FACTORS..... 18

III. THE FUND..... 34

IV. INVESTMENT PROGRAM..... 37

V. MANAGEMENT..... 39

VI. THE INVESTMENT MANAGER..... 40

VII. OTHER ACTIVITIES OF THE INVESTMENT MANAGER; POTENTIAL CONFLICTS
OF INTEREST 42

VIII. THE ADMINISTRATOR..... 45

IX. CAPITAL STRUCTURE OF THE FUND 46

X. OFFERING OF INTERESTS 48

XI. REDEMPTIONS 51

XII. COMPULSORY REDEMPTION OF INTERESTS 51

XIII. VALUATION OF THE FUND 51

XIV. SUSPENSION OF THE VALUATION OF THE FUND 53

XV. FEES AND EXPENSES 53

XVI. TAX CONSIDERATIONS..... 57

XVII. ERISA CONSIDERATIONS..... 75

XVIII. REGULATORY MATTERS..... 79

XIX. ANTI-MONEY LAUNDERING REGULATIONS..... 80

XX. FISCAL YEAR 81

XXI. LEGAL COUNSEL..... 81

XXII. INDEPENDENT PUBLIC ACCOUNTANTS; REPORTS..... 81

APPENDIX I 82

INDEX OF DEFINED TERMS..... 83

I. SUMMARY OF INVESTMENT TERMS

This Summary of Investment Terms summarizes the principal terms of an investment in the Fund and is subject, and qualified in its entirety by reference to the full text of this Memorandum and by reference to the Third Amended and Restated Limited Partnership Agreement of the Offshore Feeder, as amended from time to time (the “Offshore Feeder’s Partnership Agreement”), the Operating Agreement of the Domestic Feeder and each applicable series supplement thereto, each as amended from time to time (the “Domestic Feeder’s Operating Agreement”), the NewCo Documents (as defined below) and the Operating Agreement of the Master Fund and each applicable series supplement thereto, each as amended from time to time (the “Master Fund’s Operating Agreement”; collectively with the Offshore Feeder’s Partnership Agreement, the NewCo Documents and the Domestic Feeder’s Operating Agreement, the “Organizational Documents”), copies of which will be given to each prospective investor upon request. To the extent that the terms summarized herein are inconsistent with or contrary to the Organizational Documents, the Organizational Documents shall control. An index of defined terms appears at the back of this Memorandum.

Master Fund

Prodigy Shorewood Master REP Fund, LLC is a Delaware limited liability company. The Master Fund’s Operating Agreement will provide for the establishment of a designated series for each Property (or a direct or indirect subsidiary of the Master Fund that owns that Property), and the membership interests in the series associated with that Property will only receive distributions to the extent of the income, payments and proceeds of that Property available for such distributions pursuant to the Master Fund’s Operating Agreement. In addition, the records of the Master Fund will account for each Property as being associated with its series only and will treat each Property as separate from the other assets of the Master Fund or any other series of the Master Fund; accordingly, members associated with a series of the Master Fund will only have an interest in the Property associated with that series of the Master Fund and the related income, payments and proceeds of that Property. The Master Fund’s Operating Agreement will provide that the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular series of the Master Fund will be enforceable against the assets of that series of the Master Fund only, and not against the assets of the Master Fund generally or any other series of the Master Fund, and, unless otherwise provided in the Master Fund’s Operating Agreement, none of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the Master Fund generally or another series of the Master Fund will be enforceable against the assets of such particular series of the Master Fund.

Domestic Feeder

Prodigy Shorewood Domestic Feeder REP Fund, LLC is a Delaware limited liability company. The each series of the Domestic Feeder will invest substantially all of its assets in a series of the Master Fund. The Domestic Feeder is designed to meet the needs of U.S. taxable investors. The Domestic Feeder’s Operating Agreement will provide for the establishment of a designated series of the Domestic Feeder for each investment in a series of the Master Fund associated with a Property. The membership interests of the Domestic Feeder associated with an investment in a series of the Master Fund will only receive distributions to the extent of distributions made by the Master Fund from the income, payments and proceeds of the Property

associated with that series of the Master Fund, to the extent such funds are available for distribution to the holders of such membership interests pursuant to the Domestic Feeder's Operating Agreement. In addition, the records of the Domestic Feeder will account for each investment in a series of the Master Fund as being associated with a particular series of the Domestic Feeder only and will treat each investment in a series of the Master Fund as separate from the other assets of the Domestic Feeder or any other series of the Domestic Feeder; accordingly, the members associated with a series of the Domestic Feeder will only have an interest in the investment made in the corresponding series of the Master Fund and the related income, distributions and proceeds of that series of the Master Fund. The Domestic Feeder's Operating Agreement will provide that the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular series of the Domestic Feeder will be enforceable against the assets of that series of the Domestic Feeder only, and not against the assets of the Domestic Feeder generally or any other series of the Domestic Feeder, and, unless otherwise provided in the Domestic Feeder's Operating Agreement, none of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the Domestic Feeder generally or another series of the Domestic Feeder will be enforceable against the assets of such particular series of the Domestic Feeder.

Offshore Feeder

Prodigy Shorewood New York REP Fund, LP is a Cayman Islands exempted limited partnership constituted pursuant to the Offshore Feeder's Partnership Agreement and registered in accordance with the Exempted Limited Partnership Law of the Cayman Islands (as amended). The general partner of the Offshore Feeder is Prodigy Shorewood New York REP Fund (GP) Company (the "General Partner"), a Cayman Islands exempted company limited by shares incorporated under the Companies Law of the Cayman Islands (as amended). The Offshore Feeder will issue limited partnership interests (the "LP Interests") to its Investors. In connection with the investment in a series of the Master Fund, the applicable series of the Offshore Feeder will make a loan to and an equity investment in the NewCo (as defined below) associated with such series of the Master Fund. Each such NewCo will make a capital contribution to the related series of the Master Fund using the proceeds of the equity investment in it and the loan to it from the applicable series of the Offshore Feeder. For the avoidance of doubt, the Offshore Feeder is not comprised of legally separate cells or series, and references to a "series" of the Offshore Feeder are used, for convenience, to refer to those LP Interests in the Offshore Feeder that are associated with a particular series of the Master Fund. The Investors in LP Interests associated with a series of the Master Fund will only receive distributions to the extent of distributions made by the Master Fund to the applicable NewCo, and by the NewCo to the Offshore Feeder, from the income, payments and proceeds of the Property associated with that series of the Master Fund, to the extent such funds are available for distribution to such Investors pursuant to the Offshore Feeder's Partnership Agreement. In addition, the records of the Offshore Feeder will account for each investment in a series of the Master Fund through a NewCo, and the debts, liabilities, obligations and expenses incurred by or allocated to that series of the Master Fund or the related series of the Offshore Feeder, as being associated with a particular series of the Offshore Feeder only and will

treat each investment in a series of the Master Fund through a NewCo (and such related debts, liabilities, obligations and expenses) as separate from the other assets and liabilities of the Offshore Feeder or any other series of the Offshore Feeder; accordingly, the Investors associated with a series of the Offshore Feeder will only have an interest in the investment made in a series of the Master Fund through a NewCo and the related net income, distributions and proceeds made by that series of the Master Fund to such NewCo. The Offshore Feeder is designed to meet the needs of non-U.S. investors. References to the “Offshore Feeder” in this Memorandum, except as otherwise discussed, will also include the applicable NewCo.

NewCo

One or more distinct Delaware corporations will be created in connection with each series of the Fund for purposes of making investments in the related series of the Master Fund (each such corporation, a “NewCo”). All Investors in NewCo (including the applicable series of the Offshore Feeder) will make an equity investment and certain Investors in NewCo (if not all) will make a loan to the applicable NewCo. The applicable NewCo will in turn contribute the proceeds of such equity investments and loans to the applicable Master Series in exchange for Interests in such Master Series.

The terms of the equity investments made or to be made by Investors in a NewCo will be subject to the organizational documents of such NewCo as well as a Stockholders Agreement entered into (or deemed entered into) among all shareholders of such NewCo (such agreement, a “Stockholders Agreement”). It is expected that each Stockholders Agreement will set forth, among other things, each Investor’s entitlement to distributions as a shareholder of such NewCo. Each NewCo will also enter into a Loan and Security Agreement with an administrative agent and each Investor in such NewCo that has made or will make a loan to such NewCo (such agreement, a “Loan and Security Agreement”), and together with the organizational documents of the applicable NewCo and the applicable Stockholders Agreement, the “NewCo Documents”) pursuant to which such Investor will make loans to such NewCo. Income of a NewCo received from the applicable series of the Master Fund, less expenses, will first be used to repay obligations of such NewCo under the applicable Loan and Security Agreement. After the repayment and full satisfaction of a NewCo’s obligations under the applicable Loan and Security Agreement, income of such NewCo will be distributed to its Investors as dividend pursuant to the terms of the applicable Stockholders Agreement. Each NewCo is designed to meet the needs of non-U.S. investors.

Investment Manager

Unless otherwise specified in the applicable Supplement, the investment manager for each series of the Master Fund, each NewCo and each series of the Domestic Feeder and Offshore Feeder will be Prodigy Network, LLC, a Delaware limited liability company (“Prodigy Network”), or an affiliate thereof (the “Investment Manager”). References to “the Investment Manager” herein with respect to the Fund are intended to refer to the Investment Manager of the applicable series of the Fund. Prodigy Network is also the Manager of the Master Fund and the Manager of the Domestic Feeder. Prodigy Network may also be a member of one or more series of the Domestic Feeder and/or the Master Fund.

The Investment Manager is not registered, nor is it required to be registered, as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended, or under any U.S. state law. The Investment Manager may, with respect to any series of the Master Fund, assign and transfer to an affiliate its rights and obligations under the investment management agreement to be entered into among such series of the Master Fund, the related series of the Domestic Feeder, the Offshore Feeder and the Investment Manager (each such agreement, as amended from time to time, an “Investment Management Agreement”).

**General
Partner/Managers of the
Fund**

Richard Gordon and Andre Slabbert will serve as directors of the General Partner of the Offshore Feeder (the “Directors”). The directors of each NewCo are expected to be employees of Prodigy Network, LLC or persons identified by Prodigy Network, LLC. There are no directors at the Master Fund or the Domestic Feeder, however Prodigy Network will be the manager of the Master Fund and the Domestic Feeder (in such capacities, the “Manager”).

**Investment Objective
and Strategy**

Each series of the Master Fund or an affiliate thereof intends to acquire residential real estate, mixed use real estate and/or commercial real estate in New York and Florida. A description of each real estate property including rights thereto (each, a “Property”) will be set forth in the applicable Supplement.

The strategy of each series of the Master Fund is to, directly or through an affiliate thereof, acquire, develop and/or redevelop, and operate and/or sell a Property. Each series of the Master Fund intends to use (1) the proceeds of the loans (the “NewCo Debts”) and the equity investment proceeds, in each case from a series of the Offshore Feeder (and other direct Investors of such NewCo), contributed to the applicable NewCo and such NewCo’s contemporaneous investment of those proceeds in such series of the Master Fund (the “Offshore Investment”), (2) the equity investment proceeds from a series of the Domestic Feeder and contemporaneous investment of those proceeds in such series of the Master Fund (the “Domestic Investment” and together with the Offshore Investment, the “Investment”) and (3) the proceeds of one or more classes of loans to such series of the Master Fund (or an affiliate thereof) from third party banks or other financial institutions secured by mortgages on the Property associated with such series of the Master Fund (such loans, collectively, the “Secured Debt”) to acquire and develop or redevelop, if applicable, the Property associated with that series of the Master Fund. If so specified in the applicable Supplement, the remaining proceeds of and credit commitment under the related Secured Debt will be used to develop or redevelop or cause the development or redevelopment of such Property as further detailed in the applicable Supplement. Thereafter, a Property will be as more particularly described in the related Supplement. It is anticipated that each Property will be sold on or before end of the Investment Term associated with such Property.

The income from a Property’s operations and/or the proceeds from the sale of such Property are expected to repay the then due and payable principal of and interest on the Secured Debt associated with such Property. Distributions to the applicable NewCo and series of the Feeder Funds associated with such

Property will only be made if all then due and payable principal of and interest on such Secured Debt are paid in full. If an event of default exists under the Secured Debt associated with a Property, no amounts will be distributed by the Master Fund to the related NewCo and/or the series of the Feeder Funds associated with such Property or otherwise in respect of such series until the repayment in full of such Secured Debt. See: “*Distributions*” below.

Fund Size

For each Property, the amount of capital targeted will be set forth in the related Supplement.

Offering of Interests

The Domestic Feeder, the Offshore Feeder and the applicable NewCo are inviting qualified investors to subscribe for Interests in such funds. With respect to (i) the Domestic Feeder, the term “Interests” shall refer to the membership interests of a series of the Domestic Feeder; (ii) the Offshore Feeder, the term “Interests” shall refer to the LP Interests in the Offshore Feeder relating to a particular series of the Master Fund, and (iii) a NewCo, the term “Interests” shall refer to the common stock issued by such NewCo. The term “Investor” shall refer to a holder of Interests.

The Domestic Feeder is offering one or more series of Interests in the Domestic Feeder (the proceeds of which, for each such series, will be used to make an investment in the related series of the Master Fund). A capital account will be established for each Investor admitted to the Domestic Feeder to which the amount of its initial capital contribution and any subsequent capital contribution, in each case, net of any Premium as described in the applicable Supplement (“Premium”), will be credited. Any Premium paid by an Investor will be applied as set forth in the related Supplement. Investors who are admitted (or who increase their capital commitments) subsequent to the Initial Closing Date of the applicable series of the Domestic Feeder will participate in investments held as of their dates of admission (or increase in capital commitments) by making a catch-up capital contribution and, if so specified in the applicable Subscription Agreement applicable to such Investor, a payment of Premium. After the payment of such catch-up capital contribution and Premium, if applicable, such Investors will be treated as having fulfilled their capital commitment with respect to such series of the Domestic Feeder as of the Initial Closing Date.

Each capital account for each Investor admitted to the Domestic Feeder will correspond to a series of the Master Fund associated with a Property. The minimum amount that may be contributed by an Investor for Interests offered in connection with an investment in a series of the Domestic Feeder will be set forth in the applicable Subscription Agreement for such series. In most cases, the minimum subscription for an Investor is expected to be at least \$10,000.

The Offshore Feeder is offering one or more series of LP Interests in the Offshore Feeder (the proceeds of which, for each such series, will ultimately be used to make an investment in the related series of the Master Fund). A capital account will be established for each Investor admitted to the Offshore Feeder to which the amount of its initial capital contribution and any subsequent capital contribution, in each case, net of any Premium, will be credited. Investors who are admitted (or who increase their capital

commitments) subsequent to the Initial Closing Date of the applicable series of the Offshore Feeder will participate in investments held as of their dates of admission (or increase in capital commitments) by making a catch-up capital contribution and, if so specified in the applicable Subscription Agreement applicable to such Investor, a payment of Premium. After the payment of such catch-up capital contribution and Premium, if applicable, such Investors will be treated as having fulfilled their capital commitment with respect to such series of the Offshore Feeder as of the Initial Closing Date.

Each capital account for each Investor admitted to the Offshore Feeder will correspond to an investment in a NewCo which shall, in turn, correspond to a series of the Master Fund associated with a Property. The minimum amount that may be contributed by an Investor for Interests offered in connection with an investment in a series of the Offshore Feeder will be set forth in the applicable Subscription Agreement for such series. In most cases, the minimum subscription for an Investor is expected to be at least \$10,000.

The applicable NewCo is offering one or more classes of common stock of such NewCo (the proceeds of which, for each such series, will be used to make an investment in the related series of the Master Fund). A capital account will be established for each Investor admitted to such NewCo to which the amount of its initial capital contribution and any subsequent capital contribution, in each case, net of any Premium, will be credited. Investors who are admitted (or who increase their capital commitments) subsequent to the Initial Closing Date of the applicable NewCo will participate in investments held as of their dates of admission (or increase in capital commitments) by making a catch-up capital contribution and, if so specified in the applicable Subscription Agreement applicable to such Investor, a payment of Premium. After the payment of such catch-up capital contribution and Premium, if applicable, such Investors will be treated as having fulfilled their capital commitment with respect to such NewCo as of the Initial Closing Date.

Each capital account for each Investor admitted to a NewCo will correspond to an investment in a series of the Master Fund associated with a Property. Each Investor in a NewCo that elects to make a loan to NewCo will also be required to become a party to the applicable Loan and Security Agreement, pursuant to which such Investor will become a committed lender to such NewCo. Unless otherwise set forth in the applicable Supplement, the loan commitment of each Investor of a NewCo shall be equal to three (3) times of its commitment to purchase common stock of such NewCo. Each Investor of NewCo is required to become a party to the applicable Stockholders Agreement, which governs, among other things, each Investor's entitlement to dividend distributions made by such NewCo. The minimum amount that may be contributed by an Investor for Interests offered in connection with an investment in a NewCo will be set forth in the applicable Subscription Agreement for such NewCo. In most cases, the minimum subscription for an Investor (including its loan to the applicable NewCo, if any) is expected to be at least \$10,000.

If so specified in the applicable Supplement, the Investment Manager for a series of the Fund may issue Interests (or membership interests of the Master

Fund) of such series (on such terms and conditions as such Investment Manager may determine in its discretion, including with respect to the vesting of such Interests) to one or more direct or indirect service providers to such series (including placement agents of the Feeder Funds and employees of the Investment Manager and/or its affiliates) and in connection with such issuance may treat such Persons as making a deemed capital contribution to such series without actually receiving any cash consideration, subject to any limit on the maximum total amount of such deemed capital contributions in respect of such series of the Fund set forth in such Supplement. For greater certainty, the Interests that may be issued to such service providers may be shares of the relevant NewCo.

The Investment Manager and the Administrator reserve the right to decline any and all new subscriptions at any time.

Final Closing Date

With respect to the offering of Interests related to a Property, the final closing date (“Final Closing Date”) will be set forth in the related Supplement.

Initial Closing Date

With respect to any Investor subscribing to the Feeder Funds in respect of a Property, the “Initial Closing Date” will be the date determined pursuant to the related Supplement.

Investor Subscriptions

Each potential investor interested in subscribing to a Feeder Fund and/or a NewCo will review and execute a Subscription Agreement (the “Subscription Agreement”) and deposit its contributions with a bank or other financial institution specified in such Subscription Agreement (such bank, the “Bank”) to be held in escrow (such funds, the “Escrowed Funds”). Escrowed Funds will be released to the applicable series of a Feeder Fund and/or the applicable NewCo as described in the applicable Supplement.

Capital contributed by an Investor to satisfy Organizational Expenses will reduce such Investor’s unfunded capital commitment in respect of its subscription.

If for any reason an Investor in a series of a Feeder Fund and/or a NewCo fails to make the requisite capital contribution(s) in respect of such series or NewCo when due (a “Default”), such Investor will remain liable in respect of its capital commitment, and the related Investment Manager of the Fund or the General Partner of the Offshore Feeder, as the case may be, in its discretion and to the extent permitted by applicable law, may take any one or more of the following actions: (i) extend the time of payment, with interest at eight percent (8%) per annum (or such lower rate as may be required by applicable law) and expenses; (ii) commence legal proceedings against such Investor to collect the due and unpaid amount plus interest thereon (as described in clause (i)) and the expenses of collection, including reasonable attorneys’ fees; (iii) prohibit such Investor from making further capital contributions; (iv) declare the unpaid capital commitment of such Investor released; (v) offer such Investor’s Interest in such series to other Investors (including for a reduced price); (vi) reduce such Investor’s entitlement to subsequent distributions by one half (1/2) of the amount such Investor would otherwise be entitled to under the applicable Organizational Document (with the excess apportioned to the remaining Investors of such series pro rata in proportion to their relative entitlements to distributions); (vii) terminate any voting, consent

and approval rights of such Investor; (viii) reduce such Investor's capital account or entitlement to distribution by an amount equal to one half (1/2) of its capital account or entitlement to distribution with respect to such Interests immediately prior to the Default; and/or (ix) pursue any other remedy that the Investment Manager deems advisable and/or as otherwise specified in the related Organizational Document; *provided*, that with respect to any corresponding "Default" by a Feeder Fund (or the related NewCo) under the Master Fund's Operating Agreement that arises from the failure of an Investor in such Feeder Fund and/or NewCo to make a required capital contribution to such Feeder Fund and/or NewCo, as a result which such Feeder Fund (and/or the related NewCo) fails make all or a portion of a required capital contribution or other payment provided for in the Master Fund's Operating Agreement to or with respect to a series of the Master Fund, such series of the Feeder Fund (and/or the related NewCo, as applicable) may be treated as in "Default" solely with respect to that portion of such series of the Feeder Fund's (and/or such NewCo's) interest relating to such Investor's indirect interest in such series of the Master Fund.

Investor Suitability

Interests of the Domestic Feeder will be offered in the United States only to persons that are "accredited investors," as such term is defined under Rule 501(a) of Regulation D under the Securities Act. In connection with a subscription for an Interest of the Domestic Feeder, each investor will be required to provide documentation that, in the opinion of the Investment Manager, is sufficient to verify the investor's status as an accredited investor.

Interests in the Offshore Feeder and NewCos will be offered outside the United States to persons that are not "U.S. persons", as defined in Regulation S under the Securities Act, purchasing for their own account or one or more accounts with respect to which they exercise sole investment discretion, each of which is not a U.S. person, in offshore transactions in reliance on Regulation S, and in accordance with any applicable securities laws of any state of the United States and any other relevant jurisdiction.

Unused Amount of Subscriptions

The unused amount of a subscription held in escrow at the Bank, in excess of reasonable reserves set aside for Fund Expenses and contingencies (as determined by the Investment Manager), will be returned to the applicable Investor (i) within one year of the completion of the Property's construction and redevelopment or (ii) at such time as there is a change in law or business conditions that, in the sole discretion of the Investment Manager, makes termination of the investment period necessary or advisable.

Investment Term

The expected term of an investment in a series of a Feeder Fund and/or a NewCo (including any extension thereof by the Investment Manager) will be set forth in the related Supplement.

Investment Restrictions

The Fund's investment restrictions are set forth in *Section IV. Investment Program – Investment Restrictions*.

Fees

Each Investment Manager and/or related entities of the Investment Manager may receive fees as specified in the applicable Supplement. Potential investors should carefully review and consider the fees that the Investment Manager of the applicable series of the Fund or other service providers may receive in connection with the acquisition, financing, development, redevelopment,

operation and disposition of a Property. If an Investment Manager has resigned or been terminated or removed as Investment Manager, unless otherwise provided in the Supplement, that Investment Manager will be entitled to an amount equal to all accrued and unpaid fees payable to it through and including such date of resignation, removal or termination.

In addition, (x) the Directors, General Partner and/or the applicable Investment Manager on behalf of the Offshore Feeder, (y) the applicable Investment Manager on behalf of the Domestic Feeder and/or (z) the board of directors and/or the applicable Investment Manager on behalf of a NewCo, may select one or more placement agents to effect sales of Interests of each of the Offshore Feeder, the Domestic Feeder and such NewCo, and the related series of the applicable Feeder Funds and/or such NewCo will pay placement fees or commissions to such placement agents in cash or as Interests in such series of the Feeder Fund, such NewCo and/or the related series of the Master Fund. These fees will be set forth in the applicable Supplement. Such placement fees incurred by or allocated to a series of a Feeder Fund and/or a NewCo will be treated under the Organizational Documents as borne by the related series of the Master Fund, and amounts contributed by an Investor to a Feeder Fund or a NewCo and used by such Feeder Fund or NewCo to pay (or reimburse) such placement fees will be treated as contributed by such Feeder Fund and/or NewCo to the applicable series of the Master Fund. The economic effect of the foregoing treatment of the payment of placement fees is such that the costs of placement fees paid by a series of the Feeder Fund and/or the related NewCo will be indirectly shared ratably amongst Investors of the applicable series of the Feeder Funds and the related NewCo. Potential investors should carefully review and consider the fees that the applicable series may pay to such placement agents.

Distributions

Distributions of the Master Fund's, the Feeder Funds' and the NewCos' Available Cash will be made on such dates and on such terms as are described in the related Supplement (each, a "Distribution Date").

"Available Cash" (i) with respect to any series of the Master Fund and any Distribution Date for such series means all available cash funds generated by the ownership, management, operation and sale of the assets attributable to such series, as determined by the Investment Manager for such series in its sole discretion (including without limitation all fees and other operating income, interest, dividends, rents and royalties in respect of such assets, but not including capital contributions or (except as the Investment Manager otherwise determines) proceeds of loans to such series), reduced by taxes, costs, expenses, reserves and deductions, as determined by its Investment Manager in its sole discretion, including, without limitation: (a) cash expenditures for all costs and expenses in connection with the business of such series, including all Organizational Expenses and Other Fund Expenses; (b) payments of principal of and interest on any loans or other obligations of the Master Fund for borrowed money with respect to such series, including loans made by Investors; and (c) such reserves for and to meet anticipated expenses as the Investment Manager of such series shall deem to be reasonably necessary in the efficient conduct of the business of such series and (ii) with respect to any series of a Feeder Fund or a NewCo and any applicable distribution date for such series means all available cash funds

generated by the ownership and, as applicable, sale of its direct or indirect interests in the applicable series of the Master Fund, as determined by the Investment Manager, for such series of the Feeder Fund or NewCo in its sole discretion (or, in the case of the Offshore Feeder, in consultation with the General Partner) (including, without limitation, all distributions received by such series of the Feeder Fund or NewCo directly or indirectly from the related series of the Master Fund, but not including capital contributions), reduced by costs, expenses, reserves and deductions, as determined by such Investment Manager in its sole discretion (or, in the case of the Offshore Feeder, in consultation with the General Partner), including, without limitation: (a) cash expenditures for all costs and expenses in connection with the business of such series of the Feeder Fund and NewCo, including all of its Organizational Expenses and other Fund Expenses; (b) payments of principal of and interest on any loans or other obligations of the applicable Feeder Fund and NewCo for borrowed money with respect to such series of the Feeder Fund and NewCo, including loans made by its Investors; and (c) such reserves for and to meet anticipated expenses as the Investment Manager of such series of the Feeder Fund and NewCo shall deem to be reasonably necessary in the efficient conduct of the business of such series of the Feeder Fund and NewCo.

In addition to the fees payable by each series of the Master Fund to the related Investment Manager, it is expected that, after returning capital contributed by the members of such series of the Master Fund and payment to those members of an agreed rate of return (as set forth in the applicable Supplement), the related Investment Manager (or an affiliate thereof) may receive certain incentive payments or distributions in respect of membership interests that it (or such affiliate) holds in such series of the Master Fund (as set forth in the applicable Supplement, the “Incentive Management Payment”). Notwithstanding the foregoing, if so provided in the applicable Supplement, Incentive Management Payment may be paid to the Investment Manager (or an affiliate thereof) prior to the return of capital contributed by the members of such series of the Master Fund and/or payment to those members of an agreed rate of return.

Organizational Expenses

Each series of the Master Fund and the corresponding series of each Feeder Fund and the related NewCo are responsible for all of its expenses (including, without limitation, travel, printing, legal and accounting fees and other expenses) incurred in connection with the organization and funding of such series, together with such series’ allocable share of expenses incurred in connection with the organization and funding of the Master Fund, such Feeder Fund and or the related NewCo (“Organizational Expenses”). Organizational Expenses allocable to more than one series of the Master Fund, or more than one of the Feeder Funds and/or more than one of their respective series and/or the related NewCo will be allocated by the Investment Manager of such series of the Fund among such parties based on the relative amount of the Investments (funded and unfunded) of such Feeder Funds and/or such series and/or NewCo, as applicable, or in such other manner as such Investment Manager determines is fair and equitable to Investors under the circumstances. Organizational Expenses incurred by or allocated to a series of a Feeder Fund (including organizational expenses of the related NewCo) will be treated

under the Organizational Documents as borne by the related series of the Master Fund, and amounts contributed by an Investor to a series of the Feeder Fund and/or a NewCo and used by such series and/or such NewCo to pay (or reimburse) such Organizational Expenses will be treated as contributed to the applicable series of the Master Fund. The economic effect of the foregoing treatment of the payment of Organizational Expenses is such that the costs of Organizational Expenses paid by a Feeder Fund and/or a NewCo will be indirectly shared ratably amongst Investors of the applicable series of the Feeder Funds and the related NewCo.

Each series of the Master Fund will reimburse its Investment Manager for any Organizational Expenses incurred in connection with such series, including, but not limited to, legal expenses. Reimbursements to the Investment Manager will be allocated among the Master Fund, the Feeder Funds, their respective series and the related NewCo in a manner similar to the allocation of Organizational Expenses described above.

Other Fund Expenses

Each series of the Master Fund or of a Feeder Fund and NewCo will bear its own costs and expenses relating to its activities, investments and business, and its allocable share of all out-of-pocket costs for administration of the Master Fund, such Feeder Funds or such NewCo, as the case may be. Because the Investment Manager's personnel perform certain legal, accounting, fundraising, due diligence tasks, and other services that outside professionals or outside consultants otherwise would perform, the Investment Manager will be paid or reimbursed for the documented cost of performing such tasks, provided that such costs and reimbursements are in amounts which the Investment Manager estimates are no greater than those which would be payable to outside professionals or consultants engaged to perform such services with the same level of skill and care, pursuant to agreements negotiated on an arm's-length basis. The Investment Manager will determine the amount payable by a series of the Master Fund or a Feeder Fund or a related NewCo based on the Investment Manager's reasonable estimate of the time dedicated by the Investment Manager's personnel to such activities but the Investment Manager's personnel do not and are not required to maintain special records of the time dedicated to such activities.

The expenses that may be required to be paid by each series of the Master Fund or of the Feeder Funds and the related NewCo include, but are not limited to: (i) all costs and expenses attributable to acquiring, developing, redeveloping, holding and disposing of its assets or properties (including, without limitation, interest on money borrowed by such series or its Investment Manager on behalf of the series, registration expenses and brokerage, finders', custodial and other fees, and salaries paid to employees for services relating to the acquisition and development of the related properties), (ii) insurance expenses, (iii) legal, accounting, auditing, consulting and other fees and expenses, (iv) costs, expenses and liabilities of such series or of the Master Fund or such Feeder Fund or NewCo, as the case may be (including, without limitation, litigation and indemnification costs and expenses, judgments and settlements), (v) any taxes, fees and other governmental charges levied against such series or against the Master Fund or such Feeder Fund or such NewCo, as applicable, and (vi) costs and expenses

identified as expenses born by such series or such NewCo in the Organizational Document for such series or such NewCo or in the related Investment Management Agreement for such series of the Fund, (vii) salaries and bonuses due to employees of the Investment Manager and/or affiliates of the Investment Manager that provide services related to the capital raising effort of the Master Fund, Feeder Funds and such NewCo (such salaries and bonuses will not exceed 2% of the capital raised by the applicable series of the Master Fund), as well as the overhead and rent associated with providing such services, (viii) expenses connected with communications to Investors of such series of the Master Fund and Feeder Funds and such NewCo and other bookkeeping and clerical work necessary in maintaining relations with such members and in complying with the continuous reporting and other requirements of governmental bodies or agencies, (ix) costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used for such series of the Master Fund and Feeder Funds and such NewCo, and (x) expenses incurred by directors, officers, personnel and agents of the Investment Manager for travel on behalf of such series of the Master Fund and Feeder Funds and such NewCo, and other out-of pocket expenses incurred by directors, officers, personnel and agents of the Investment Manager in connection with the purchase, financing, refinancing, sale or other disposition of an investment (the expenses described in this paragraph, “Fund Expenses”).

Fund Expenses allocable to more than one series of the Master Fund, or more than one of the Feeder Funds and/or more than one of their respective series or NewCos will be allocated by the Investment Manager of such series in a manner similar to the allocation of Organizational Expenses described above. Fund Expenses (other than Organizational Expenses and placement fees) of a Feeder Fund or a NewCo with respect to a series of the Master Fund may be advanced by such series of the Master Fund at the direction of the related Investment Manager, and will reduce subsequent distributions which would otherwise be made to such Feeder Fund or the related NewCo pursuant to the Master Fund’s Operating Agreement (provided that the amount of such reduction will be deemed to have been distributed, but such deemed distribution will not further reduce such Feeder Fund’s capital account or entitlement to distributions to the extent reduced by the prior advance).

Each series of the Master Fund will reimburse its Investment Manager for its allocable share (based on capital commitments (funded and unfunded) or as its Investment Manager otherwise determines is fair and equitable under the circumstances) of the amount of any expenses or indemnities incurred or advanced by the Investment Manager solely on behalf of the Fund (and, as applicable, other funds managed by Prodigy Network or its affiliates) (the Fund, together with such other funds, “Prodigy Funds”). Reimbursements to the Investment Manager will be allocated among the Master Fund, the Feeder Funds and their respective series and the applicable NewCo in a manner similar to the allocation of Organizational Expenses described above.

Special Loss Allocation

If and to the extent provided for in a series supplement to the Master Fund’s Operating Agreement, net losses from the related series of the Master Fund otherwise allocable to a related NewCo during the construction/redevelopment

phase of the Property with respect to such series will instead be allocated to the Investment Manager for such series (for so long as such Investment Manager is a member to such series), in a cumulative amount (with respect to such series and such NewCo) not in excess of the amount specified in the related Supplement. If such specially allocated net losses with respect to such series are not offset by subsequent allocations (upon the sale of substantially all of the assets of such series of the Master Fund) to such Investment Manager of net income from such series that is otherwise allocable to such NewCo, then such Investment Manager may be required, upon liquidation of such series (or the Master Fund) to make a capital contribution to such series up to the amount of such difference. The amount of such capital contribution, if any, will be distributed to such NewCo and, accordingly, may result in a difference in the ratable amounts distributable to such NewCo (and therefore the related Offshore Feeder and other Non-U.S. Investors of such NewCo) and Domestic Feeder with respect to such series of the Master Fund.

Voluntary Redemption Unless (a) otherwise specified in the applicable Supplement or (b) approved in writing by the Investment Manager, an Investor may not voluntarily redeem its Interest.

Compulsory Redemption Unless otherwise provided in the applicable Supplement, and without limiting any other redemption rights described in a Supplement, the relevant Investment Manager of the Fund and the General Partner of the Offshore Feeder reserve the right, with cause, to compel the redemption of any Investor's Interests. Without limiting the foregoing, the Fund may compulsorily redeem an Investor's Interest in the event of delay or failure by an Investor to produce any information required for anti-money laundering verification purposes or compliance with the U.S. Foreign Account Tax Compliance Act of 2010, as amended, the Treasury Regulations promulgated hereunder and other official guidance ("FATCA"), or if any answer provided or documentation required under the Subscription Agreement is found to be false, forged or misleading. The Fund may charge any such Investor any legal, accounting or administrative costs associated with such compulsory redemptions. In the event of a compulsory redemption from a series of a Feeder Fund or a NewCo, such series of Feeder Fund or NewCo, as applicable, will distribute to the redeemed Investor (following receipt thereof by the Feeder Fund or such NewCo, as applicable) the corresponding redemption price directly or indirectly paid by the related series of the Master Fund, net of all applicable withholding taxes (including under FATCA), any adjustments, reserves and/or costs as the related Investment Manager may determine is fair and equitable under the circumstances. The redemption price paid by such series of the Master Fund to such Feeder Fund or NewCo in connection with a compulsory redemption will generally be an amount equal to the portion of such Feeder Fund or NewCo's capital account being redeemed from such series of the Master Fund (or NewCo, in the case of a series of the Offshore feeder) (corresponding to the Investor's redeemed investment), computed in accordance with the Master Fund's Operating Agreement and may be payable in cash, cash equivalents or promissory notes. An Investor shall have no claim against the Fund, the Investment Manager, the General Partner, the Administrator or their respective affiliates for any form of

damages as a result of forced redemption.

Transfers

Unless otherwise provided in the applicable Supplement, an Investor may not sell, assign, transfer, pledge, mortgage or otherwise dispose of (“Transfer”) all or any of its Interests in a series of a Feeder Fund or a NewCo without the prior written consent in their sole discretion of the related Investment Manager or Manager or of the General Partner, as applicable (such consent not to be unreasonably withheld or delayed). As a condition to any transfer or assignment of an Interest, the transferor and the transferee will be required to provide such legal opinions and documentation as the applicable Investment Manager and/or the Manager may request. Any Transfer of Interests shall otherwise be in compliance with the requirements of this Memorandum and the applicable Organizational Documents.

The Investment Manager may select one or more placement agents to assist Investors interested in the sale, assignment or other transfer of their Interests. It is expected that a commission fee of the sales price of such Interests will be payable by Investors whose Interests are Transferred by a placement agent.

Unless otherwise provided in the applicable Supplement, investors in a series of the Master Fund, including the applicable series of the Feeder Funds or a related NewCo, may not Transfer their membership interests in the Master Fund or any series thereunder (including in the case of a series of the Offshore Feeder, the stocks of the related NewCo) without the prior written consent in their sole discretion of the related Investment Manager and the Manager (such consent not to be unreasonably withheld or delayed). As a condition to any transfer or assignment of an Interest, the transferor and the transferee will be required to provide such legal opinions and documentation as the related Investment Manager and/or the Manager may request. Any such Transfer shall otherwise be in compliance with the requirements of this Memorandum and the Master Fund’s Organizational Documents.

Indemnification

None of the Investment Manager, the General Partner, the Manager, the Administrator or any of their respective owners, managers, members, shareholders, partners, directors, officers, employees, agents, advisors, personnel or any of their respective affiliates (each, an “Indemnified Party”) will be liable, in damages or otherwise, to the Fund, the applicable series thereunder or to any of the Investors for any act or omission performed or omitted by such Indemnified Party, including losses due to the negligence of agents of the Fund, unless such losses result from such Indemnified Party’s fraud, willful misconduct, gross negligence, bad faith or a willful violation of applicable securities laws.

Each series of the Master Fund , each series of the Feeder Funds and the related NewCo will indemnify its Manager, General Partner or its directors, as applicable, and the other Indemnified Party related thereto, and each series of the Master Fund, each series of the Feeder Funds and each NewCo will indemnify its Investment Manager and Administrator and the other Indemnified Parties related thereto, for any loss, claim, damage, liability or expense (including attorney’s fees and expenses) incurred by such Indemnified Party or to which such Indemnified Party may be subject by reason of its activities on behalf of the Fund

(or such series, as applicable) or in furtherance of the interest of the Fund (or such series, as applicable) or otherwise arising out of or in connection with the Fund (or such series, as applicable) and its investments as more fully set forth in the Organizational Documents applicable to each Indemnified Party, except that this indemnity shall not apply to losses to the extent arising from such Indemnified Party's fraud, willful misconduct, gross negligence, bad faith or willful violation of applicable securities laws. The Fund's indemnification obligations allocable to more than one of the Feeder Funds and/or more than one of their respective series or the related NewCo will be allocated by the Investment Manager of the applicable series among the Feeder Funds and/or among such series and/or such NewCo, as the case may be, based on the relative amount of the Investments (funded and unfunded) of such Feeder Funds and/or such series or such NewCo, as applicable, or in such other manner as such Investment Manager determines is fair and equitable to Investors under the circumstances. Each Investment Manager may, in its discretion, reserve assets in the applicable series to meet future indemnification costs, irrespective of the time, amount or other limitations set forth herein with respect to redemptions and liquidations.

If the Master Fund, a Feeder Fund or any of their respective series or a NewCo is obligated to pay any amount to a governmental agency or body or to any other person or entity (or otherwise makes a payment) because of an Investor's status or otherwise specifically attributable to such Investor (including, without limitation, federal withholding taxes with respect to foreign investors, state personal property taxes, state unincorporated business taxes, etc.), then, unless otherwise agreed in writing by such Investor and the applicable Investment Manager, such Investor (the "Indemnifying Member") will be required to indemnify the Master Fund, such Feeder Fund or the applicable NewCo, as applicable, and such series in full for the entire amount paid (including, without limitation, any interest, penalties and expenses associated with such payment). At the option of the applicable Investment Manager, the amount to be indemnified may be charged against the capital account of the Indemnifying Member, and, at the option of such Investment Manager, either:

- (i) promptly upon notification of an obligation to indemnify the applicable series of the Fund, the Indemnifying Member will be required to make a cash payment to such series equal to the full amount to be indemnified (and the amount paid will be added to the Indemnifying Member's capital account but will not be deemed to be a capital contribution by such Indemnifying Member), or
- (ii) such series will reduce subsequent distributions which would otherwise be made to the Indemnifying Member until such series of the Fund has recovered the amount to be indemnified (provided that the amount of such reduction will be deemed to have been distributed for all purposes of the applicable Operating Agreement of the Master Fund, the applicable Feeder Fund and/or the applicable NewCo).

An Investor's obligation to make payments to the Fund and/or the applicable series of the Fund will survive the termination, dissolution, liquidation and

winding up of the Fund and/or the applicable series thereunder.

Net Asset Valuation

In general, the Administrator of each series of the Master Fund will calculate annually the Net Asset Value of the applicable series. The Net Asset Value of a series of the Master Fund on any Valuation Date will equal the appraised value of the interests of that series of the Master Fund in the Property associated therewith as of the applicable appraisal date less all liabilities of that series of the Master Fund (including general liabilities of the Fund allocable to that series of the Master Fund) at that time. Investors should carefully review the discussion in “*Section XIII Net Asset Valuation.*”

Removal of the Manager

The Manager of the Master Fund may only be removed for “Cause”, upon fifteen (15) Business Days’ prior written notice from the Master Fund acting upon the affirmative vote and direction of members representing at least 66 2/3% of all capital contributions of all the members of the Master Fund (other than members of any series that has been dissolved, liquidated or terminated and excluding Manager Interests). For the purpose of this paragraph, “Cause” means: (i) the conviction of the Manager or any of its managers, members or officers of a felony or a material violation of federal or state securities laws or (ii) a judicial determination that the Manager or any of its managers, members or officers has committed fraud or an intentional breach of fiduciary duty with respect to the Master Fund. Cause will not be deemed to occur if the Manager terminates the involvement of the person or persons who committed the action giving rise to a Cause event. The removal of the Manager will not be effective unless a successor Manager has been appointed as described herein.

See *Section V Management* below.

Removal of the General Partner of the Offshore Feeder

The General Partner of the Offshore Feeder cannot be removed by the limited partners of the Offshore Feeder.

Removal of the Board of Directors of a NewCo

Any director of a NewCo or the entire Board of Directors of a NewCo may be removed with or without cause by all holders of the stock of such NewCo then entitled to vote at an election of directors. It is expected that all voting stock of each NewCo will be held solely by the Investment Manager of such NewCo or an affiliate of such Investment Manager.

Removal of the Investment Manager

The Investment Manager of a series of the Master Fund may only be removed for “Cause”, upon fifteen (15) Business Days’ prior written notice by such series, acting upon the affirmative vote and direction of members of such series representing at least 66 2/3% of all capital contributions of all the members of such series of the Master Fund (excluding Manager Interests). For the purpose of this paragraph, “Cause” means: (i) the conviction of the applicable Investment Manager or any of its managers, members or officers of a felony or a material violation of federal or state securities laws or (ii) a judicial determination that such Investment Manager or any of its managers, members or officers has committed fraud or an intentional breach of fiduciary duty with respect to the related series of the Master Fund. Cause will not be deemed to occur if such Investment Manager terminates the involvement of

the person or persons who committed the action giving rise to a Cause event. The removal of an Investment Manager will not be effective unless a successor Investment Manager has been appointed as described herein.

See *Section VI The Investment Manager* below.

Fiscal Year	The Fund has a fiscal year ending on December 31 of each calendar year.
Functional Currency	The results of the Fund and each series thereof will be reported in Dollars. A subscription may be transacted only in Dollars and redemptions will be transacted in Dollars.
Reports to Investors	The Administrator of each series of the Master Fund will furnish to the Investors in the corresponding series of each Feeder Fund and the related NewCo semi-annual reports containing unaudited financial statements concerning that series of the Master Fund as soon as practicable but in no event later than 45 days after the end of the second quarter of the fiscal year and 90 days following the end of the fiscal year of the applicable series of the Master Fund. In addition, the Administrator will furnish each Investor with annual reports on the Net Asset Value of their holding in the Fund. The Investment Manager will deliver investor letters to the Investors at least semi-annually providing Investors with a status report concerning their investment in the Fund and the performance of the related Property. Reporting will begin as soon as practicable after the Initial Closing Date.
Waivers for Certain Investors	The Investment Manager shall have the discretion to agree with an Investor to waive or modify the application of any provision of the terms herein with respect to such Investor without obtaining the consent of any other Investor (other than an Investor whose rights are materially and adversely changed by such waiver or modification).
Tax Status	Investors should carefully review the discussion in “ <i>Section XVI Tax Considerations.</i> ”
ERISA Considerations	Prospective Investors and subsequent transferees of Interests will be required to make certain representations regarding their compliance with ERISA, and to assist the Feeder Funds and the applicable NewCo in monitoring the status of the Feeder Funds and such NewCo under ERISA so that such Feeder Fund’s and such NewCo’s assets, as applicable, are not deemed to be “plan assets” (as described in “ <i>Section XVII ERISA Considerations</i> ”). The Feeder Funds and NewCos do not intend to accept subscriptions from Investors, if after such subscriptions, the Feeder Funds’ assets or a NewCo’s assets, as applicable, may be deemed to be “plan assets.” If the Interests held by Benefit Plan Investors (as defined in “ <i>Section XVII ERISA Considerations</i> ”) equals or exceeds the 25.0% limit (as described in “ <i>Section XVII ERISA Considerations</i> ” section) and if the Feeder Funds and/or the applicable NewCo did not qualify for another exception provided under ERISA or regulations thereunder, such Feeder Fund’s and/or NewCo’s assets may be considered “plan assets” under ERISA, which could result in adverse consequences to the Fund, the Investment Manager, the Directors and the fiduciaries of Benefit Plan Investors. See “ <i>Section XVII ERISA</i> ”

Considerations.”

Any ERISA plan fiduciary that seeks to cause an employee benefit plan to invest in a Feeder Fund or a NewCo is advised to consult with its own counsel regarding the applicability of the fiduciary and prohibited transaction provisions of applicable law in connection with an investment in such Feeder Fund or such NewCo, as applicable.

Risk Factors	See “ <i>Section II Certain Risk Factors</i> ” for a discussion of certain factors that should be considered in connection with an investment in the Fund.
Administrator	NESF Fund Services Corp. (“ <u>NESF</u> ”)
U.S. Legal Counsel to the Fund	Winston & Strawn LLP (“ <u>Winston</u> ”), solely in connection with this offering of Interests and ongoing advice to the Fund. Winston or any successor counsel to the Fund is not representing Investors of the Fund and no independent counsel has been retained to represent Investors of the Fund.
U.S. Legal Counsel to the Investment Manager	Winston or any successor counsel
Cayman Legal Counsel to the Offshore Feeder Fund	Appleby (Cayman) Ltd. or any successor counsel. Legal Counsel to the Offshore Feeder Fund does not represent the Investors in the Offshore Feeder Fund.

II. CERTAIN RISK FACTORS

An investment in the Fund involves substantial risks. Prospective Investors should carefully consider the following factors relating to investment risks and potential conflicts of interest. Additional risks and uncertainties not presently known to the Investment Manager or that the Investment Manager currently deems immaterial may also impair a prospective Investor’s investment. As a result of these factors, as well as other risks inherent in any investment, an investment in the Fund is not appropriate for all Investors. There can be no assurance that the Fund will meet its investment objectives or otherwise be able to successfully carry out its investment program. If any of the following events or circumstances identified as risks or other factors or conditions that are not anticipated actually occur or materialize, an Investor’s investment could be materially and adversely affected. This Memorandum also contains forward looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including the risks described below and elsewhere in this Memorandum.

General Risk Factors

No Protection under the Investment Company Act and Absence of Regulatory Oversight

While each of the Feeder Funds and the Master Fund may be considered similar to an investment company, each is not required to register as an investment company and has not registered as such under the Investment Company Act. Therefore, the provisions of the Investment Company Act (which may provide certain regulatory safeguards to Investors) are not applicable to each of the Feeder Funds and the Master Fund. In addition, there is no national or international agency whose duty is the regulatory supervision of the Fund.

General Solicitation and Bad Actors

The Interests of the Domestic Feeder will be offered and sold only to “accredited investors,” as such term is defined under Rule 501(a) of Regulation D under the Securities Act, pursuant to the exemption provided by Rule 506(c) of Regulation D under the Securities Act. Rule 506(c) permits the Interests of the Domestic Feeder to be generally solicited and advertised, as long as the requirements of the rule are satisfied. Accordingly, the Investment Manager must (i) make reasonable efforts to verify that each prospective investor in the Domestic Feeder is an accredited investor and must have a reasonable belief that each prospective investor in the Domestic Feeder is an accredited investor at the time of such prospective investor’s investment in the Domestic Feeder; (ii) prepare and file Form D in a timely manner; and (iii) ensure that there are no “bad actors,” as defined in Rule 506(d) of Regulation D under the Securities Act, associated with the Investment Manager, the Fund, their affiliates or the offering of Interests of the Domestic Feeder. In the event that any of the requirements of Rule 506(c) are not satisfied, the Domestic Feeder would not be able to rely on 506(c) or any other exemption under Regulation D. Moreover, once a general solicitation or advertising has occurred, the Domestic Feeder may not be able to rely on the private placement exemption under Rule 506(b) or Section 4(2) of the Securities Act, which could require the Interests of the Domestic Feeder to be registered under the Securities Act, the securities laws of any state in the U.S. or the securities laws of any other jurisdiction, which would have a material, adverse effect on the Domestic Feeder.

No Guarantee of Future Results

There is no guarantee of future results of the Fund or of an investment in the Fund. Also, the past performance of investments made by the Investment Manager in properties like any one or more of the Properties is no guarantee of future results of the Fund or of an investment in the Fund. There can be no assurance that the Fund will achieve its investment objective.

Limited Liquidity

The Fund represents a highly illiquid investment. There is no secondary market for the Interests, and it is unlikely that any such market will develop. No individual or entity is under any obligation to make a market in the securities of the Fund. Consequently, an investor must be prepared to hold the Fund’s securities for an indefinite period of time or until termination of the Fund.

The Interests are not freely transferable. Unless otherwise provided in the applicable Supplement, the consent of the related Investment Manager or the Manager of the Domestic Feeder or of the General Partner of the Offshore Feeder, as applicable, will be required in connection with any transfer of an Interest. Transfers of Interests may be restricted by federal, state and foreign securities laws.

An investment in the Fund is suitable only for certain Investors. Prospective Investors are required to represent that they will be acquiring their Interests for investment purposes only and not with a view to resale or distribution. The Interests have not been registered under the Securities Act, any U.S. state securities laws or the securities laws of any other jurisdiction, and therefore are subject to restrictions on transfer under the Securities Act and/or under certain states’ securities laws. Accordingly, the related Investment Manager may require an opinion of counsel satisfactory to it that a proposed transfer of Interests is exempt from registration prior to consenting to any such transfer. It is not anticipated that a market for the Interests will ever develop.

Because of the Complex Tax Considerations Surrounding an Investment in the Fund, Investors Must Consult With Their Own Tax Advisors

Special tax considerations may apply to certain types of taxpayers. Prospective Investors must consult with their own tax advisors to determine any U.S. federal, state, local, or non-U.S. tax implications of this investment.

Differential Returns between the Fund and Parallel Vehicles and the Feeder Funds

Because of structural, legal, regulatory or other reasons, Investors subscribing to different entities and different series comprising the Fund may receive unequal returns and profits.

Risks Involving the Nature of the Investments

Speculative Nature of Investment Will Include a Variety of Risks

The Investment is subject to credit, liquidity, interest rate and other types of risks. The Investment is speculative in nature, and the possibility of partial or total loss of capital will exist. Investors should not subscribe to or invest in the Fund unless they can readily bear the consequences of such loss.

Generally

The acquisition of Property by each series of the Master Fund is expected to be a highly leveraged investment. While the portion of the Investment made by the applicable series of the Offshore Feeder (and certain of the other direct Investors in NewCo) in the form of a loan to the applicable NewCo will be secured by a pledge of the equity interests of that NewCo, such pledge will be actually or effectively subordinate to the mortgage in the associated Property granted to the holders of the applicable Secured Debt.

Each Investment is a limited recourse obligation of or investment in the Fund payable solely from the income, payments and proceeds of the Property associated with that Investment. Consequently, the Fund must rely solely on the income, payments and proceeds of the Property associated with the Investment for payment in respect of that Investment. If the income, payments and proceeds of the Property associated with a series of Investment are insufficient to make payments on or in respect of that Investment, no other Property or properties will be available for payment of the deficiency, and following disposition of the Property associated with the Investment, the obligations of the Fund to pay any further amounts in respect of that Investment will be extinguished.

The Investments will not be rated by any rating agency.

Illiquidity of Investment

Because each Investment is illiquid, a price for an Investment may be difficult or impossible to obtain and it may be impossible to sell or to liquidate an Investment on economic terms or at all. To the extent a price may be obtained for an Investment, that price may fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial performance or condition of the Property associated with the Investment.

The lack of an established, liquid secondary market for an Investment will have an adverse effect on the market value of that Investment and on the Fund's or the applicable Investor's ability to dispose of that Investment. Because of the provision to holders of an Investment of confidential information relating to the Fund and the Property associated with an Investment, and the unique and customized nature of each Investment, no Investment is or will be as easily purchased or sold as a publicly traded security. Historically, the trading volume in the loan market has been small relative to the high yield debt market and the trading volume in the restricted equity market has been relatively small to the public equities market. Additionally, each Investment will be subject to transfer restrictions that may contribute to illiquidity. Therefore, if the Fund or an Investor decides to dispose of an Investment, no assurance can be given that it will be able to dispose of that Investment at the prevailing market price. Such illiquidity may adversely affect the price and timing of liquidations of an Investment by the Fund or an Investor.

Concentration Risk

The proceeds of each Investment will be used by the Feeder Funds to make, directly or indirectly, an equity investment in a series of the Master Fund to acquire (directly or indirectly) an interest in and develop/redevelop the Property associated with that Investment. The concentration of an Investment in one (1) Property and with a limited number of potential tenants or purchasers of the residential units and/or commercial units at Property, subjects that Investment to a greater degree of risk with respect to the lease or purchase of the Property associated with that Investment, and the concentration of that Investment subjects it to a greater degree of risk with respect to economic downturns relating to its location.

Risks Particular to Real Estate

Each Investment is subject to significant additional and varying risks, such as repayment of capital contributions only from proceeds of the related Property, as and when received by the Master Fund and distributed to the Feeder Funds, rather than regular amortization of principal; the inability to refinance any balloon payments on the related Secured Debt; the type and use of the Property associated with the Investment; volatility of the value of the Property associated with the Investment and net operating income (if any) being sufficient to cover debt service on the related Secured Debt; dependence on the successful operation of the Property associated with the Investment rather than upon the liquidation value of the Property associated with the Investment; local economic conditions and/or specific industry segments; declines in real estate values; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies; the presence of undetected physical and other defects; the need for unanticipated expenditures in connection with environmental matters; adverse changes in laws; changes in economic conditions affecting real estate ownership directly or the demand to own or rent real estate; unavailability of certain types of insurance; increases in insurance costs; changes in tax rates and other operating expenses; and, terrorist threats and attacks and social unrest and civil disturbances. Net operating income of an income-producing Property can be affected by, among other things, success of occupancy and rental rates, property management decisions (including responding to changing market conditions, planning and implementing rental or pricing structures and causing maintenance and capital improvements to be carried out in a timely fashion), property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that may be charged, any need to address environmental contamination at a Property and the occurrence of any uninsured casualty at a Property. The sales price of a Property can be affected by, among other things, success of prior units at that Property, property management decisions (including fees for maintenance and capital improvements), property location and condition, competition from comparable types of properties, any need to address environmental contamination at that Property and the occurrence of any uninsured casualty at that Property.

The value of any Property may be adversely affected by risks generally incident to interests in real property, including various events which may not be predictable or controllable, such as: changes in general or local economic or market conditions and/or specific industry segments; declines in real estate values; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies, including environmental legislation; acts of God; environmental hazards; and social unrest and civil disturbances. Furthermore, the value of an income-producing property is directly related to the net operating income derived from such property. Additional risks may be presented by the type and use of a particular commercial property. For instance, retail chains are often operated pursuant to franchise, management or operating agreements which may be terminable by the franchisor or operator.

Additionally, a Property may not readily be converted to an alternative use in the event that the operation of that Property for its original purpose becomes unprofitable for any reason. In such cases, the conversion of a Property to an alternative use would generally require substantial capital expenditures. Thus, if the Fund becomes unable to meet its obligations under the Secured Debt or to make distributions in respect of the Investment associated with a Property, the liquidation value of that Property may be substantially less, relative to the amount outstanding on the Secured Debt and the Investment associated with that Property, than would be the case if that Property were readily adaptable to other uses.

Risks Associated with Dependence on and Concentration of Tenants or Purchasers

No assurance can be provided that there will be any or a sufficient number of interested renters of a Property. In addition, no assurance can be given that tenants of a Property will continue making payments under their leases or that such tenants will not file for bankruptcy protection in the future or, if any tenants file for bankruptcy protection, that they will thereafter continue to make rental payments in a timely manner. In addition, a commercial tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a reduction of rental payments or failure to make rental payments when due. Also, a purchaser of a residential unit or a commercial unit at a Property may default under its purchase agreement for the purchase of its unit at that Property (including as a result of the unavailability of mortgage financing). If a tenant defaults in its obligations to the Master Fund (including a subsidiary of the Master Fund), the Master Fund may experience delays in enforcing its rights as lessor and may incur substantial costs and experience significant delays associated with protecting its investment, including costs incurred in renovating and reletting the property. Additionally, the Master Fund may be required to mitigate any damages or claims that it may have against a tenants that has breached its obligations under its leases.

No assurance can be provided that there will be any interested purchasers of any of the Properties. There may be a limited universe of interested purchasers of a Property resulting in a purchase on terms and conditions less favorable to the Fund than anticipated. Also, a purchaser of a Property may default in its obligations under its purchase agreement to the Master Fund (or a subsidiary thereof), resulting in delays in the sale of such Property and substantial costs and expense in enforcing the purchase agreement with that purchaser or identifying a new purchaser for such Property. There can be no assurance that a subsequent purchaser of such Property will be identified. If a subsequently purchaser of such Property is identified, that purchaser of such Property may acquire such Property on terms and conditions less favorable than the terms and conditions under the purchase agreement with the defaulting purchaser and may require various concessions. Each of the foregoing may result in a loss on the Investment of the Investors in the series of the Master Fund associated with such Property or a reduction in the expected return on the Investment in the series of the Master Fund associated with such Property.

The Secured Debt Documents May Restrict the Availability of Distributions

While there can be no assurance that debt financing will be available for a Property to be purchased by a series of the Master Fund or will be incurred in connection with the acquisition, development, redevelopment, operation and/or disposition of a Property, it is anticipated that the acquisition of a Property will be partially financed by one or more classes of debt from third party lenders secured by mortgages (including a first lien mortgage) on that Property (the “Secured Debt”). Subject to the terms and conditions set forth in the applicable Supplement, the Secured Debt for a Property (or, as applicable, the senior class thereof) is expected to accrue interest at a fixed rate, have a loan term of 7-10 years, and a loan to value of no more than 75%. Also, as provided in the applicable Supplement, a class of Secured Debt may be interest only or may also require amortization payments. If an event of default were to occur under the Secured Debt associated with a Property or if one or more financial covenants or other conditions were to result in an event requiring greater periodic amortization thereunder, it is possible that there would be no cash available for distribution by the applicable series of the Master Fund to the Feeder Funds for the Feeder Funds to make payments in respect of the Investment of the applicable Investors in the Feeder Funds. In addition, the transaction documents for the Secured Debt associated with a Property will provide the lender with certain rights and remedies if an event of default were to exist, including the right to foreclose upon and dispose of the related Property. Upon disposition of a Property, the proceeds remaining after repayment of the Secured Debt associated with that Property may not be sufficient to make any or all payments in respect of the Investment associated with that Property.

Mortgage Loans that Become Non-Performing Create Additional Risk

Although the portion of an Offshore Investment that is NewCo Debt associated with a Property is made in the form of a loan to the applicable NewCo, that NewCo Debt is subordinate to payments of the obligations owing in respect of the Secured Debt related to that Property. Each NewCo will contribute the proceeds of the NewCo Debt associated with a Property to the related series of the Master Fund associated with that Property as a contribution to the capital of such series of the Master Fund. Obligations in respect of the Secured Debt related to a Property are required to be paid prior to any distributions to the members of the related series of the Master Fund, which includes the applicable NewCo and applicable series of the Domestic Feeder. During the continuation of an event of default or amortization event under the instruments governing the Secured Debt related to a Property, the Offshore Investments in connection with such Property generally are not entitled to receive any payments of principal or of interest on NewCo Debt made by the applicable series of the Offshore Feeder or other Investors of such NewCo. In addition, distributions will be made to such NewCo or the applicable series of the Domestic Feeder unless and until the related Secured Debt is paid in full. Additionally, any losses and expenses in respect of a Property, including losses of principal or interest, non-recoverable advances, interest on advances and special servicing compensation, generally are borne first by the Investment made in respect of that Property and then by the related Secured Debt. Further, any workout negotiations or restructuring that may occur in respect of the Secured Debt related to a Property will likely entail, among other things, a substantial increase in the interest rate and/or a substantial increase of the principal of such Secured Debt for various obligations that cannot be paid when due (e.g., accrued and unpaid interest, attorneys’ fees and expenses, audits, surveys, indemnification obligations, reimbursable amounts, etc.), resulting in reduction in an Investor’s expected return on its Investment associated with that Property. In addition, there can be no assurance that the Investment or the Secured Debt associated with a Property may be refinanced or assigned.

Environmental Risks

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances

released on or in its property. Those laws often impose that liability without regard to whether the owner or operator knew of, or was responsible for, the release of those hazardous substances. The costs of removal or remediation may equal or exceed the value of the property, and the presence of those substances, or the failure to properly remediate those substances, when released, may adversely affect the owner's ability to sell that real estate or to borrow using that real estate as collateral. An owner or operator of a facility may also be required to comply with various laws, ordinances and regulations regarding the handling, production, storage, use, discharge or disposal or regulated materials.

Prior to purchasing an interest in a Property, the Master Fund (or its related subsidiary) will review a Phase I environmental assessment prepared by an independent environmental consultant. A Phase I assessment typically includes an inspection of a Property and a review of public records but no sampling of soil, surface water, groundwater, or other media. If the Phase I assessment reveals cause for concern, the Master Fund (or its applicable subsidiary) may conduct further investigation of environmental risks associated with that Property, including sampling. No assurance can be given, however, that either a Phase I assessment or subsequent investigation will reveal all potential environmental liabilities.

Casualty Losses; Uninsurable Losses

Prior to making an investment in a Property, the related series of the Master Fund (or applicable subsidiary thereof) will obtain (or cause to be obtained) suitable comprehensive liability, fire and extended coverage insurance for that Property of the types and in the amounts customarily obtained for similar properties. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes or floods may be unavailable, available in amounts that are less than the full market value or replacement cost of investment properties (like a Property) or subject to a large deductible. In addition, there can be no assurance the particular risks which are currently insurable will continue to be insurable on an economically feasible basis. Some losses (for example terrorism), however, may be either uninsurable or not economically insurable. Should an uninsured loss occur with respect to a Property, the applicable series of the Fund could lose its Investment in that Property, including the anticipated income from the Property associated with such Investment.

The Credit Crisis and Downturn in the Real Estate Market Have Adversely Affected and May Continue To Adversely Affect the Value of Real Estate

In recent years, the real estate markets as well as global financial markets and the economy generally, have experienced significant dislocations, illiquidity and volatility. Declining real estate values, coupled with continued high levels of public and private debt, high unemployment, large government budget deficits, significant and perhaps unsustainable entitlement obligations, aging populations, anemic economic growth and diminished availability of leverage and/or refinancings for real estate have resulted in increased delinquencies and defaults on mortgage loans. In addition, the downturn in the general economy has affected the financial strength of many residential and commercial real estate tenants and has resulted in increased rent delinquencies and decreased occupancy. Any continued downturn may lead to decreased occupancy, decreased rents or other declines in income from, or the value of, real estate, which would likely have an adverse effect on the value of real estate, including the Properties. There can be no assurance that the dislocation in the real estate market will not continue to occur or become more severe. Even if the real estate market does recover, a Property may nevertheless decline in value. Any further economic downturn may adversely affect the financial resources of the related series of the Master Fund under the related Secured Debt or the ability to repay the Investment (in whole or in part) associated with that Property or realize a return on such Investment, and may result in the inability of such series of the Master Fund (or the applicable subsidiary thereof) to make principal and interest payments on, or refinance, the outstanding related Secured Debt when due or to sell such Property for an amount sufficient

to pay off the related outstanding Secured Debt when due and repay the Investment (in whole or in part) associated with such Property and realize any return on such Investment. In the event of default by the Master Fund (or the related subsidiary thereof) under the related Secured Debt, the Investment in the Fund associated with the Property to which Secured Debt was extended may suffer a partial or total loss and such Investment may not realize any return thereon. Any delinquency or loss on the Secured Debt related to a Property or a Property would have an adverse effect on the distributions of income, payments and proceeds received by the Investors in such Property.

Furthermore, many state and local governments in the United States are experiencing, and are expected to continue to experience, severe budgetary strain. One or more states could default on their debt, or one or more significant local governments could default on their debt or seek relief from their debt under the Bankruptcy Code or by agreement with their creditors. Any or all of the circumstances described above may lead to further volatility in or disruption of the credit markets at any time.

Moreover, other types of events, domestic or international, may affect general economic conditions and financial markets, such as wars, revolts, insurrections, armed conflicts, terrorism, political crises, natural disasters and manmade disasters. The Investment Manager of a series cannot predict such matters or their effect on the value or performance of an Investment by such series.

Investment May Be Dependent Upon Net Operating Income

The repayment of an investment in real estate is typically dependent upon the ability of the related property to produce cash flow through the collection of rents and any ultimate disposition proceeds. Even the liquidation value of a property is determined, in substantial part, by the capitalization of the property's cash flow. However, net operating income can be volatile and may be insufficient to cover debt service on the Secured Debt related to a Property and other liabilities associated with the Property and payments in respect of the Investment at any given time.

The net operating income and property value of a Property may be adversely affected by a large number of factors. Some of these factors relate to a Property itself, such as:

- the age, design and construction quality of a Property;
- perceptions regarding the safety, convenience and attractiveness of a Property;
- the characteristics of the neighborhood where a Property is located;
- the proximity and attractiveness of competing properties;
- the adequacy of a Property's management and maintenance;
- increases in interest rates, real estate taxes and other operating expenses at a Property and in relation to competing properties;
- an increase in the capital expenditures needed to maintain a Property or make improvements;
- dependence upon a particular business or industry that may attract tenants to a Property;
- a decline in the financial condition of the neighborhood where a Property is located;

- competitive conditions that may affect the ability of the applicable series of the Master Fund (or applicable subsidiary thereof) to obtain or maintain full occupancy of the Property;
- an increase in vacancy rates; and
- a decline in rental rates as leases are renewed or entered into with new tenants.

Other factors are more general in nature, such as:

- national, regional or local economic conditions, including industry slowdowns and unemployment rates;
- local real estate conditions, such as an oversupply of competing properties or new construction of competing properties in the same market;
- demographic factors;
- consumer confidence;
- consumer tastes and preferences;
- zoning laws or other governmental rules and policies (including environmental restrictions);
- retroactive changes in building codes;
- changes or continued weakness in specific industry segments;
- the public perception of safety for customers and clients; and
- civil disorder, acts of war or of terrorists, acts of God, such as floods or earthquakes, and other factors beyond the control of a borrower.

The volatility of net operating income will be influenced by many of the foregoing factors, as well as by:

- the length of tenant leases, and the ability of a tenant to terminate a lease early, including by virtue of a co-tenancy provision that allows a tenant to terminate its lease if certain conditions are not satisfied;
- the creditworthiness of tenants or any guarantor of tenants' obligations under leases;
- whether or not tenants have posted security deposits, letters of credit or other types of security;
- tenant defaults;
- the rate at which new rentals occur; and
- a Property's "operating leverage", which is generally the percentage of total property expenses in relation to revenue, the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain a Property and to retain or replace tenants.

A decline in the real estate market or in the financial condition of the tenants (generally) will tend to have a more immediate effect on the net operating income of a Property with short-term revenue sources, such

as short-term or month-to-month leases or leases with termination options, and may lead to higher rates of delinquency or defaults.

In addition, underwritten cash flows, by their nature, are speculative and are based upon certain assumptions and projections. The failure of such assumptions or projections in whole or in part could substantially affect the actual net operating income of a Property.

Property Value May Be Adversely Affected Even When There Is No Change in Current Operating Income

Various factors may adversely affect the value of the Property without affecting the Property's current net operating income. These factors include, among others:

- changes in governmental regulations, fiscal policy, zoning or tax laws;
- potential environmental legislation or liabilities or other legal liabilities;
- convertibility of a Property to an alternative use;
- restrictive covenants;
- tenant exclusives and rights of first refusal/offer to lease or purchase; and
- the availability of financing.

Other Risk Factors

The Fund Will Depend on Certain Key Personnel

The Fund will be highly dependent on the services of certain key personnel of the Investment Manager. The loss of one or more of these individuals could have a material adverse effect on the Fund.

The Investment Manager Will Receive an Incentive Management Payment From the Fund

The Incentive Management Payment associated with a Property may cause the Investment Manager to make investment decisions that are riskier or more speculative than would be the case if such arrangement were not in effect.

Insolvency Considerations

Various laws enacted for the protection of creditors may apply to the Investment. The information in this and the following paragraph is applicable with respect to U.S. persons, although similar avoidance may be available with respect to non-U.S. persons. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of securities or seller of a Property, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness or for such Property, as applicable, constituting a Fund asset and, after giving effect to such indebtedness or sale, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness or such sale, as the case may be, as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the issuer or to

recover amounts previously paid by the issuer in satisfaction of such indebtedness or paid in respect of such Property, as applicable. In addition, in the event of the insolvency of an issuer of securities, payments made on such securities could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year under Federal bankruptcy law or even longer under state laws) before insolvency.

In general, if payments on securities or in respect of a Property are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as the Fund) or from subsequent transferees of such payments (such as the Investors). To the extent that any such payments are recaptured from the Fund, the resulting loss will be borne by the Investors. However, a court in a bankruptcy or insolvency proceeding would be able to direct the recapture of any such payment from an Investor of the Fund only to the extent that such court has jurisdiction over such Investor or its assets. Moreover, it is likely that avoidable payments could not be recaptured directly from an Investor that has given value in exchange for its Interests, in good faith and without knowledge that the payments were avoidable. Nevertheless, since there is no judicial precedent relating to a structured transaction in which the Fund invests, there can be no assurance that an Investor will be able to avoid recapture on this or any other basis.

Delaware Series Limited Liability Companies

The Operating Agreements of the Master Fund and the Domestic Feeder each provides for the establishment of designated series within such entity with the goal of separating the assets and liabilities of each series within such Delaware series limited liability company (“**Delaware Series LLC**”) as if each series thereunder were a separate legal entity. While Delaware law clearly provides for legal separation of each series in a Delaware Series LLC, it is unclear whether the courts would recognize a legal separation of assets and liabilities amongst the series even if each series were properly operated with distinct records. If a court does not recognize the legal separation of the series within a Delaware Series LLC, members of a series may be exposed to additional risks and liabilities associated with other series and creditors of a series may exercise remedies against assets of other series under the same Delaware Series LLC.

Additionally, it is unclear whether each series of a Delaware Series LLC will be treated as separate “persons” under bankruptcy law. While limited liability companies qualify as persons (and correspondingly as debtors under bankruptcy laws), the courts have yet to consider whether a single series qualifies as a person such that it could enter into bankruptcy independently of other series and the master Delaware Series LLC. Further, it is uncertain whether bankruptcy courts will recognize the legal separation of the series within a Delaware Series LLC.

The U.S. federal tax treatment afforded to individual series is not certain. It is unclear whether individual series within a Delaware Series LLC are considered separate entities for purposes of federal taxation or if the Delaware Series LLC is treated as a single entity.

Lack of Investor Control Over Fund Policies

The Manager of the Master Fund determines the management, financing, leasing and disposition policies of the Master Fund. To the extent permitted by the organizational documents of the Master Fund, these policies may be changed from time to time regarding the Master Fund or any Property at the discretion of the Manager without the vote of the investors in the related series of the Master Fund. The Manager of the Master Fund has no present intention to make any such changes. Any such changes could be detrimental to such Investors’ Interests in the Fund.

Notwithstanding the foregoing, the day-to-day affairs of each series of the Master Fund will be managed and directed by the Investment Manager for such series. The Investment Manager for a series may, for example, determine the Fund's policies with respect to the activities of such series, including its distributions and operating policies. To the extent permitted by the applicable Investment Management Agreement, these policies may be changed from time to time with respect to the related series of the Master Fund at the discretion of the Investment Manager without the vote of the Investors in that series of the Master Fund. The Investment Manager has no present intention to make any such changes. Any such changes could be detrimental to such Investors' Interests in the Fund.

It is expected that the Manager of the Master Fund and the Investment Manager will be the same or affiliated entities.

Exculpation and Indemnification

Certain exculpation and indemnification provisions contained in the Investment Management Agreements may limit the rights or actions otherwise available to the Investors and other parties against the Investment Manager or any employee or affiliate of the Investment Manager absent such limitation in the Investment Management Agreement. The indemnification provisions cover, among other things, certain claims, losses, damages and expenses arising out of the activities of the Investment Manager and other Indemnified Parties on behalf of the Fund. Such indemnification obligations could materially affect the returns to Investors.

Additionally, if the Master Fund, a Feeder Fund or any of their respective series is obligated to pay any amount to a governmental agency or body or to any other Person (or otherwise makes a payment) because of an Investor's status or otherwise specifically attributable to such Investor (including, without limitation, federal withholding taxes with respect to foreign Investors, state personal property taxes, state unincorporated business taxes, etc.), then, unless otherwise agreed in writing by such Investor and the applicable Investment Manager, such Investor shall indemnify the Master Fund, the applicable Feeder Fund and/or any of their respective series, as applicable, in full for the entire amount paid, as further described in "*Section I Summary of Investment Terms – Indemnification*".

An Investor's obligation to make payments to the Fund and/or the applicable series will survive the termination, dissolution, liquidation and winding up of the Fund and/or the applicable series thereunder. The Fund and such series will be treated as continuing in existence, and each may pursue and enforce all rights and remedies it may have against each Indemnifying Member, including instituting a lawsuit to collect such payments with interest calculated at a rate equal to prime rate (as published by The Wall Street Journal) plus two percentage points per annum (or such other rate (if any) specified in the Supplement for such series) (but not in excess of the highest rate per annum permitted by law).

Targeted Returns

The Fund will make investments based on the Investment Manager's estimates or projections of internal rates of return and current returns. Investors have no assurance that the Fund will achieve its targeted total return on its investments. In addition, the Investment Manager may adjust targeted returns to reflect any changes in market conditions.

Liability for Return of Distributions

If a series of the Master Fund (or the related series of a Feeder Fund) is otherwise unable to meet its obligations, the Investors in such series may, under applicable law, be obligated to return cash distributions with interest previously received by them if such distributions are deemed a return of their

subscription amounts or a wrongful payment to them. In addition, an Investor may be liable under applicable federal bankruptcy or state insolvency laws to return a distributions made during or prior to the Fund's insolvency.

Failure to Make Fund Subscriptions

If any Investors in a series of the Feeder Funds or the related NewCo fails to fund its subscription obligations when due, the ability of such series of the Fund to complete its investment program in respect of a related Property or otherwise continue operations may be substantially impaired. A default by one or more Investors in a series of the Feeder Funds or the related NewCo could leave such series of the Fund with less than the minimum capital commitment for the related series of the Master Fund and preclude such series of the Fund from making the investment in the Property designated for such series. Any Investor who defaults in making a required subscription amount will be subject to certain penalties described herein, the applicable Supplement and in the applicable Subscription Agreement.

Failure to Raise Sufficient Capital

If a series of the Fund is unable to raise the total capital required for the acquisition, development or redevelopment of the related Property as set forth in the applicable Supplement (the "Required Capital Amount") as of the related Final Closing Date, such series of the Fund's ability to complete its contemplated investment program in such Property may be impaired. Failure to raise the Required Capital Amount for a Property could leave a series of the Fund with less than the minimum capital necessary to make the Investment in that Property and preclude such series of the Fund from making the Investment in that Property. Any series of the Fund may determine that, if the Required Capital Amount applicable to it is not raised as of the expected Final Closing Date, the costs associated with the operation and administration of such series of the Fund with respect to that Property would make it prohibitive or uneconomic to pursue the Investment in that Property and thus return to the Investors associated with that Property all or a portion of their respective subscription amounts (net of expenses, including legal fees and expenses and other amounts previously deployed).

Short-Term Interim Investments

The net proceeds from the sale of the Interests in respect of an Investment in a Property related to a series of the Fund may be invested by the Investment Manager in short-term interim investments (e.g. certificates of deposits, money markets) pending the application thereof to the making of the Investment for the purchase of such Property. The yield from those interim investments will probably be lower than the income generated from the Investment in such Property.

Diverse Investors

The Investors of the Fund may include persons or entities organized in various jurisdictions, including foreign countries, who may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual Investors may relate to or arise from, among other things, the nature of an Investment, the structuring of an Investment, and the timing of repayment of an Investment. Such structuring of an Investment may result in different returns being realized by different Investors. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Manager in that any given decision may be more beneficial for one Investor than for another Investor within an Investment or between one or more Investments, especially with respect to Investors' individual tax situations. In selecting and structuring an Investment, the Investment Manager will consider the investment and tax objectives of the Fund as a whole and of the

applicable series of the Master Fund, and will not consider the investment, tax or other objectives of any Investor individually.

The Fund is also subject to certain actual and potential conflicts of interest whose nature and related risks are described in “*Section VII Other Activities of the Investment Manager; Potential Conflicts of Interest.*”

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes could occur which may adversely affect the Fund. For example, the regulatory environment for the financing of real estate is evolving, and changes in the regulation of real estate financing may adversely affect the availability of purchasers for units at a Property and the ability of the Fund to pursue or realize upon its investment strategies. In addition, the regulatory and tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the cost or availability of derivative instruments that may be used by the Fund to manage interest rate exposure on the Secured Debt. Similarly, the regulatory environment for leveraged investors is evolving, and changes in the direct or indirect regulation of leveraged investors may adversely affect the ability of the Fund to pursue its investment strategies. No assurance can be given that future legislation, administrative rulings or court decisions will not adversely affect the operation of the Fund.

Tax Considerations

The Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by an applicable taxing authority, there could be a material adverse effect on the Fund.

Risks to the Financial Markets Relating to Terrorist Attacks

On September 11, 2001, the United States was subjected to multiple terrorist attacks, resulting in the loss of many lives and massive property damage and destruction in New York City, the Washington, D.C. area and Pennsylvania. Subsequently a number of thwarted planned attacks have been reported, such as the May 2010 attempted bombing in Times Square and the recent arrest of a U.S. citizen suspected of plotting to bomb police cars, postal facilities and other targets in Manhattan. It is impossible to predict whether, or the extent to which, future terrorist activities may occur in the United States. It is uncertain what effects any future terrorist activities in the United States or abroad and/or any consequent actions on the part of the United States Government and others, including military action, could have on general economic conditions, real estate markets, particular business segments (including those that are important to the performance of commercial mortgage loans) and/or insurance costs and the availability of insurance coverage for terrorist acts. Among other things, reduced investor confidence could result in substantial volatility in securities markets and a decline in real estate related investments. In addition, reduced consumer confidence, as well as a heightened concern for personal safety, could result in a material decline in personal spending and travel. These effects could be particularly meaningful for Investors in the Fund given that most of the Properties are expected to be located in New York City, a consistent target of terrorists.

Risks to the Property Relating to Terrorist Attacks and Foreign Conflicts

The terrorist attacks in 2001 on the World Trade Center and the Pentagon, as well as a number of reported thwarted planned attacks, suggest an increased likelihood that large public areas, including any one of the Properties, could become the target of terrorist attacks in the future. The possibility of such attacks could (i) lead to damage to or destruction of a Property if any such attacks occur, (ii) result in higher costs for

insurance premiums, particularly for large properties, which could adversely affect the cash flow at one or more of the Properties, or (iii) impact shopping patterns that could adversely impact retail property traffic and percentage rent. As a result, the ability of a Property to generate cash flow may be adversely affected.

The United States continues to maintain a military presence in the Middle East and has previously taken part in military operations in Afghanistan, Iraq and Libya. It is uncertain what effect the activities of the United States in Afghanistan, Iraq, Libya or any future conflict with any other country or group will have on domestic and world financial markets, economies, real estate markets, insurance costs or business segments. Foreign or domestic conflict of any kind could have an adverse effect on the performance of a Property.

Availability of Terrorism Insurance

Following the September 11, 2001 terrorist attacks in the New York City area and Washington, D.C. area, many reinsurance companies (which assume some of the risk of policies sold by primary insurers) eliminated coverage for acts of terrorism from their reinsurance policies. Without that reinsurance coverage, primary insurance companies would have to assume that risk themselves, which may cause them to eliminate such coverage in their policies, increase the amount of the deductible for acts of terrorism or charge higher premiums for such coverage. In order to offset this risk, Congress passed the Terrorism Risk Insurance Act of 2002, which established the Terrorism Insurance Program. On December 26, 2007, the Terrorism Insurance Program was extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 through December 31, 2014 (“TRIPRA”).

The Terrorism Insurance Program is administered by the Secretary of the Treasury and through December 31, 2014 will provide some financial assistance from the United States Government to insurers in the event of another terrorist attack that results in an insurance claim. The program applies to United States risks only and to acts that are committed by an individual or individuals as an effort to influence or coerce United States civilians or the United States Government. TRIPRA requires an investigation by the Comptroller General to study the availability and affordability of insurance coverage for nuclear, biological, chemical and radiological attacks.

In addition, no compensation will be paid under the Terrorism Insurance Program unless the aggregate industry losses relating to such act of terror exceed \$100 million. As a result, events that do not meet these thresholds would not be covered, unless the Master Fund obtains separate coverage for such events.

The Treasury Department has established procedures for the Terrorism Insurance Program under which the federal share of compensation will be equal to 85% of the portion of insured losses that exceeds an applicable insurer deductible required to be paid during each program year (which insurer deductible was fixed by TRIPRA at 20% of an insurer's direct earned premium for any program year). The federal share in the aggregate in any program year may not exceed \$100 billion (and the insurers will be liable for any amount that exceeds this cap). An insurer that has paid its deductible is not liable for the payment of any portion of total annual United States wide losses that exceed \$100 billion, regardless of the terms of the individual insurance contracts.

Through December 2014, insurance carriers are required under the program to provide terrorism coverage in their basic policies providing “special” form coverage. Any commercial property and casualty terrorism insurance exclusion that was in force on November 26, 2002 is automatically voided to the extent that it excludes losses that would otherwise be insured losses. Any state approval of such types of exclusions in force on November 26, 2002 is also voided.

Because the Terrorism Insurance Program is a temporary program, it cannot be assumed or assured that it will create any long-term changes in the availability and cost of such insurance. Moreover, it cannot be assumed or assured that subsequent terrorism insurance legislation will be passed upon TRIPRA's expiration.

If TRIPRA is not extended or renewed upon its expiration in 2014, premiums for terrorism insurance coverage will likely increase and/or the terms of such insurance may be materially amended to increase stated exclusions or to otherwise effectively decrease the scope of coverage available (perhaps to the point where it is effectively not available). In addition, to the extent that any policies contain "sunset clauses" (i.e., clauses that void terrorism coverage if the federal insurance backstop program is not renewed), then such policies may cease to provide terrorism insurance upon the expiration of TRIPRA. It cannot be assumed or assured that such temporary program will create any long term changes in the availability and cost of such insurance.

Certain Environmental Matters

Under various federal, state and local environmental laws, ordinances and regulations, such as the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), a current or previous owner or operator of real property may be liable for the costs of investigation, removal or remediation of hazardous or toxic substances on, under, adjacent to, or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefor could exceed the value of the property and/or the aggregate assets of the owner. In addition, the presence of hazardous or toxic substances, or the failure to properly remediate environmental conditions of such property, may adversely affect the owner's or operator's ability to refinance using such property as collateral or the owner's ability to sell such property. Persons who arrange for the offsite disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of such substances at the disposal or treatment facility. Certain laws impose liability for release of asbestos containing materials ("ACMs") into the air or require the removal or containment of ACMs, and third parties may seek recovery from owners or operators of real properties for personal injury associated with ACMs or other exposure to chemicals or other hazardous substances. For all of these reasons, the presence of, or potential for contamination by, hazardous or toxic substances at, on, under, adjacent to, or in the Property can materially adversely affect the value of the Investment.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUND. ADDITIONAL RISK FACTORS MAY BE SET FORTH IN THE SUPPLEMENT ASSOCIATED WITH A PROPERTY AND SHOULD BE CAREFULLY REVIEWED. IN ADDITION, PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE MEMORANDUM AND CONSULT WITH THEIR OWN LEGAL, TAX AND FINANCIAL ADVISERS BEFORE DECIDING TO INVEST IN THE FUND.

III. THE FUND

The Fund will consist of a Master Fund (including certain subsidiaries that will hold title to each Property) and, initially, the Offshore Feeder, each NewCo, and the Domestic Feeder.

The Master Fund is a Delaware limited liability company. All of the investment activities of each series of the Feeder Funds and each related NewCo will be conducted through the related series of the Master Fund and its subsidiaries or affiliates. The Master Fund's Operating Agreement, as applicable to the applicable series of the Master Fund, will provide for the establishment of a designated series for each Property (or a subsidiary of the Master Fund that owns that Property), and the membership interests associated with that Property will only receive distributions to the extent of the income, payments and proceeds of that Property available for such distributions pursuant to the Master Fund's Operating Agreement. In addition, the records of the Master Fund will account for each Property as being associated with its series only and will treat each Property as separate from the other assets of the Master Fund or any other series of the Master Fund; accordingly, the members associated with a series of the Master Fund will only have an interest in the Property associated with that series of the Master Fund and the related income, payments and proceeds of that Property. The Master Fund's Operating Agreement will provide that the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular series of the Master Fund will be enforceable against the assets of that series of the Master Fund only, and not against the assets of the Master Fund generally or any other series of the Master Fund, and, unless otherwise provided in the Master Fund's Operating Agreement, none of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the Master Fund generally or another series of the Master Fund will be enforceable against the assets of such particular series of the Master Fund.

The Domestic Feeder is a Delaware limited liability company. Each series of the Domestic Feeder will invest substantially all of its assets in one or more series of the Master Fund. The Domestic Feeder is designed to meet the needs of U.S. taxable investors. The Domestic Feeder's Operating Agreement will provide for the establishment of a designated series of the Domestic Feeder for each investment in a series of the Master Fund associated with a Property. The membership interests of the Domestic Feeder associated with an investment in a series of the Master Fund will only receive distributions to the extent of distributions made by the Master Fund from the income, payments and proceeds of the Property associated with that series of the Master Fund, to the extent such funds are available for distribution to the holders of such membership interests pursuant to the Domestic Feeder's Operating Agreement. In addition, the records of the Domestic Feeder will account for each investment in a series of the Master Fund as being associated with a particular series of the Domestic Feeder only and will treat each investment in a series of the Master Fund as separate from the other assets of the Domestic Feeder or any other series of the Domestic Feeder; accordingly, the members associated with a series of the Domestic Feeder will only have an interest in the investment made in a series of the Master Fund and the related income, distributions and proceeds of that series of the Master Fund. The Domestic Feeder's Operating Agreement will provide that the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular series of the Domestic Feeder will be enforceable against the assets of that series of the Domestic Feeder only, and not against the assets of the Domestic Feeder generally or any other series of the Domestic Feeder, and, unless otherwise provided in the Domestic Feeder's Operating Agreement, none of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the Domestic Feeder generally or another series of the Domestic Feeder will be enforceable against the assets of such particular series of the Domestic Feeder.

One or more distinct Delaware corporations will be created in connection with each series of the Fund for purposes of making investments in the related series of the Master Fund. Investors of NewCo (including the applicable series of the Offshore Feeder) will make an equity investment and certain Investors in

NewCo (if not all) will make a loan to the applicable NewCo. The applicable NewCo will in turn contribute the proceeds of such equity investments and loans to the applicable Master Series in exchange for Interests in such Master Series.

The terms of the equity investments made or to be made by Investors in a NewCo will be subject to the organizational documents of such NewCo as well as the applicable Stockholders Agreement. It is expected that each Stockholders Agreement will set forth, among other things, each Investor's entitlement to distributions as a shareholder of such NewCo. Each Investor that will make a loan to a NewCo will also enter into a Loan and Security Agreement with such NewCo. Income of a NewCo received from the applicable series of the Master Fund, less expenses, will first be used to repay obligations of such NewCo under the applicable Loan and Security Agreement. After the repayment and full satisfaction of a NewCo's obligations under the applicable Loan and Security Agreement, income of such NewCo will be distributed to its Investors as dividend pursuant to the terms of the applicable Stockholders Agreement. Each NewCo is designed to meet the needs of non-U.S. investors.

Any director of a NewCo or the entire Board of Directors of a NewCo may be removed with or without cause by all holders of the stock of such NewCo then entitled to vote at an election of directors. It is expected that all voting stock of each NewCo will be held solely by the Investment Manager of such NewCo or an affiliate of such Investment Manager.

The Offshore Feeder is a Cayman Islands exempted limited partnership constituted pursuant to the Offshore Feeder's Partnership Agreement and registered in accordance with the Exempted Limited Partnership Law of the Cayman Islands. The General Partner of the Offshore Feeder is Prodigy Shorewood New York REP Fund (GP) Company, a Cayman Islands exempted company limited by shares incorporated under the Companies Law of the Cayman Islands. The General Partner will not be permitted to voluntarily withdraw or resign as the General Partner except upon no less than thirty (30) days prior written notice to all limited partners of the Offshore Feeder. The General Partner cannot be removed by the limited partners of the Offshore Feeder.

The Offshore Feeder will issue LP Interests to its Investors. In connection with its indirect investment in a series of the Master Fund, the applicable series of the Offshore Feeder will make a loan to and an equity investment to the related NewCo. Such NewCo will make a capital contribution to the related series of the Master Fund using the proceeds of the equity investment in it and the loan to it from the applicable series of the Offshore Feeder. For the avoidance of doubt, the Offshore Feeder is not comprised of legally separate cells or series, and references to a "series" of the Offshore Feeder are used, for convenience, to refer to those LP Interests in the Offshore Feeder that are associated with a particular series of the Master Fund. The Investors in LP Interests associated with a series of the Master Fund will only receive distributions to the extent of distributions made by the Master Fund to the applicable NewCo, and by a NewCo to the related series of the Offshore Feeder, from the income, payments and proceeds of the Property associated with that series of the Master Fund, to the extent such funds are available for distribution to such Investors pursuant to the Offshore Feeder's Partnership Agreement. In addition, the records of the Offshore Feeder will account for each investment in a series of the Master Fund through a NewCo, and the debts, liabilities, obligations and expenses incurred by or allocated to that series of the Master Fund or the related series of the Offshore Feeder, as being associated with a particular series of the Offshore Feeder only and will treat each investment in a series of the Master Fund through a NewCo (and such related debts, liabilities, obligations and expenses) as separate from the other assets and liabilities of the Offshore Feeder or any other series of the Offshore Feeder; accordingly, the Investors associated with a series of the Offshore Feeder will only have an interest in the investment made in a series of the Master Fund through a NewCo and the related income, distributions and proceeds of that series of the Master Fund. The Offshore Feeder is designed to meet the needs of non-U.S. investors. References to the

“Offshore Feeder” in this Memorandum, except as otherwise discussed, will also include the applicable NewCo.

Andre Slabbert and Richard Gordon will serve as Directors. Prodigy Network will serve as the Manager for the Domestic Feeder and the Master Fund and will serve as the Investment Manager for the Fund.

Each of Andre Slabbert and Richard Gordon is employed by Appleby Fund Services (Cayman) Limited, which is paid a fee for providing their services as Directors of the General Partner of the Offshore Feeder. If additional Directors are elected, the Offshore Feeder may compensate such Directors (other than the Investment Manager or any persons affiliated with the Investment Manager) with respect to services rendered in that capacity. The biographical information for Andre Slabbert and Richard Gordon are set forth below.

Richard Gordon

Richard Gordon is a Directorship Services Client Manager at Appleby Trust (Cayman) Limited. He works on a wide range of investment funds and corporate structures.

Prior to joining Appleby in 2013, Richard was Senior Vice President at Maples Fiduciary Services where he delivered independent director services to a wide range of entities in Cayman and Luxembourg including regulated investment funds, holding companies, securitization vehicles and intellectual property structures. In addition, his role involved the provision of accounting services and preparation of financial statements for investment funds and securitization vehicles in accordance with IFRS and U.S. GAAP, as well as the provision of liquidation services in accordance with Cayman legal and regulatory requirements.

Prior to joining Maples Fiduciary Services, Richard was as a Financial Control Accountant on the Structured Loan book at Abbey Bank in London and an Investment Accountant preparing financial reporting information for investment funds at The Bank of New York in London.

Richard is a member of the Cayman Islands Directors Association, Cayman Islands Society of Professional Accountants, and the South African Institute of Chartered Accountants. Richard holds a Bachelor of Accounting degree from Rhodes University in South Africa, and a Postgraduate degree in Advanced Taxation from the University of South Africa.

Andre Slabbert

Andre Slabbert is a Directorship Services Officer at Appleby Trust (Cayman) Limited. He works on a wide range of investment funds, private equity funds, insurance structures and corporate structures.

Prior to joining Appleby in 2014, Andre was Audit Manager at PKF Cape Town and Financial services Auditor at PKF Cayman where he delivered independent audit assurance services to a wide range of entities in Cayman & South Africa including regulated investment funds, holding companies, trusts, insurance structures, development and management property structures. In addition, his role involved the provision of accounting services and preparation of financial statements for investment funds and corporate structures in accordance with IFRS and U.S. GAAP, as well as the provision of liquidation services in accordance with Cayman legal and regulatory requirements. Managing the FATCA compliance and reporting for Structured Finance Fiduciary clients.

Andre is a member of the Cayman Islands Directors Association and the South African Institute of Chartered Accountants. Andre holds a Bachelor of Accounting degree from the University of

Stellenbosch in South Africa, and a Postgraduate Honours degree in Accounting from the University of South Africa.

Under the Directors Services Agreement between Appleby Fund Services (Cayman) Limited (“AFS”) and the Offshore Feeder, AFS will provide the above named Board of Directors as the Directors of the Offshore Feeder and such other services as described in the Directors Services Agreement. The Directors Services Agreement may generally be terminated with at least 45 days’ notice by either party. The Limited Partnership Agreement provides certain rights of indemnification in favor of Directors and officers of the Fund against legal liability and expenses if such persons did not, in connection with the matter giving rise to a particular claim, engage in fraud or willful misconduct, except as otherwise provided by applicable U.S. Federal securities laws.

The Directors may change any of the Offshore Feeder’s service providers including the Offshore Feeder’s auditors without the consent of the Limited Partners. With the exception of the Investment Manager, the Manager of the Domestic Feeder and the Master Fund may change any of the Domestic Feeder’s and/or the Master Fund’s service providers including its auditors without the consent of the members.

IV. INVESTMENT PROGRAM

Investment Objective and Strategy

Investment Objective and Strategy

The Fund intends to acquire residential real estate, mixed use real estate and/or commercial real estate in New York and Florida. A description of each Property will be set forth in the applicable Supplement.

The strategy of each series of the Master Fund is to, directly or through an affiliate thereof, acquire, develop and/or redevelop, and operate and/or sell a Property. Each series of the Master Fund intends to use (1) the Offshore Investment, (2) Domestic Investment and (3) the proceeds of one or more Secured Debts to acquire the Property associated with that series of the Master Fund. If so specified in the applicable Supplement, the remaining proceeds of and credit commitment under the related Secured Debt will be used to develop or redevelop or cause the development or redevelopment of such Property as further detailed in the applicable Supplement. Thereafter, the use and/or disposition of a Property as more particularly described in the related Supplement. It is anticipated that each Property will be sold on or before end of the Investment Term associated with such Property.

The income from a Property’s operations and/or the proceeds from the sale of such Property are expected to repay the then due and payable principal of and interest on the Secured Debt associated with such Property. Distributions to the applicable NewCo and series of the Feeder Funds associated with such Property will only be made if all then due and payable principal of and interest on such Secured Debt are paid in full. If an event of default exists under the Secured Debt associated with a Property, no amounts will be distributed by the Master Fund to the related NewCo and/or the series of the Feeder Funds associated with such Property or otherwise in respect of such series until the repayment in full of such Secured Debt.

The Investment is not and is not expected to be rated by a rating agency.

Underwriting Process

Each Property will be underwritten utilizing a designated property manager's (which may be the same entity as or an affiliate of the Investment Manager) skills in evaluating the real estate market and property fundamentals and real estate residual values. At inception and throughout the life of the Master Fund's, or its affiliate's, ownership of a Property, the property manager will conduct detailed tenant credit analyses to assess, among other things, the potential for credit deterioration and lease default risk. This analysis is also used to measure the adequacy of landlord protection mechanisms incorporated into the underlying lease. The property manager's process includes sub-market and property-level due diligence in order to understand downside investment risks, including quantifying the costs associated with tenant defaults and re-leasing scenarios. The property manager will perform a physical inspection of each Property, review the environmental report, evaluate title and undertake other due diligence procedures. The property manager also evaluates stress scenarios to understand refinancing risk. Upon completion of due diligence, the property manager of a Property and the Investment Manager will prepare an investment memo and issue a final approval, on behalf of the Fund, for the acquisition (directly or indirectly) of interests in that Property by the related series of the Master Fund. Additional underwriting or underwriting methods other than as described above may apply to a Property and will be described in the related Supplement.

Expected Investment Structure

Unless otherwise provided in the applicable Supplement, the Investment Manager expects that, with respect to the Property to be acquired by a particular series of the Master Fund: a series of the Offshore Feeder and other Investors of such NewCo will make the Offshore Investment in a NewCo (which NewCo will further contribute to such series of the Master Fund); a series of the Domestic Feeder will make the Domestic Investment in such series of the Master Fund; and, the holders of the Secured Debt associated with such Property (if any) will make loans to such series of the Master Fund (or an affiliate thereof) for the purpose of acquiring (directly or indirectly) interests in such Property. The relative contributions by each series of the Feeder Funds and the related NewCos and the amount of the Secured Debt (if any) will be more particularly described in the applicable Supplement.

Investment Restrictions

Investors should refer to the Supplement related to an investment in a particular Property concerning the applicable investment restrictions.

In addition, the Directors or the Manager of the Domestic Feeder, as applicable, may impose such restrictions and require such warranties as they consider necessary or desirable for the purpose of ensuring that no Interests in the related Feeder are held by or for the benefit of (i) any person or persons in breach of the law or requirements of any country or governmental authority or (ii) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstance appearing to the Directors or the Manager of the Domestic Feeder, as the case may be, to be relevant) which in the opinion of the Directors or such Manager, as applicable, might result in the Fund incurring any liability to taxation or suffering any other pecuniary, fiscal or regulatory disadvantage which the Fund might not otherwise incur or suffer or (iii) a U.S. Person from whom an investment would not qualify for an exemption under the Securities Act or would require the Fund to register their Interests under U.S. federal or state securities laws or would cause the Fund to be required to be registered under the Investment Company Act or would cause the Fund, the Directors or any investment advisor or manager to become subject to the Investment Advisers Act. The Directors or the Manager of the Domestic Feeder, as

applicable, shall have power to impose such further restrictions on the Interests of the related Feeder Fund as it deems necessary or desirable.

Risk Management

The risk management employed by the Investment Manager with respect to each Property will vary depending on the investment strategy associated with a Property and the nature of the Property. An Investor in the Fund should carefully review the “Risk Management” description in the Supplement related to a Property.

THE INVESTMENT PROGRAM OF THE FUND ENTAILS SUBSTANTIAL RISKS. THERE CAN BE NO ASSURANCE THAT THE FUND’S INVESTMENT OBJECTIVE WILL BE ACHIEVED.

V. MANAGEMENT

Directors of the Offshore Feeder

Richard Gordon and Andre Slabbert will serve as the Directors for the Offshore Feeder.

Board of Directors of NewCo

The Board of Directors of each NewCo will be set forth in the applicable Supplement.

Manager of the Master Fund and Domestic Feeder

Prodigy Network, LLC, a Delaware limited liability company, will be the Manager for the Master Fund and the Domestic Feeder.

The Manager of the Master Fund may only be removed for “Cause”, upon fifteen (15) Business Days’ prior written notice from the Master Fund acting upon the affirmative vote and direction of members representing at least 66 2/3% of all capital contributions of all the members of the Master Fund (other than members of any series that has been dissolved, liquidated or terminated and excluding Manager Interests). For the purpose of this paragraph, “Cause” means: (i) the conviction of the Manager or any of its managers, members or officers of a felony or a material violation of federal or state securities laws or (ii) a judicial determination that the Manager or any of its managers, members or officers has committed fraud or an intentional breach of fiduciary duty with respect to the Master Fund. Cause will not be deemed to occur if the Manager terminates the involvement of the person or persons who committed the action giving rise to a Cause event. The removal of the Manager will not be effective unless a successor Manager has been appointed.

No termination, resignation or removal of the Manager of the Master Fund will be effective unless (i) the Master Fund, acting upon the affirmative vote and direction of at least 66 2/3% of all capital contributions of all the members of the Master Fund (other than members of any series that has been dissolved, liquidated or terminated and other than Manager Interests) in the event the Manager is terminated or removed, or the Manager, acting in its sole discretion in the event the Manager resigns, has appointed a successor manager (a “Replacement Manager”) and the Replacement Manager has agreed to assume all the duties and obligations of the Manager hereunder, (ii) the Master Fund gives notice of the appointment of the Replacement Manager to each Administrator, and each Administrator gives notice of such appointment to the investors in the series associated with such Administrator, (iii) except in the case of the appointment of a Replacement Manager that is an affiliate of the Manager, such appointment has not been disapproved by the

affirmative vote of at least 66 2/3% of all capital contributions of all the members of the Master Fund within 20 days of the date of such notice from the Administrators to the related Investors, (iv) except in the case of the appointment of a Replacement Manager that is an affiliate of the Manager, the Manager has approved of such Replacement Manager and (v) the proposed Replacement Manager is not an affiliate of an investor in the Master Fund (other than an affiliate of the Manager, if applicable). For purposes of this paragraph, Manager Interests may participate in the determination of whether the appointment of a Replacement Manager will be disapproved, except in the case of the appointment of a Replacement Manager that is an affiliate of the Manager.

VI. THE INVESTMENT MANAGER

Unless otherwise specified in the applicable Supplement, Prodigy Network, LLC (or an affiliate thereof) will serve as the Investment Manager of each series of the Master Fund, each series of the Domestic Feeder, each series of the Offshore Feeder and each NewCo. References to “the Investment Manager” herein with respect to the Master Fund, the Domestic Feeder, the Offshore Feeder, NewCo and/or the Fund are intended to refer to the Investment Manager of the applicable series of the Master Fund, the applicable series of the Domestic Feeder, the applicable series of the Offshore Feeder, the related NewCo and/or the applicable series of the Fund, as applicable, as the context may require. Prodigy Network, LLC is not and does not intend to become regulated by the SEC as an investment adviser. The Investment Manager’s principal office is at 40 Wall Street, 17th Floor, The Trump Building, New York, NY 10005.

The Investment Manager of a series of the Fund will manage such series’ investment in the related Property pursuant to one or more Investment Management Agreements. The Investment Manager may assign and transfer to an affiliate its rights and obligations under any Investment Management Agreement.

The Investment Manager will not be liable for the acts and omissions of any placement agents.

The Investment Manager of a series may (1) resign upon 45 days’ prior written notice to such series of the Master Fund and Administrator for such series and will instruct such Administrator to deliver written notice of such resignation to the Investors of the applicable series of the Fund or (2) immediately terminate the applicable Investment Management Agreement upon the effectiveness of any change in applicable law, regulations or interpretation thereof which renders the performance by such Investment Manager of its duties under such Investment Management Agreement or, with respect to the related Property, under the applicable transaction documents to be a violation of such law or regulation. The Investment Manager of a series of the Master Fund may only be removed for “Cause”, upon fifteen (15) Business Days’ prior written notice by such series, acting upon the affirmative vote and direction of members of such series representing at least 66 2/3% of all capital contributions of all the members of such series of the Master Fund, excluding interests associated with such Property that are beneficially owned by the Investment Manager, any affiliate thereof or any fund or investment vehicle (i) which is managed by the Investment Manager and (ii) greater than 50% of the economic interests in which are beneficially owned by the Investment Manager and/or its affiliates (“Manager Interests”). No termination, resignation or removal of an Investment Manager will be effective unless (a) the investors in the related series of the Master Fund, acting at the direction of members of such series representing at least 66 2/3% of the capital contributions of such series (excluding Manager Interests), has appointed a successor investment manager for such series (a “Replacement Investment Manager”) and the Replacement Investment Manager has agreed to assume all the duties and obligations arising out of the applicable Investment Management Agreement, in accordance with the terms and conditions of such Investment Management Agreement, (b) the Replacement Investment Manager has agreed to receive the applicable management fees on terms and conditions substantially comparable to those described in the applicable Supplement or based on then prevailing market terms and conditions, (c) the Fund gives notice

of the appointment of the Replacement Investment Manager to the Administrator, and the Administrator gives notice of such appointment to the Investors associated with the Investment in that Property, (d) except in the case of the appointment of a Replacement Investment Manager that is an affiliate of the Investment Manager, such appointment has not been disapproved by the affirmative vote of members of such series representing at least 66 2/3% of the capital contributions of such series within 20 days of the date of such notice from the Administrator to such members, (e) except in the case of the appointment of a Replacement Investment Manager that is an affiliate of the Investment Manager, the Investment Manager has approved of such Replacement Investment Manager and (f) the proposed Replacement Investment Manager is not an affiliate of an investor of the applicable series of the Fund (other than an affiliate of the Investment Manager, if applicable) of such series of the Master Fund. For purposes of this paragraph, Manager Interests may participate in the determination of whether the appointment of a Replacement Investment Manager will be disapproved, except in the case of the appointment of a Replacement Investment Manager that is an affiliate of the Investment Manager.

If the Investment Manager for a series of the Master Fund resigns or is terminated, it will be entitled to (a) retain any fees (including Incentive Management Payments) paid to it prior to the date of such termination or resignation and (b) receive any accrued and unpaid management fees and development fee for such series accrued through the date of termination. If the Investment Manager for a series of the Master Fund resigns or is removed as Investment Manager, the management fees and development fees for such series accrued and payable following such resignation or removal will be paid to the successor Investment Manager appointed in accordance with the terms of the applicable Investment Management Agreement and not to the resigning or removed Investment Manager.

No Indemnified Person will be liable, in damages or otherwise to the Fund, the applicable series thereof or to any of the investors in the Master Fund, any Feeder Fund or any NewCo for any act or omission performed or omitted by such Indemnified Person, including losses due to the negligence of brokers or other agents of the Fund, unless such losses result from an Indemnified Person's fraud, willful misconduct, gross negligence, bad faith or a willful violation of applicable securities laws. The applicable series of the Fund will indemnify each Indemnified Person for any claims, costs, losses, liabilities, damages or expenses (including, without limitation, attorney's fees and expenses in connection therewith and amounts paid in settlement thereof) incurred by such Indemnified Person or to which such Indemnified Person may be subject arising out of or in connection with the series and its investments as more fully set forth in the applicable Investment Agreement and/or Organizational Document, except that such indemnity shall not apply to losses arising from such Indemnified Person's own fraud, willful misconduct, gross negligence, bad faith or willful violation of applicable securities laws. The Fund's indemnification obligations allocable to more than one of the Feeder Funds and/or more than one of their respective series will be allocated by the Investment Manager of the applicable series between the Feeder Funds and/or among such series, as the case may be, based on the relative amount of the Investments (funded and unfunded) of such Feeder Funds and/or such series, as applicable, or in such other manner as such Investment Manager determines is fair and equitable to Investors under the circumstances. The Investment Manager may, in its discretion reserve assets of the Fund to meet future indemnification costs, irrespective of the time, amount or other limitations set forth herein with respect to redemptions and liquidations.

The Investment Manager may deal as principal in the interests in the applicable series of the Master Fund and is under no obligation to account to the Fund or to investors thereof for any profits to which it thereby becomes entitled.

The Investment Manager and its affiliates (including their respective directors, partners, officers, members and employees) may subscribe directly or indirectly for Interests and may invest a portion of the Incentive Management Payment into one or more series of the Master Fund (including any subsidiary thereof) or one or more series of the Feeder Funds.

Details of the fees payable to the Investment Manager are disclosed in “*Section XV Fees and Expenses*”.

A summary of the backgrounds and experience of Rodrigo Niño, the CEO of the Investment Manager, is included below, although Rodrigo may not necessarily continue to be employed by the Investment Manager during the entire term of any Investment Management Agreement or, if so employed, remain responsible for the performance of the Investment Manager’s obligations under any Investment Management Agreement.

Rodrigo Niño

Rodrigo Niño is the CEO and founder of Prodigy Network, a real estate crowd-investing company based in New York.

Prodigy Network specializes in connecting international and domestic individual investors with opportunities to participate in investment grade assets. Using its crowd-investing model, Prodigy Network has made real estate investment opportunities and returns available to Accredited Investors in the United States and around the world. Prodigy Network and/or its affiliates have led six international and U.S. based projects, raised more than \$300 million from 6,200 investors, and are currently developing projects with a projected value of \$850 million.

Prodigy Network and/or its affiliates have partnered with established operators and developers such as Korman Communities on their previous deals. Korman Communities is a four generation firm who has constructed more than 30,000 single family homes, 12,000 apartments and townhouses, as well as two million square feet of industrial and commercial space.

VII. OTHER ACTIVITIES OF THE INVESTMENT MANAGER; POTENTIAL CONFLICTS OF INTEREST

The Fund is subject to a number of actual and potential conflicts of interest.

Prodigy Network may also serve as the investment adviser to other private investment funds which have investment strategies and investment policies substantially similar to that of the Fund. Further, Prodigy Network (and its principal) may serve as investment adviser or investment manager to other client accounts and may also invest for their own respective accounts. Such other entities or accounts (the “Other Clients”) may have investment objectives or may implement investment strategies similar or different to those of one or more series of the Fund. Accordingly, the Fund and the Other Clients may co-invest in many of the same securities and opportunities. In addition, the Investment Manager of a series or its affiliates may hold equity or other interests in other participants in the transactions contemplated by this Memorandum (including, without limitation, developers, operators and brokers), and may receive such distributions, equity or other remuneration in respect thereof from such persons as a result of investment by such series or Other Clients or such persons for which the Investment Manager acts as investment manager. Receipt of any such interests or amounts will be solely the property of such Investment Manager or its affiliates, without any credit to the Master Fund or any reduction in the fees payable by the Master Fund to such Investment Manager. The Investment Manager for a series of the Master Fund may also direct such series to invest in any party to the transaction documents for such series in which such Investment Manager, its affiliates and/or the Other Clients serve as managers (whether supervisory or managing), directors (whether supervisory or managing), officers, employees, partners, agents, nominees or signatories, or own an equity or debt interest or otherwise have ongoing relationships. Each of such ownership and other relationships may result in or create conflicts of interest for the Master Fund.

The Investment Manager for a series of the Master Fund may (i) act as an investment manager, manager or advisor of any other entity and need not disclose to the Fund anything that comes to its attention in the course of its business in any other capacity than as Investment Manager to such series, and (ii) enter into any transactions with such series of the Master Fund or any company in which any of such series or the Prodigy Funds invest or have an interest in any such transaction, and such Investment Manager will not be liable to account to any person or entity for any profits earned or benefits derived in connection with such actions.

Prodigy Network or any of its affiliates, in each case in its sole discretion may allocate investment and co-investment opportunities among the Fund, any series thereof, members of the Fund and other investment funds, vehicles and accounts managed or advised by Prodigy Network or its affiliates from time to time. Subject to internal guidelines, Prodigy Network will generally attempt to allocate investment and co-investment (and sale or disposition) opportunities in a manner that Prodigy Network believes to be fair and equitable over time among clients. Prodigy Network may consider various factors in making allocation decisions among its clients, which may include considerations such as investment objectives, investment policies, investment restrictions, risk tolerance, time horizon, tax sensitivity, desired capitalization range, nature and size of the account, suitability, tolerance for portfolio turnover, availability of cash or buying power, account “ramp-ups” and whether the client is eligible to participate in a trade pursuant to applicable compliance regulations. Prodigy Network or any of its affiliates, at Prodigy Network’s sole discretion, will be allowed to receive a management fee, carried interest or other compensation with respect to any investment made by any member of the Fund or third party alongside a series in a co-investment. Any participation by a member of the Fund in a co-investment other than through the Fund (i) will be entirely the investment decision and responsibility of such member, and none of Prodigy Network or any of its affiliates will assume any risk, responsibility or expense, or be deemed to have provided any advice or recommendation, in connection therewith and (ii) will not entitle such member to participate in the management or control of such co-investment. None of Prodigy Network or any of its affiliates will be required to offer investment and/or co-investment opportunities of which they become aware to the Fund, any series thereof, members of the Fund or to account to the Fund for (or share with the Fund or inform the Fund of) any such transaction or any benefit received by them from any such transaction or to inform the Fund or any members thereof of any investment or co-investment opportunities before offering such investments and/or co-investments to other investment funds, vehicles and accounts managed or advised by Prodigy Network and/or its affiliates.

Also, Prodigy Network and/or its affiliates will receive certain fees in connection with the transactions contemplated herein, and will receive fees in connection with transactions involving Other Clients. The terms of the fee and other arrangements with such Other Clients may differ significantly from those with the Fund.

In addition, Prodigy Network and/or its affiliates may hold equity or other interests in the Master Fund. Receipt of any such interests or amounts will be solely the property of Prodigy Network or its affiliates, without any credit to the Fund or any reduction in the fees payable by the Fund to the Investment Manager.

Subject to applicable law and any required consent or direction of the applicable series of the Master Fund required under the related Investment Management Agreement or pursuant to the applicable transaction documents: (1) the Investment Manager of such series may direct such series to engage in real estate, secured lending, private equity and securities transactions with such Investment Manager’s affiliates, including transactions in which affiliates purchase real estate, notes, equity and/or securities from such series on a principal or agency basis; (2) such Investment Manager and its affiliates may, from time to time, cause, direct or recommend that its or their clients buy or sell investments or real estate (or interests therein) of the same or different kind or class as the related Property; (3) such Investment

Manager (A) will be permitted to acquire, directly or indirectly, real estate (or an interest therein) on behalf of such series, including the related Property, from such Investment Manager's affiliates as principal or as agent or to sell such Property (or an interest therein) to the affiliates of the Investment Manager as principal or as agent so long as the transaction is on such terms as would be representative of an arms-length transaction, (B) may purchase a direct or indirect interest in such Property on behalf of such series from itself, its affiliates, its and/or its affiliates' clients, and/or funds or accounts for whom such Investment Manager or any of its affiliates manages assets and/or (C) may sell a direct or indirect interest in such Property on behalf of such series to itself, its affiliates, its and/or its affiliates' clients, and/or funds or accounts for which such Investment Manager or any of its affiliates acts as an investment manager, in all cases so long as such transactions are on such terms as would be representative of an arms-length transaction; and (4) such Investment Manager and/or its affiliates (including their respective directors, partners, officers, members and employees) may purchase and maintain ownership of any direct or indirect interest in such Property (including a direct or indirect investment in such series). In certain circumstances, the interests of a series with respect to matters as to which the related Investment Manager is advising such series may conflict with the interests of such Investment Manager.

As a result of the foregoing (among other factors), each Investment Manager (and its principals) may have conflicts of interest, including (but not limited to) conflicts in allocating their time and activity between itself, the Fund and the Other Clients.

Each Investment Manager will devote as much of its time and effort to the affairs of the Fund as such Investment Manager, in its sole judgment, deems appropriate to perform its duties in accordance with the applicable Investment Management Agreement. Each Investment Manager (and its principals) may conduct any other business including any business within the real estate investment industry, whether or not such business is in competition with the Fund. Without limiting the generality of the foregoing, each Investment Manager (and its principals and affiliates) may act as investment adviser or investment manager for others, may manage funds or capital for others, may have, make and maintain investments in its own name or through other entities and may serve as an officer, director, consultant, partner, agent or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. It may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Fund for the same investment positions to be taken or liquidated at the same time or at the same price.

Winston currently serves as U.S. counsel for the Master Fund, the Domestic Feeder, the Offshore Feeder, each NewCo and Prodigy Network. Winston does not represent the interests of any Investor in the Fund. Prospective investors should select their own legal, tax and financial advice before making an investment in the Fund.

The law firm of Appleby (Cayman) Ltd serves as legal advisor to the Offshore Feeder in connection with matters pertaining to Cayman Islands law and may serve as legal advisor to other investment funds sponsored or managed by the General Partner or its Directors.

Transactions with Affiliates

The Fund may participate in transactions in which the Investment Manager or its officers, employees, principals or affiliates are directly or indirectly interested. In connection with such transactions, the Fund, on the one hand, and the Investment Manager and its affiliates, officers, employees and principals, on the other hand, may have conflicting interests. All transactions with affiliates of the Investment Manager will be on terms reasonably consistent with an arms-length transaction. For purposes hereof, "affiliate" means, with respect to an entity, any other entity directly or indirectly controlling, controlled by and under common control with such entity.

The Administrator, the Directors of the General Partner and the Investment Manager

The Administrator may also, from time to time, provide services to, or be otherwise involved with, other investment programs established by parties other than the Fund which may have similar objectives to those of the Fund. It is therefore possible that the Administrator may, in the course of business, have potential conflicts of interest with the Fund.

The General Partner of the Offshore Feeder may, and each of the Directors presently and will in the future, directly or indirectly, direct, sponsor or manage other investment funds or managed accounts in addition to the Offshore Feeder. It is therefore possible that any of them may, in the course of business, have potential conflicts of interest with the Offshore Feeder. However, the General Partner and the Directors will endeavour to resolve all such potential conflicts of interest in a manner which they determine to be fair and equitable.

In addition, subject to applicable law, any of the service providers (including the Directors) may deal, as principal or agent, with the Fund, provided that such dealings are on normal commercial terms consistent with an arm's-length dealing. The General Partner believes that it will continue to have sufficient staff, personnel and resources to perform all of its duties with respect to the Offshore Feeder. However, because some of the officers of the General Partner may have duties in connection with other investment funds and other matters, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among the Offshore Feeder and other entities similar to the Offshore Feeder.

The Investment Manager, as manager of the Master Fund and Domestic Feeder, presently and will in the future, directly or indirectly, direct, sponsor or manage other investment funds or managed accounts in addition to the Master Fund and Domestic Feeder. It is therefore possible that the Investment Manager may, in the course of business, have actual and potential conflicts of interest with the Fund. See above in this *“Other Activities of the Investment Manager; Potential Conflicts of Interest”* for a more-detailed discussion of these actual and potential conflicts.

From time to time, representatives of the Investment Manager may speak at conferences and programs for investors interested in investing in collective investment schemes which are sponsored by prime brokers. These conferences and programs may provide opportunities by which the Investment Manager is introduced to potential investors in the Fund and other investment vehicles which are managed by the Investment Manager or its affiliates. Generally, the prime brokers are not compensated by the Investment Manager, the Fund or the potential investors for providing such “capital introduction” opportunities.

THE ABOVE IS NOT NECESSARILY A COMPREHENSIVE LIST OF ALL POTENTIAL CONFLICTS OF INTEREST. NEITHER THE INVESTMENT MANAGER NOR ITS MEMBERS, OFFICERS, EMPLOYEES OR AFFILIATES IS OBLIGATED TO RESOLVE ANY CONFLICTS IN FAVOR OF THE FUND.

VIII. THE ADMINISTRATOR

Each series of the Master Fund, the related series of each Feeder Fund, the related NewCo and NESF Fund Services Corp. (the “Administrator”) will enter into an Operational and Administrative Services Agreement (each, an “Administration Agreement”) pursuant to which the Administrator will perform certain financial, accounting, corporate, administrative and other services on behalf of such series of the Fund. References to “the Administrator” herein with respect to the Master Fund are intended to refer to the Administrator of the applicable series of the Fund, as the context may require.

The Administrator will receive a monthly fee from the applicable series of the Fund, subject to a monthly minimum fee, plus certain variable charges. Certain other out-of-pocket expenses of the Administrator, as well as applicable data, communication and technology-related charges may also be charged to such series of the Fund in accordance with the applicable Administration Agreement. The fee payable to the Administrator is based on its standard schedule of fees charged by the Administrator for similar services. All banking fees and charges will be paid directly by the applicable series of the Fund and its subsidiaries.

An Administration Agreement may generally be terminated at any time without penalty by the applicable series of the Fund.

Under each Administration Agreement, the applicable series of the Fund is required to indemnify, hold harmless, protect and defend the Administrator against any losses, claims, damages, or liabilities, including without limitation reasonable legal fees or other expenses incurred in investigating or defending against any such losses, claims, damages or liabilities, and any amounts expended in settlement (provided such settlement was approved in writing by such series of the Fund, which approval shall not be unreasonably withheld or delayed) of any claims which are asserted formally or informally within two years following the termination of such Administration Agreement, in each case arising out of, or in connection with, any action taken or omitted by the Administrator in connection with such Administration Agreement or the business, actions and affairs arising out of, or in connection with, any delay or failure by such series of the Fund to perform its obligations thereunder on a timely basis; provided, that, in each case, such loss, claim, damage or liability does not result from the Administrator's own gross negligence, willful malfeasance, bad faith or fraud.

IX. CAPITAL STRUCTURE OF THE FUND

Capital Structure of the Offshore Feeder

A capital account will be established for each Investor admitted to the Offshore Feeder to which the amount of its initial capital contribution and any subsequent capital contribution, in each case, net of any Premium, will be credited. Any Premium paid by an Investor will be applied as set forth in the related Supplement.

Each capital account for each Investor admitted to the Offshore Feeder will correspond to an investment in a NewCo which, or a number of designated NewCos each of which, shall, in turn, correspond to a series of the Master Fund associated with a Property. The minimum amount that may be contributed by an Investor for Interests offered in connection with an investment in a series of the Offshore Feeder will be set forth in the applicable Subscription Agreement for such series. In most cases, the minimum subscription for an Investor is expected to be at least \$10,000.

Capital accounts held by Investors in the Offshore Feeder associated with a Property shall entitle Investors to such distributions related to that Property as set forth in this Memorandum (including the related Supplement) and the Offshore Feeder's Partnership Agreement.

Generally, the amounts of any actual income, dividends or interest or any realized profits or gains received by the Offshore Feeder in respect of a Property will be allocated and credited to the capital account or accounts of the Investors corresponding to the series of the Master Fund associated with the relevant Property. Similarly, the amounts of any expenses, losses or deductions of the Offshore Feeder or distributions made to the Investors in respect of a Property will be allocated and debited to the capital account or accounts of the Investors corresponding to the series of the Master Fund associated with the relevant Property.

Capital Structure of the Domestic Feeder

A capital account will be established for each Investor admitted to the Domestic Feeder to which the amount of its initial capital contribution and any subsequent capital contribution, in each case, net of any Premium, will be credited. Any Premium paid by an Investor will be applied as set forth in the related Supplement.

Each capital account for each Investor admitted to the Domestic Feeder will correspond to a series of the Master Fund associated with a Property. The minimum amount that may be contributed by an Investor for Interests offered in connection with an investment in a series of the Domestic Feeder will be set forth in the applicable Subscription Agreement for such series. In most cases, the minimum subscription for an Investor is expected to be at least \$10,000.

Capital accounts held by Investors in the Domestic Feeder associated with a Property shall entitle Investors to such distributions related to that Property as set forth in this Memorandum (including the related Supplement) and the Domestic Feeder's Operating Agreement.

Generally, the amounts of any actual income, dividends or interest or any realized profits or gains received by the Domestic Feeder in respect of a Property will be allocated and credited to the capital account or accounts of the Investors corresponding to the series of the Master Fund associated with the relevant Property. Similarly, the amounts of any expenses, losses or deductions of the Domestic Feeder or distributions made to the Investors in respect of a Property will be allocated and debited to the capital account or accounts of the Investors corresponding to the series of the Master Fund associated with the relevant Property.

Capital Structure of NewCo

A capital account will be established for each Investor admitted to a NewCo to which the amount of its initial capital contribution and any subsequent capital contribution, in each case, net of any Premium, will be credited. Any Premium paid by an Investor will be applied as set forth in the related Supplement.

Each capital account for each Investor admitted to a NewCo will correspond to an investment in a series of the Master Fund associated with a Property. The minimum amount that may be contributed by an Investor for Interests offered in connection with an investment in a series of the Offshore Feeder will be set forth in the applicable Subscription Agreement for such series. In most cases, the minimum subscription for an Investor is expected to be at least \$10,000.

Capital accounts held by Investors in a NewCo associated with a Property shall entitle Investors to such distributions related to that Property as set forth in this Memorandum (including the related Supplement), the applicable Loan and Security Agreement and the applicable Stockholders Agreement.

Generally, the amounts of any actual income, dividends or interest or any realized profits or gains received by a NewCo in respect of a Property will be allocated to the Investors of such NewCo corresponding to the series of the Master Fund associated with the relevant Property.

The economic shares of each NewCo will be owned by the Series Manager, the related series of the Offshore Feeder and other Investors of NewCo. The Investment Manager will own all of the voting shares in each NewCo. All proceeds of capital contributions and NewCo Debts made to a NewCo will be further contributed to the capital of the applicable series of the Master Fund by such NewCo. All distributions to such NewCo, net of any applicable taxes, fees, expenses and other liabilities, will be distributed by such NewCo to its Investors pursuant first to the applicable Loan and Security Agreement

for the repayment of its NewCo Debt. After the repayment and full satisfaction of a NewCo's obligations under the applicable Loan and Security Agreement, income of such NewCo will be distributed to its Investors pursuant to the terms of the applicable Stockholders Agreement.

Capital Structure of the Master Fund

The Master Fund will authorize the issuance of a series of preferred and/or common membership interests in connection with each investment in a Property on terms and conditions as more particularly set forth in the related Supplement.

X. OFFERING OF INTERESTS

The Fund is inviting qualified investors to subscribe for Interests in the Feeder Funds. With respect to (i) the Domestic Feeder, the term "Interests" shall refer to the membership interests of a series of the Domestic Feeder relating to a series of the Master Fund; (ii) the Offshore Feeder, the term "Interests" shall refer to the LP Interests of the Offshore Feeder relating to a series of the Master Fund; and (iii) a NewCo, the term "Interests" shall refer to common stock issued by such NewCo. The term "Investor" shall refer to a holder of Interests. For the avoidance of doubt, references to a "series" of the Offshore Feeder are used, for convenience, to refer to those LP Interests in the Offshore Feeder that are associated with a particular series of the Master Fund.

A capital account will be established for each Investor admitted to the Domestic Feeder to which the amount of its initial capital contribution and any subsequent capital contribution, in each case, net of any Premium, will be credited. Investors who are admitted (or who increase their capital commitments) subsequent to the Initial Closing Date of the applicable series of the Domestic Feeder will participate in investments held as of their dates of admission (or increase in capital commitments) by making a catch-up capital contribution and, if so specified in the applicable Subscription Agreement applicable to such Investor, a payment of Premium. After the payment of such catch-up capital contribution and Premium, if applicable, such Investors will be treated as having fulfilled their capital commitment with respect to such series of the Domestic Feeder as of such Initial Closing Date.

Each capital account will correspond to a series of the Master Fund associated with a Property. The minimum amount that may be contributed by an Investor for Interests offered in connection with an investment in a series of the Domestic Feeder will be set forth in the applicable Subscription Agreement for such series. In most cases, the minimum subscription for an Investor is expected to be at least \$10,000. The Interests of the Domestic Feeder will be offered and sold only to "accredited investors," as such term is defined under Rule 501(a) of Regulation D under the Securities Act, pursuant to the exemption provided by Rule 506(c) of Regulation D under the Securities Act. Each prospective investor in the Domestic Feeder will be required to provide documentation that, in the opinion of the related Investment Manager, is sufficient to verify the investor's status as an accredited investor.

The Offshore Feeder is offering one or more series of LP Interests in the Offshore Feeder (the proceeds of which, for each such series, will ultimately be used to make an investment in the related series of the Master Fund). A capital account will be established for each Investor admitted to the Offshore Feeder to which the amount of its initial capital contribution and any subsequent capital contribution, in each case, net of any Premium, will be credited. Investors who are admitted (or who increase their capital commitments) subsequent to the Initial Closing Date of the applicable series of the Offshore Feeder will participate in investments held as of their dates of admission (or increase in capital commitments) by making a catch-up capital contribution and, if so specified in the applicable Subscription Agreement applicable to such Investor, a payment of Premium. After the payment of such catch-up capital contribution and Premium, if applicable, such Investors will be treated as having fulfilled their capital

commitment with respect to such series of the Offshore Feeder as of such Initial Closing Date. Each capital account will correspond to an investment in a NewCo which shall, in turn, correspond to a series of the Master Fund associated with a Property. The minimum amount that may be contributed by an Investor for Interests offered in connection with an investment in a series of the Offshore Feeder will be set forth in the applicable Subscription Agreement for such series. In most cases, the minimum subscription for an Investor is expected to be at least \$10,000.

The applicable NewCo is offering one or more classes of common stock of such NewCo (the proceeds of which, for each such series, will be used to make an investment in the related series of the Master Fund). A capital account will be established for each Investor admitted to such NewCo to which the amount of its initial capital contribution and any subsequent capital contribution, in each case, net of any Premium, will be credited. Investors who are admitted (or who increase their capital commitments) subsequent to the Initial Closing Date of the applicable NewCo will participate in investments held as of their dates of admission (or increase in capital commitments) by making a catch-up capital contribution and, if so specified in the applicable Subscription Agreement applicable to such Investor, a payment of Premium. After the payment of such catch-up capital contribution and Premium, if applicable, such Investors will be treated as having fulfilled their capital commitment with respect to such NewCo as of the Initial Closing Date. Each capital account for each Investor admitted to a NewCo will correspond to an investment in a series of the Master Fund associated with a Property. Each Investor in a NewCo that elects to make a loan to NewCo also be required to become a party to the applicable Loan and Security Agreement, pursuant to which such Investor will become a committed lender to such NewCo. Unless otherwise set forth in the applicable Supplement, the loan commitment of each Investor of a NewCo shall be equal to three (3) times of its commitment to purchase common stock of such NewCo. Each Investor of NewCo is required to become a party to the applicable Stockholders Agreement, which governs, among other things, each Investor's entitlement to dividend distributions made by such NewCo. The minimum amount that may be contributed by an Investor for Interests offered in connection with an investment in a NewCo will be set forth in the applicable Subscription Agreement for such NewCo. In most cases, the minimum subscription for an Investor (including its loan to the applicable NewCo, if any) is expected to be at least \$10,000.

The Investment Manager for a series of the Master Fund and/or Feeder Fund and the related NewCo may issue interests of such series (on such terms and conditions as such Investment Manager may determine in its discretion including with respect to the vesting of such interests) to one or more direct or indirect service providers to such series (including placement agents of the applicable series of the Feeder Funds and the related NewCo and employees of such Investment Manager and/or its affiliates) and in connection with such issuance may treat such Persons as making a deemed capital contribution to such series in respect thereof, subject to any limit on the maximum total amount of such deemed capital contributions in respect of such series set forth in the related supplement to the Master Fund's Operating Agreement.

The Investment Manager and the Administrator reserve the right to decline any and all new subscriptions at any time.

With respect to any Investor subscribing to the Fund in respect of a Property, the "Initial Closing Date" will be the date determined pursuant to the related Supplement.

It is currently not anticipated that any application will be made for the Interests in the Fund to be admitted to any stock exchange.

Copies of the Organizational Documents of the Fund, the applicable Administration Agreement and the resolutions of the governing body of the Fund authorizing the issuance of the Interests will be available for inspection at the Registered Office of the Fund.

In addition, (x) the Directors, General Partner and/or the applicable Investment Manager on behalf of the Offshore Feeder, (y) the applicable Investment Manager on behalf of the Domestic Feeder and/or (z) the board of directors and/or the applicable Investment Manager on behalf of a NewCo, may select one or more placement agents to effect sales of Interests of each of the Offshore Feeder, the Domestic Feeder and such NewCo, and the related series of the applicable Feeder Funds and/or such NewCo will pay placement fees or commissions to such placement agents in cash or as Interests in such series of the Feeder Fund, such NewCo and/or the related series of the Master Fund. These fees will be set forth in the applicable Supplement. Such placement fees incurred by or allocated to a series of a Feeder Fund and/or a NewCo will be treated under the Organizational Documents as borne by the related series of the Master Fund, and amounts contributed by an Investor to a Feeder Fund or a NewCo and used by such Feeder Fund or NewCo to pay (or reimburse) such placement fees will be treated as contributed by such Feeder Fund and/or NewCo to the applicable series of the Master Fund. The economic effect of the foregoing treatment of the payment of placement fees is such that the costs of placement fees paid by a series of the Feeder Fund and/or the related NewCo will be indirectly shared ratably amongst Investors of the applicable series of the Feeder Funds and the related NewCo. Potential investors should carefully review and consider the fees that the applicable series may pay to such placement agents.

Each potential investor interested in subscribing to a Feeder Fund and/or a NewCo will review and execute a Subscription Agreement and deposit its contributions with the Bank to be held in escrow. Escrowed Funds will be released to the applicable series of a Feeder Fund and/or a NewCo as described in the applicable Supplement.

Upon identification, by the Investment Manager of a series of the Master Fund, of a Property to be invested in by such series, notice to potential Investors of such Investment Manager's intent to cause such series to acquire (directly or indirectly) interests in such Property, and delivery to such potential Investors of the Subscription Agreement for Interests relating to such Property (and such other materials as such Investment Manager may deem appropriate), each potential Investor may notify the Investment Manager in writing of its decision to invest (through a Feeder Fund or a NewCo) in such series of the Master Fund by completing and signing such Subscription Agreement. Upon completion and execution of the Subscription Agreement for Interests relating to a particular Property and the approval by the Administrator and the Investment Manager of such subscription, the Investor will make capital contributions in accordance with the terms and conditions of the applicable Subscription Agreement. Escrowed Funds held by the Bank will be released and paid in as a capital contribution for Interests in such series of the applicable Feeder Fund and/or the applicable NewCo by the Bank on behalf of the Investor in accordance with the terms and conditions of the applicable Subscription Agreement. The amount and time for the payment for each capital contribution to a Feeder Fund or NewCo in respect of a Property will be set forth in the applicable Subscription Agreement.

Capital contributed by an Investor to satisfy Organizational Expenses will reduce such Investor's unfunded capital commitment in respect of its subscription.

If for any reason an Investor in a series of a Feeder Fund or a NewCo fails to make the requisite capital contribution(s) in respect of such series or NewCo when due (a "Default"), such Investor will remain liable in respect of its capital commitment, and the related Investment Manager of the Fund or the General Partner of the Offshore Feeder, as the case may be, in its discretion and to the extent permitted by applicable law, may take any one or more of the following actions: (i) extend the time of payment, with interest at eight percent (8%) per annum (or such lower rate as may be required by applicable law) and expenses; (ii) commence legal proceedings against such Investor to collect the due and unpaid amount plus interest thereon (as described in clause (i)) and the expenses of collection, including reasonable attorneys' fees; (iii) prohibit such Investor from making further capital contributions; (iv) declare the unpaid capital commitment of such Investor released; (v) offer such Investor's Interest in such series or NewCo to other investors (including for a reduced price); (vi) reduce such Investor's entitlement to subsequent distributions by one half (1/2) of the amount such Investor would otherwise be entitled to

under the applicable Organizational Document (with the excess apportioned to the remaining Investors of such series pro rata in proportion to their relative entitlements to distributions); (vii) terminate any voting, consent and approval rights of such Investor; (viii) reduce such Investor's capital account or entitlement to receive distributions by an amount equal to one half (1/2) of its capital account or entitlement to distributions with respect to such Interests immediately prior to the Default; and/or (ix) pursue any other remedy that the Manager deems advisable and/or as otherwise specified in the related Organizational Document; *provided*, that with respect to any corresponding "Default" by a Feeder Fund (or the related NewCo) under the Master Fund's Operating Agreement that arises from the failure of an Investor in such Feeder Fund to make a required capital contribution to such Feeder Fund, as a result which such Feeder Fund (and/or the related NewCo) fails make all or a portion of a required capital contribution or other payment provided for in the Master Fund's Operating Agreement to or with respect to a series of the Master Fund, such series of the Feeder Fund (and/or the related NewCo, as applicable) may be treated as in "Default" solely with respect to that portion of such series of the Feeder Fund's (and/or such NewCo's) interest relating to such Investor's indirect interest in such series of the Master Fund.

XI. REDEMPTIONS

Unless (a) otherwise specified in the applicable Supplement or (b) approved in writing by the Investment Manager, an Investor may not voluntarily redeem its Interest.

XII. COMPULSORY REDEMPTION OF INTERESTS

Unless otherwise provided in the applicable Supplement, and without limiting any other redemption rights described in a Supplement, the relevant Investment Manager of the Fund and the General Partner of the Offshore Feeder reserve the right, with cause, to compel the redemption of any Investor's Interests. Without limiting the foregoing, the Fund may compulsorily redeem an Investor's Interest in the event of delay or failure by an Investor to produce any information required for anti-money laundering verification purposes or compliance with FATCA, or if any answer provided or documentation required under the Subscription Agreement is found to be false, forged or misleading. The Fund may charge any such Investor any legal, accounting, or administrative costs associated with such compulsory redemptions. In the event of a compulsory redemption from a series of a Feeder Fund or a NewCo, such series of Feeder Fund or such NewCo, as applicable, will distribute to the redeemed Investor (following receipt thereof by the Feeder Fund or such NewCo, as applicable) the corresponding redemption price directly or directly paid by the related series of the Master Fund, net of all applicable withholding taxes (including under FATCA), any adjustments, reserves and/or costs as the related Investment Manager may determine is fair and equitable under the circumstances. The redemption price paid by such series of the Master Fund to such series of the Feeder Fund in connection with a compulsory redemption will generally be an amount equal to the portion of such series of Feeder Fund or such NewCo's capital account, as applicable, being redeemed from such series of the Master Fund (or NewCo, in the case of a series of the Offshore Feeder) (corresponding to the Investor's redeemed investment), computed in accordance with the Master Fund's Operating Agreement and may be payable in cash, cash equivalents or promissory notes. An Investor shall have no claim against the Fund, the Investment Manager, the General Partner, the Administrator or their respective affiliates for any form of damages as a result of forced redemption.

XIII. VALUATION OF THE FUND

The following valuation principles relate to the Fund.

As part of its duties under each Investment Management Agreement, the Investment Manager will assist the Administrator in the calculation of the Net Asset Value of the related series of the Master Fund once per year or such other day or days as the Investment Manager may determine from time to time on a case

by case basis or generally as of which the Net Asset Value of a related LP Interests is calculated (each such date, a “Valuation Date”).

The “Net Asset Value” of a series of the Master Fund on any Valuation Date will equal the appraised value of the interests of that series of the Master Fund in the Property associated therewith as of the applicable appraisal date less all liabilities of that series of the Master Fund (including general liabilities of the Fund allocable to that series of the Master Fund) at that time.

In each case, the net assets of a series of the Master Fund will be determined on the accrual basis of accounting utilizing United States generally accepted accounting principles (“U.S. GAAP”) (with such exceptions as are set forth below) and in accordance with the following principles as of the close of business on the date of determination:

- (i) No value will be assigned to goodwill.
- (ii) Accrued Fees and other fees and expenses will be treated as liabilities.
- (iii) The value of any cash, bills, demand notes, overnight financing transactions, payables and receivables will be deemed to be the full amount thereof.
- (iv) Securities which are United States Treasury obligations or other United States government or agency obligations will be valued at their current market value, including accrued interest.
- (v) The value of an Investment associated with a Property will be determined as follows:
 - (A) first, by means of one or more appraisals provided by a one or more independent real estate brokers selected by the Investment Manager; and
 - (B) second, if in the commercially reasonable business judgment of the Investment Manager, an appraisal does not adequately reflect current market conditions, a value provided by proprietary models developed by, or otherwise calculated by, the Investment Manager or independent valuation agents.
- (vi) All other assets and liabilities of the related series of the Fund (including securities) will be valued in the manner determined by the Investment Manager.

Organizational Expenses of the Fund borne by the Fund may be amortized over a period of eighty-four (84) months.

Notwithstanding anything to the contrary, the Interests associated with a Property will not be considered liabilities of the applicable series of the Fund for purposes of determining the Net Asset Value of such series of the Fund.

In no event and under no circumstances will the Administrator or the Investment Manager incur any individual liability or responsibility for any determination made or other action taken or omitted by it regarding valuation in the absence of fraud, gross negligence, bad faith or willful misconduct.

The Investment Manager or its respective appointed designee may, at its discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice. To the extent feasible, expenses, fees and liabilities are

accrued in accordance with U.S. GAAP. Reserves (whether or not in accordance with U.S. GAAP) may be taken for estimated or accrued expenses, liabilities or contingencies.

The Fund has delegated to the Administrator the determination of the Net Asset Value, subject to the oversight by the Investment Manager.

XIV. SUSPENSION OF THE VALUATION OF THE FUND

The Investment Manager may suspend dealings, or suspend the valuation of the Fund (i) during any period in which circumstances exist as a result of which, in the opinion of the Investment Manager, it is not reasonably practicable to fairly determine the Net Asset Value of the Fund or it is not reasonably practicable for the Fund to realize or dispose of investments held for the Fund; (ii) during any breakdown in the means of communication between the Fund or the Investment Manager or in any system or infrastructure of the Fund or the Investment Manager to such extent that the Net Asset Value of the Fund cannot be accurately calculated; (iii) during any other breakdown in the means normally employed by the Investment Manager in assessing the value of investments; (iv) during any period in which the transfer of funds involved in the realization or acquisition of any investments by the Fund cannot be effected at normal rates of exchange; (v) when there exists in the opinion of the Investment Manager a state of affairs where disposal of the Fund's assets, or the determination of the Net Asset Value of the Fund, would not be reasonably practicable or would be seriously prejudicial to the non-redeeming Investors; and (vi) for any period during which the redemption of Interests would cause a breach or default under any covenant in any agreement entered into by the Fund for borrowing or cash management purposes.

Any suspension of dealings or the valuation of the Fund, as the case may be, shall take effect at such time as the Investment Manager shall declare and, thereafter, there will be no dealings or valuation of the Fund, as the case may be, until the Investment Manager shall declare any such suspension to be at an end or the condition giving rise to the suspension having ceased to exist.

Notification of any suspension of dealings or valuation of the Fund or of any reinstatement following a suspension thereof will be made in an appropriate publication and reasonable steps will be taken to bring any suspension to an end as soon as possible.

XV. FEES AND EXPENSES

Fees

Each Investment Manager may receive fees as specified in the applicable Supplement. Potential investors should carefully review and consider the fees that the Investor Manager of the applicable series of the Master Fund may receive in connection with the acquisition, development, redevelopment, operation and disposition of a Property. If an Investment Manager has resigned or been removed as Investment Manager, unless otherwise provided in the Supplement, that Investment Manager will be entitled to an amount equal to all accrued and unpaid fees payable to it through and including such date of resignation, removal or termination.

In addition, the Directors and/or the applicable Investment Manager on behalf of the Offshore Feeder, the applicable Investment Manager on behalf of the Domestic Feeder and/or the applicable Investment Manager on behalf of a NewCo, may select one or more placement agents to effect sales of Interests, and the related series of the applicable Feeder Funds and/or such NewCo will pay placement fees or commissions to such placement agents in cash or as interests in such series of the Feeder Fund, such NewCo and/or the related series of the Master Fund. These fees will be set forth in the applicable Supplement. Such placement fees incurred by or allocated to a series of a Feeder Fund and/or a NewCo

will be treated under the Organizational Documents as borne by the related series of the Master Fund, and amounts contributed by an Investor to a Feeder Fund or a NewCo and used by such Feeder Fund or NewCo to pay (or reimburse) such placement fees will be treated as contributed by such Feeder Fund and/or NewCo to the applicable series of the Master Fund. The economic effect of the foregoing treatment of the payment of placement fees is such that the costs of placement fees paid by a series of the Feeder Fund and/or the related NewCo will be indirectly shared ratably amongst Investors of the applicable series of the Feeder Funds and the related NewCo. Potential investors should carefully review and consider the fees that the applicable series may pay to such placement agents. These fees will be set forth in the applicable Supplement. Any placement agent fees borne by the Fund will be negotiated on an arms-length basis with placement agents unaffiliated with the Investment Manager and its affiliates.

In addition, certain other fees (e.g., marketing fees, development fees, technical services fees, brokerage fees, etc.) may be payable to one or more persons or entities, the terms and conditions of which will be set forth in the Supplement related to a Property.

Distributions

Distributions of a series of the Master Fund's, a series of the Feeder Fund's and a NewCo's Available Cash will be made on such dates and on such terms as are described in the related Supplement (each, a "Distribution Date").

In addition to the fees payable by each series of the Master Fund to the related Investment Manager, it is expected that, after returning capital contributed by the members of such series of the Master Fund and payment to those members of an agreed rate of return (as set forth in the applicable Supplement), the related Investment Manager (or an affiliate thereof) may receive certain incentive payments or distributions in respect of membership interests that it (or such affiliate) holds in such series of the Master Fund.

Special Loss Allocation

If and to the extent provided for in a series supplement to the Master Fund's Operating Agreement, net losses from the related series of the Master Fund otherwise allocable to a related NewCo during the construction/redevelopment phase of the Property with respect to such series will instead be allocated to the Investment Manager or an affiliate thereof (in each case, for so long as the Investment Manager or such Affiliate is an investor of such series of the Master Fund) in a cumulative amount (with respect to such series and such NewCo) not in excess of the amount communicated by such Investment Manager to the Investors of such NewCo (including the Investors of the related Offshore Feeder) in connection with the formation of such series (whether in the applicable series supplement or otherwise). If such specially allocated net losses with respect to such series are not offset by subsequent allocations (upon the sale of substantially all of the assets of such series of the Master Fund) to such Investment Manager and/or the applicable affiliate thereof, as applicable, of net income from such series that is otherwise allocable to such NewCo, then such Investment Manager and/or the applicable affiliate thereof, as applicable, may be required, upon liquidation of such series of the Master (or the Master Fund) to make a capital contribution to such series up to the amount of such difference. The amount of such capital contribution, if any, will be distributed to such NewCo and, accordingly, may result in a difference in the ratable amounts distributable to such NewCo (and therefore the related Offshore Feeder and other Non-U.S. Taxable Investors of such NewCo) and Domestic Feeder with respect to such series of the Master Fund.

Administrator Fees

The Administrator will receive from the applicable series of the Master Fund a monthly administration fee at normal commercial rates, subject to a monthly minimum fee. Certain other reasonable out-of-pocket expenses of the Administrator, which are documented and made for and on behalf of the applicable series of the Fund, may also be charged in accordance with the applicable Administration Agreement.

Expenses

Each series of the Master Fund and the corresponding series of each Feeder Fund and NewCo are responsible for all of its Organizational Expenses. Organizational Expenses allocable to more than one series of the Master Fund, or more than one of the Feeder Funds and/or more than one of their respective series and/or the related NewCo will be allocated by the Investment Manager of such series of the Fund among such parties based on the relative amount of the Investments (funded and unfunded) of such Feeder Funds and/or such series and/or NewCo, as applicable, or in such other manner as such Investment Manager determines is fair and equitable to Investors under the circumstances. Organizational Expenses incurred by or allocated to a series of a Feeder Fund (including organizational expenses of the related NewCo) will be treated under the Organizational Documents as borne by the related series of the Master Fund, and amounts contributed by an Investor to a series of the Feeder Fund and/or a NewCo and used by such series and/or NewCo to pay (or reimburse) such Organizational Expenses will be treated as contributed to the applicable series of the Master Fund. The economic effect of the foregoing treatment of the payment of Organizational Expenses is such that the costs of Organizational Expenses paid by a Feeder Fund and/or a NewCo will be indirectly shared ratably amongst Investors of the applicable series of the Feeder Funds and the related NewCo.

Each series of the Master Fund will reimburse its Investment Manager for any Organizational Expenses incurred in connection with such series, including, but not limited to, legal expenses. Reimbursements to the Investment Manager will be allocated among the Master Fund, the Feeder Funds, their respective series and the related NewCo in a manner similar to the allocation of Organizational Expenses described above.

Each series of the Master Fund or of a Feeder Fund and NewCo will bear its own costs and expenses relating to its activities, investments and business, and its allocable share of all out-of-pocket costs for administration of the Master Fund, such Feeder Funds or NewCo, as the case may be. Because the Investment Manager's personnel perform certain legal, accounting, fundraising, due diligence tasks, and other services that outside professionals or outside consultants otherwise would perform, the Investment Manager will be paid or reimbursed for the documented cost of performing such tasks, provided that such costs and reimbursements are in amounts which the Investment Manager estimates are no greater than those which would be payable to outside professionals or consultants engaged to perform such services with the same level of skill and care, pursuant to agreements negotiated on an arm's-length basis. The Investment Manager will determine the amount payable by a series of the Master Fund or a Feeder Fund or a NewCo based on the Investment Manager's reasonable estimate of the time dedicated by the Investment Manager's personnel to such activities but the Investment Manager's personnel do not and are not required to maintain special records of the time dedicated to such activities.

The expenses that may be required to be paid by each series of the Master Fund or of the Feeder Funds and the related NewCo include, but are not limited to: (i) all costs and expenses attributable to acquiring, developing, redeveloping, holding and disposing of its assets or properties (including, without limitation, interest on money borrowed by such series or its Investment Manager on behalf of the series, registration expenses and brokerage, finders', custodial and other fees, and salaries paid to employees for services

relating to the acquisition and development of the related properties), (ii) insurance expenses, (iii) legal, accounting, auditing, consulting and other fees and expenses, (iv) costs, expenses and liabilities of such series or of the Master Fund or such Feeder Fund or NewCo, as the case may be (including, without limitation, litigation and indemnification costs and expenses, judgments and settlements), (v) any taxes, fees and other governmental charges levied against such series or against the Master Fund or such Feeder Fund or NewCo, as applicable, and (vi) costs and expenses identified as “Series Expenses” in the Organizational Document for such series or NewCo or in the related Investment Management Agreement for such series of the Fund, (vii) salaries and bonuses due to employees of the Investment Manager and/or affiliates of the Investment Manager that provide services related to the capital raising effort of the Master Fund, Feeder Funds and such NewCo (such salaries and bonuses will not exceed 2% of the capital raised by the applicable series of the Master Fund), as well as the overhead and rent associated with providing such services, (viii) expenses connected with communications to Investors of such series of the Master Fund and Feeder Funds and such NewCo and other bookkeeping and clerical work necessary in maintaining relations with such members and in complying with the continuous reporting and other requirements of governmental bodies or agencies, (ix) costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used for such series of the Master Fund and Feeder Funds and the related NewCo, and (x) expenses incurred by directors, officers, personnel and agents of the Investment Manager for travel on behalf of such series of the Master Fund and Feeder Funds and the related NewCo, and other out-of pocket expenses incurred by directors, officers, personnel and agents of the Investment Manager in connection with the purchase, financing, refinancing, sale or other disposition of an investment.

Fund Expenses allocable to more than one series of the Master Fund, or more than one of the Feeder Funds and/or more than one of their respective series or NewCos will be allocated by the Investment Manager of such series in a manner similar to the allocation of Organizational Expenses described above. Fund Expenses (other than Organizational Expenses and placement fees) of a Feeder Fund or a NewCo with respect to a series of the Master Fund may be advanced by such series of the Master Fund at the direction of the related Investment Manager, and will reduce subsequent distributions which would otherwise be made to such Feeder Fund or the related NewCo pursuant to the Master Fund’s Operating Agreement (provided that the amount of such reduction will be deemed to have been distributed, but such deemed distribution will not further reduce such Feeder Fund’s capital account or entitlement to distributions to the extent reduced by the prior advance).

Each series of the Master Fund will reimburse its Investment Manager for its allocable share (based on capital commitments (funded and unfunded) or as its Investment Manager otherwise determines is fair and equitable under the circumstances) of the amount of any expenses or indemnities incurred or advanced by the Investment Manager solely on behalf of the Fund (and, as applicable, other funds managed by Prodigy Network or its affiliates). Reimbursements to the Investment Manager will be allocated among the Master Fund, the Feeder Funds and their respective series in a manner similar to the allocation of Organizational Expenses described above.

XVI. TAX CONSIDERATIONS

Certain General Tax Considerations

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE SPECIFIC TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF AN INTEREST IN THE FUND INCLUDING THE APPLICATION AND EFFECT OF THE TAX LAWS OF THEIR JURISDICTION OF RESIDENCE AND CITIZENSHIP, THEIR ABILITY TO CLAIM FOREIGN TAX CREDITS AND THEIR ABILITY TO CLAIM THE BENEFITS OF ANY INCOME TAX TREATIES.

U.S. TAXABLE INVESTORS ARE URGED TO INVEST IN THE DOMESTIC FEEDER, RATHER THAN IN THE OFFSHORE FEEDER. NON-U.S. INVESTORS ARE URGED TO INVEST IN THE OFFSHORE FEEDER, RATHER THAN IN THE DOMESTIC FEEDER. ALL INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATIONS.

An investment in the Fund may involve complex tax considerations. The following is a general summary only and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to take part in the Fund, nor it is a guarantee to any Investor of the taxation results of investing in the Fund. The liability of Investors in the Fund to taxation on gains and income and to relief for expenses will in any case depend on the individual Investor's own tax position.

U.S. Federal Income Tax Considerations

The following is a general discussion of certain aspects of the U.S. federal income taxation of the Fund and its Investors, which should be considered by a prospective Investor. The Fund has not sought a ruling from the U.S. Internal Revenue Service (the "IRS") or any similar state, local or non-U.S. authority with respect to any of the tax issues affecting the Fund, nor has it obtained an opinion of counsel with respect to any U.S. federal, state, local or non-U.S. tax issues.

THE FOLLOWING DISCUSSION IN THE SECTION BELOW HEADED "TAX CONSIDERATIONS—U.S. FEDERAL INCOME TAX CONSIDERATIONS—DOMESTIC FEEDER" PRESUMES THAT THE DOMESTIC FEEDER WILL OFFER INTERESTS ONLY TO "U.S. TAXABLE INVESTORS" (AS DEFINED BELOW) WHO WILL HOLD INTERESTS IN THE DOMESTIC FEEDER AS CAPITAL ASSETS WITHIN THE MEANING OF SECTION 1221 OF THE CODE (AS DEFINED BELOW). THE DISCUSSION IN THE SECTION BELOW HEADED "TAX CONSIDERATIONS—U.S. FEDERAL INCOME TAX CONSIDERATIONS—OFFSHORE FEEDER" PRESUMES THAT THE OFFSHORE FEEDER WILL ONLY OFFER INTERESTS TO "NON-U.S. INVESTORS" (AS DEFINED BELOW).

For purposes of this summary, a "U.S. Taxable Investor" is a beneficial owner of Interests who for U.S. federal income tax purposes is a citizen or resident of the United States; a corporation or partnership organized in or under the laws of the United States or any State thereof, including the District of Columbia; an estate the income of which is subject to U.S. federal income taxation regardless of its source; or a trust (1) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control. For this purpose, a "U.S. Taxable Investor" does not include any entity that is a "U.S. Tax-Exempt Investor", which for

purposes of this summary is defined as an entity that is exempt from U.S. federal income taxation under Section 501(a) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”). A “Non-U.S. Investor” is a beneficial owner of Interests that is not a U.S. Taxable Investor or a U.S. Tax-Exempt Investor. References to partnerships in the discussions in this section headed “*Tax Considerations—U.S. Federal Income Tax Considerations*” include references to a company such as the Master Fund that elects to be treated as a partnership for U.S. federal income tax purposes.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Interests, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to its consequences. Investors are strongly urged to make their investments accordingly.

This summary of certain aspects of the U.S. federal income tax treatment of the Fund and its Investors is based upon the Code, existing laws, judicial decisions, existing, final, temporary and proposed regulations, rulings and administrative decisions of the IRS, each as in effect and available on the date of this Memorandum. No assurance can be given that changes in existing laws or regulations or their interpretation will not occur after the date of this Memorandum, possibly with retroactive effect. This summary does not (i) discuss the impact of various proposals to amend the Code that could change certain of the tax consequences of an investment in the Fund, or (ii) discuss all of the tax consequences that may be relevant to a particular Investor or to certain Investors subject to special treatment under the U.S. federal income tax laws, such as banks or other financial institutions, government instrumentalities or agencies, insurance companies, securities dealers, tax-exempt entities, controlled foreign corporations or passive foreign investment companies (or their shareholders), flow-through entities (*e.g.*, grantor trusts, partnerships and Subchapter S corporations) and their owners, part-year non-resident aliens, U.S. expatriates, individual retirement accounts, shareholders, beneficiaries or other owners of an Investor, Investors holding Interests in the Fund as part of a hedging transaction or as a position in a “straddle” or part of an integrated transaction or a “conversion transaction” for U.S. federal income tax purposes, or Investors that have a functional currency other than the Dollar or (iii) discuss any aspects of specific non-U.S. law or U.S. state, local, alternative minimum tax or the U.S. federal estate and gift tax consequences that may be relevant to Investors’ tax considerations.

THE FOLLOWING IS A SUMMARY OF SOME OF THE IMPORTANT INCOME TAX RULES AND CONSIDERATIONS AFFECTING THE INVESTORS, THE FUND AND THE FUND’S PROPOSED OPERATIONS, AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF ALL RELEVANT TAX RULES AND CONSIDERATIONS, NOR DOES IT PURPORT TO BE A COMPLETE LISTING OF ALL POTENTIAL TAX RISKS INHERENT IN PURCHASING OR HOLDING SECURITIES. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS TAX ADVISOR IN ORDER TO UNDERSTAND FULLY THE U.S. FEDERAL, STATE, LOCAL AND ANY NON-U.S. TAX CONSEQUENCES OF SUCH AN INVESTMENT IN ITS PARTICULAR SITUATION.

DOMESTIC FEEDER

The following discussion presumes that the Domestic Feeder will only offer Interests to U.S. Taxable Investors and not to U.S. Tax-Exempt Investors or Non-U.S. Investors. Tax consequences for potential Investors in the Domestic Feeder who are not U.S. Taxable Investors are therefore not discussed herein. Any potential Investors who are not U.S. Taxable Investors considering an investment in the Domestic Feeder are strongly urged to consult their own legal and tax advisers regarding the consequences of such an investment and Non-U.S. Investors are urged to consider an investment in the Offshore Feeder.

Classification of the Domestic Feeder and the Master Fund (and Series Thereof)

Subject to the discussion of “publicly traded partnerships” below, a limited liability company formed under the laws of a State with at least two members will generally be classified as a partnership for federal income tax purposes unless it affirmatively elects to be taxed as a corporation. The Investment Manager, on behalf of the Master Fund and the Domestic Feeder (and each of their respective series), has not made any such election on behalf of the Master Fund or the Domestic Feeder (or any series thereof) and does not anticipate any situation in which such an election would be made. Accordingly, assuming no such election is in fact made, and subject to the publicly traded partnership rules below, the Master Fund and the Domestic Feeder (and each class thereof) should be classified as partnerships for U.S. federal income tax purposes.

The status of a series entity, such as the Master Fund and the Domestic Feeder, as one entity or multiple entities for U.S. federal income tax purposes is not entirely clear, and a number of important tax considerations ride on such status (such as whether exchanges of interests in the Fund are taxable, status as a publicly traded partnership and other considerations). Under proposed regulations, each series of the Master Fund and the Domestic Feeder would be treated as separate entities for U.S. federal income tax purposes. Each series of the Master Fund and each series of the Domestic Feeder intend to file their U.S. federal income tax returns in a manner consistent with such proposed regulations. The remainder of this discussion assumes, consistent with such proposed regulations, that each series of the Master Fund and each series of the Domestic Feeder will be treated as separate entities for U.S. federal income tax purposes.

References to partnerships in the discussions in this section headed “*Tax Considerations—U.S. Federal Income Tax Considerations*” include references to a limited liability company such as the Master Fund or the Domestic Feeder.

Certain “publicly traded partnerships” are treated as associations that are taxable as corporations for U.S. federal income tax purposes. A publicly traded partnership is any partnership the interests in which are traded on an established securities market or which are readily tradable on a secondary market (or substantial equivalent thereof). Interests in the Domestic Feeder and the Master Fund will not be traded on an established securities market. Further, the governing documents of the Domestic Feeder and the Master Fund will contain restrictions on the transferability of the interests, which are designed to prevent the Domestic Feeder and the Master Fund from being treated as publicly traded partnerships.

In addition, Treasury Regulations concerning the classification of partnerships as publicly traded partnerships provide certain safe harbors under which interests in a partnership are not considered readily tradable on a secondary market (or substantial equivalent thereof). Depending upon the number of Investors, the Master Fund or Domestic Feeder (or individual series thereof, to the extent each series is treated as a separate partnership for such purposes) may qualify for a safe harbor exemption from the publicly traded partnership rules. In addition, under current law, a publicly traded partnership that recognizes “qualifying income” (*e.g.*, interest, dividends and certain capital gains) at least equal to 90% of its gross income is not taxable as a corporation.

If the Domestic Feeder (or any individual series thereof, to the extent each series is treated as a separate entity for U.S. federal income tax purposes) should at any time be classified as an association or a publicly traded partnership taxable as a corporation, the U.S. Taxable Investors would not be treated as partners for tax purposes; income or loss of the Domestic Feeder (or any such individual series) would not be passed through to the U.S. Taxable Investors and the Domestic Feeder (or any such individual series) would be subject to tax on its income at the rates applicable to corporations. In addition, all or a portion of distributions made by the Domestic Feeder (or any such individual series) to the U.S. Taxable

Investors could be taxable to them as dividends (to the extent of current or accumulated earnings and profits) or capital gains, while none of those distributions would be deductible by the Domestic Feeder (or any such individual series) in computing its taxable income. Similar consequences could result from classification of the Master Fund (or any individual series thereof, to the extent each series is treated as a separate entity for U.S. federal income tax purposes) as an association or a publicly traded partnership taxable as a corporation. Any such recharacterization would reduce the after-tax return to a U.S. Taxable Investor from its investment in the Domestic Feeder. The remainder of this discussion assumes that neither the Domestic Feeder nor the Master Fund (nor any series thereof) will be classified as a publicly traded partnership.

To the extent that legislation is passed by U.S. Congress that would materially increase the taxes to be paid by direct or indirect investors in the Master Fund (whether through the elimination of the “qualifying income” exception for the Master Fund, the Domestic Feeder or otherwise), the Investment Manager may, in its discretion, restructure the Master Fund and the Domestic Feeder to preserve the present tax treatment of such partnerships if the Investment Manager determines in its discretion that such restructuring would not materially disadvantage any holder of Interests in the Master Fund.

Taxation of Domestic Feeder Operations Generally

As a partnership, the Domestic Feeder is not itself subject to U.S. federal income tax. Each series of the Domestic Feeder files an annual partnership information return with the IRS that reports the results of its operations for the taxable year. Each U.S. Taxable Investor is required to report separately on its income tax return its distributive share of such series’ net long-term capital gain or loss, net short-term capital gain or loss, and net ordinary income and deductions and credits. Each series of the Domestic Feeder will distribute annually to each U.S. Taxable Investor a form showing its distributive share of items of income, gain, loss, deduction or credit. Each U.S. Taxable Investor is liable for any taxes owed upon its distributive share of the income or gains realized by such series of the Domestic Feeder, and may claim deductions or credits for its distributive share of such series’ losses, deductions and credits, to the extent allowed under the Code. Each U.S. Taxable Investor is taxed on its distributive share of the series’ taxable income and gain regardless of whether it has received or will receive a distribution from such series of the Domestic Feeder.

The U.S. federal information tax returns filed by each series of the Domestic Feeder will be subject to audit by the IRS, and such audit could result in an audit of the U.S. Taxable Investor’s own U.S. federal income tax returns. In connection with such audits, adjustments to Domestic Feeder items could result in the assertion of tax deficiencies (as well as interest and penalties thereon) against the U.S. Taxable Investors. Any administrative or judicial proceedings involving the U.S. federal income tax treatment of each series of the Domestic Feeder items will generally be conducted on a unified basis, with binding effect on all U.S. Taxable Investors. The Investment Manager or such other person or entity as may be required by Section 6231 of the Code will serve as the “Tax Matters Partner” of each series of the Domestic Feeder for purposes of coordinating any such proceedings and providing any required notices about such proceedings to the U.S. Taxable Investors.

The provisions of the Bipartisan Budget Act of 2015 (the “Budget Act”) would apply to each series of the Domestic Feeder (as well as each series of the Master Fund) for taxable years beginning after December 31, 2017. Under the Budget Act, unless a partnership elects otherwise, taxes arising from audit adjustments generally are required to be paid by the partnership rather than by its partners or members. Pursuant to this new legislation, the Investment Manager will be designated as the “partnership representative” and will be solely responsible for the tax administration of each series of the Domestic Feeder and will have the authority to utilize, and intend to utilize, any exceptions available under the Budget Act so that the persons treated as partners of a series of the Domestic Feeder, to the fullest extent

possible, rather than such series of the Domestic Feeder itself, will be liable for any taxes arising from audit adjustments to the taxable income of such series of the Domestic Feeder. The application of the Budget Act to each series of the Domestic Feeder and the U.S. Taxable Investors is uncertain and remains subject to Treasury Regulations and IRS guidance yet to be issued. Each U.S. Taxable Investor should consult its own tax adviser regarding the implications of the Budget Act for an investment in the Interests of the Domestic Feeder.

Taxation of U.S. Taxable Investors

Allocation of Income and Losses

Under Section 704 of the Code, a U.S. Taxable Investor's distributive share of any item of income, gain, loss, deduction or credit with respect to a series of the Domestic Feeder is governed by the operating agreement of the Domestic Feeder unless the allocation provided by such agreement does not have "substantial economic effect." The Treasury Regulations promulgated under Section 704(b) of the Code provide certain safe harbors with respect to allocations which, under the Treasury Regulations, will be deemed to have substantial economic effect. The validity of an allocation which does not satisfy any of the safe harbors of these Treasury Regulations is determined by taking into account all facts and circumstances relating to the economic arrangements among the U.S. Taxable Investors. The allocations provided in the operating agreement of the Domestic Feeder may not meet the standards required to come within the safe harbors set forth in these Treasury Regulations. Thus, the validity of the allocations for tax purposes may be determined in light of all the facts and circumstances. If it were determined by the IRS or a court that the allocation provided in the operating agreement of the Domestic Feeder with respect to a particular item does not have substantial economic effect, each U.S. Taxable Investor's distributive share of that item would be determined for tax purposes in accordance with that U.S. Taxable Investor's Interest, taking into account all facts and circumstances.

Distributions and Withdrawals

Cash nonliquidating distributions and withdrawals made with respect to a series of the Domestic Feeder, to the extent they do not exceed a U.S. Taxable Investor's basis in its Interest with respect to such series, will not result in taxable income to that U.S. Taxable Investor, but will reduce its tax basis in such Interest by the amount distributed or withdrawn. Cash distributed to a U.S. Taxable Investor in excess of the basis of such Interest is generally taxable as capital gain.

Upon the withdrawal of a U.S. Taxable Investor receiving a cash liquidating distribution from a series of the Domestic Feeder, generally, such U.S. Taxable Investor will recognize capital gain or loss to the extent of the difference between the proceeds received by the withdrawing U.S. Taxable Investor and such Partner's adjusted tax basis in its Interest in such series. Such capital gain or loss will be short-term or long-term depending upon the U.S. Taxable Investor's holding period (or holding periods) for its Interest. However, a withdrawing U.S. Taxable Investor will recognize ordinary income to the extent such U.S. Taxable Investor's allocable share of the Domestic Feeder's "unrealized receivables" exceeds the U.S. Taxable Investor's basis in such unrealized receivables (as determined pursuant to the Treasury Regulations).

Distributions of property other than cash, whether in complete or partial liquidation of a U.S. Taxable Investor's Interest, generally will not result in the recognition of taxable income or loss to the U.S. Taxable Investor (except to the extent such distribution is treated as made in exchange for such U.S. Taxable Investor's share of the Domestic Feeder's unrealized receivables). It should be noted, however, that a distribution of marketable securities generally will be treated as a distribution of cash (which, as described above, can require the recognition of gain by the recipient U.S. Taxable Investor).

In addition, individuals, trusts, and estates are subject to a 3.8% “net investment income tax” (“NIIT”), which in the case of individuals, applies to the lesser of “net investment income” or the excess of modified adjusted gross income over a threshold amount (i.e., \$250,000 for married taxpayers filing jointly, \$125,000 for each married taxpayer filing separately, and \$200,000 for all other taxpayers that are individuals). In the case of an estate or a trust, the tax will be imposed on the lesser of (i) the estate or trust’s undistributed net investment income or (ii) the excess (if any) of adjusted gross income over the dollar amount at which begins the highest income tax bracket applicable to an estate or trust for the tax year. Net investment income generally is equal to the sum of (i) interest, dividends and certain other portfolio income, unless such income is derived in the ordinary course of a business that is not a business of trading financial instruments or commodities or a passive activity with respect to the taxpayer (a “Passive or Trading Business”), (ii) any other gross income derived in a Passive or Trading Business, and (iii) net gains from the disposition of property, other than property held in a business that is not a Passive or Trading Business, reduced by the deductions properly allocable thereto. It is anticipated that a U.S. Taxable Investor’s allocable share of gross income and/or net gain from a series of the Domestic Feeder as well as any net gain received by a withdrawing U.S. Taxable Investor from a series of the Domestic Feeder generally will be included in such U.S. Taxable Investor’s net investment income subject to this 3.8% surtax. Prospective U.S. Taxable Investors should consult their tax advisors concerning the possible implications of the NIIT and any future IRS guidance related thereto based upon their particular circumstances.

Limitations on Losses and Deductions

Itemized Deduction Limitations. Under Section 67 of the Code, certain itemized deductions (including investment management fees) are allowable for non-corporate partners only to the extent they exceed a “floor” amount equal to 2% of adjusted gross income. A U.S. Taxable Investor that is a trust or estate should consult its tax advisor as to the applicability of Section 67 to such U.S. Taxable Investor. In addition, Section 68 of the Code reduces certain itemized deductions (including otherwise deductible miscellaneous itemized expenses) of an individual by the lesser of (i) 3% of such individual’s adjusted gross income exceeding a threshold amount or (ii) 80% of the total amount of such deductions which otherwise would be allowable. Moreover, such itemized deductions are non-deductible in computing such U.S. Taxable Investor’s alternative minimum taxable income and alternative minimum tax liability.

Whether a series of the Domestic Feeder’s operations constitute a trade or business within the meaning of Section 162 and other provisions of the Code is a highly factual determination and depends upon the future activities of such series of the Domestic Feeder. The Investment Manager generally intends to take the position that each series’ operations constitute a trade or business for Section 162 purposes.

If or to the extent that a series of the Domestic Feeder’s operations do not constitute a trade or business within the meaning of Section 162 and other provisions of the Code, a non-corporate U.S. Taxable Investor’s distributive share of such series’ expenses (including any amounts that are treated for tax purposes as expenses of such series) would be deductible only as itemized deductions, subject to the foregoing limitations.

Passive Activity Loss Rules. Income and losses of each series of the Domestic Feeder generally will be treated as passive income or losses for purposes of the passive activity loss limitations of Section 469 of the Code. Accordingly, individuals, personal service corporations and certain closely held corporations are advised to consult their own tax advisor about the passive activity loss limitations of Section 469 of the Code.

“At-risk” Rules. In the case of U.S. Taxable Investors that are individuals, trusts or certain closely held corporations, the ability to utilize any tax losses generated by a series of the Domestic Feeder may be

restricted under the “at risk” limitation in Section 465 of the Code. Generally, this provision operates to postpone a U.S. Taxable Investor’s loss deductions that are financed by the Master Fund or Domestic Feeder (or U.S. Taxable Investor) indebtedness for which the U.S. Taxable Investor is not personally liable. Amounts disallowed under the “at-risk” rules may be carried forward and deducted in any subsequent taxable year that the U.S. Taxable Investor’s at-risk limitation increases (as a result of additional contributions to the Master Fund or Domestic Feeder, personal assumption or amortization of Domestic Feeder debt or otherwise).

Basis Limitations. Section 704(d) of the Code denies a deduction for a U.S. Taxable Investor’s distributive share of losses from a series of the Domestic Feeder to the extent that such losses exceed such U.S. Taxable Investor’s basis in its Interest in such series. These losses are suspended until the U.S. Taxable Investor’s increased basis in subsequent taxable years permit deduction of all or part of the postponed losses.

State and Local Taxes

In addition to the federal income tax consequences described above, each prospective U.S. Taxable Investor should consider potential U.S. state and local tax consequences of an investment in the Domestic Feeder. U.S. state and local laws often differ from U.S. federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A U.S. Taxable Investor’s distributive share of the taxable income or loss of the Domestic Feeder generally will be required to be included in determining the U.S. Taxable Investor’s reportable income for state and local tax purposes in the jurisdiction in which it is a resident and the jurisdictions in which the Master Fund operates and owns real property.

Other Taxes

The Domestic Feeder and its U.S. Taxable Investors may be subject to other taxes, such as the alternative minimum tax, and estate, inheritance or intangible property taxes that may be imposed by various domestic jurisdictions.

Other Matters

The Domestic Feeder may incur certain expenses in connection with its organization and the marketing of its Interests. Amounts paid or incurred to organize a LLC are not deductible, but the Domestic Feeder intends to elect that such amounts be capitalized and amortized over a period of eighty-four (84) months. Amounts paid or incurred to market interests in a LLC (syndication expenses) are not deductible.

Backup Withholding Tax and Information Reporting Requirements

U.S. backup withholding tax and information reporting requirements generally apply to certain payments to certain non-corporate U.S. Taxable Investors. Information reporting will apply to payments of distributions on and to proceeds from the sale or withdrawal of an interest in the Domestic Feeder by a payor within the United States to a U.S. Taxable Investor (other than an “exempt recipient,” including a corporation). A payor within the United States will be required to withhold backup withholding tax on any payment of the proceeds from the sale or withdrawal of an interest in the Domestic Feeder within the United States to a U.S. Taxable Investor (other than an “exempt recipient”) if such U.S. Taxable Investor fails to comply with such backup withholding tax requirements.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund, or a credit against a U.S. Taxable Investor's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

FATCA

Under the FATCA rules discussed in the section below headed "*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—FATCA*," the Domestic Feeder will be required to withhold at a 30% rate on certain payments to a U.S. Taxable Investor if the U.S. Taxable Investor fails to timely provide the Domestic Feeder with sufficient information, certification or documentation that is necessary for the Domestic Feeder to determine whether or not the U.S. Taxable Investor is a U.S. person within the meaning of the Code.

OFFSHORE FEEDER

The following discussion presumes that the Offshore Feeder will not offer LP Interests to the U.S. Taxable Investors or U.S. Tax- Exempt Investors. U.S. Taxable Investors are urged to instead consider an investment in the Domestic Feeder.

U.S. Federal Income Taxation of the Offshore Feeder Generally

Subject to the discussion of "publicly traded partnerships" below, a business entity formed under the laws of a non-U.S. jurisdiction with at least two members, one of which has unlimited liability for the debts and obligations of the partnership, will generally be classified as a partnership for federal income tax purposes unless it affirmatively elects to be taxed as a corporation. The General Partner, on behalf of the Offshore Feeder, has the authority to, and intends to make, an election to classify the Offshore Feeder as a corporation and does not anticipate any situation in which such an election would subsequently be revoked or any inconsistent election would hereafter be made. Accordingly, assuming such an election is in fact made, the Offshore Feeder will be classified as a an association taxable as a corporation for U.S. federal income tax purposes.

As Cayman Islands exempted limited partnerships do not currently provide for "series"-type liability and asset limitations of the type considered by the proposed regulations, it is likely that the Offshore Feeder will be treated as a single entity (rather than a number of separate entities). The remainder of this discussion assumes that the Offshore Feeder will be treated as a single corporation for U.S. federal income tax purposes.

It is intended that the Offshore Feeder will only invest into equity and/or securities of one or more NewCos (each a U.S. entity which is expected to be classified as a corporation for U.S. federal income tax purposes). The Offshore Feeder is expected to acquire only non-voting stock of each NewCo, with voting stock of the NewCos owned by certain affiliates of the Investment Manager. Each NewCo will in turn invest into a series of the Master Fund. The Offshore Feeder intends to use commercially reasonable efforts to conduct its affairs to eliminate or reduce, to the extent possible, any income or gains realized by it (including in connection with any disposition of Interests in a NewCo) which will be effectively connected with the conduct of a U.S. trade or business or otherwise subject to regular U.S. federal income taxation on a net basis.

The Offshore Feeder is expected to earn income from one or more NewCos either by way of dividends and interest payments, or by the sale of Interests in one or more NewCos. Dividends and interest paid by corporations that are U.S. persons (such as NewCos) are generally U.S. source income. Because the Offshore Feeder is organized under the laws of the Cayman Islands, it will be considered to be a non-U.S.

person for purposes of U.S. tax laws. As a result, dividends and interest (other than “Portfolio Interest” as defined in the section below headed “*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—Interest*”) received by the Offshore Feeder from NewCos will be subject to U.S. withholding tax at a 30 percent rate.

Portfolio Interest generally includes interest paid on registered obligations with respect to which the beneficial owner provides a statement that it is not a U.S. Person, where the beneficial owner (determined, with respect to certain trusts and entities classified as partnerships, on a look-through basis) of such obligation does not own 10% or more of the total combined voting power of all classes of stock of the issuer of such obligation. The Offshore Feeder is not expected to be considered a 10% shareholder of any NewCo for this purpose because the Offshore Feeder is expected to acquire only non-voting stock of NewCos. However, the IRS may disagree and recharacterize non-voting stock of a NewCo owned by the Offshore Feeder as voting stock of such NewCo for purposes of the Portfolio Interest exemption. Therefore, no assurance can be given as to whether interest received by the Offshore Feeder from one or more NewCos would qualify for the Portfolio Interest exemption.

Even if the Portfolio Interest exemption is available with respect to interest received by the Offshore Feeder from one or more NewCos, the “debt versus equity” provisions may result in the characterization of interest payments as distributions relating to equity, which would not qualify for the Portfolio Interest exemption. The IRS may recharacterize debt instruments as stock based on the following general factors: (1) whether there is a written unconditional promise to pay on demand, or at a specified date, a sum certain along with a fixed rate of interest; (2) whether the debt is subordinate to, or has a preference over, any other indebtedness of the corporation; (3) the borrower corporation’s ratio of debt to equity; (4) whether the debt is convertible to stock; and (5) whether the debt is held pro rata to equity interests. There are several factors favoring debt treatment with respect to the Offshore Feeder’s loans to one or more NewCos—(1) the loans will be made pursuant to a binding written obligation requiring repayment along with a fixed rate of interest, (2) the debt will not be convertible into stock of the borrower, and (3) the Offshore Feeder’s right to repayment will not be subordinate to the rights of any general creditors of the borrower. While a NewCo’s ratio of debt to equity may be as high as 3:1 as a result of loans from its investors (including the Offshore Feeder), the ratio is not dispositive of whether the loan will be treated as debt or equity. Considering the totality of the circumstances, it is anticipated that the Offshore Feeder’s loans to one or more NewCos will be treated as debt rather than recharacterized as equity for U.S. federal income tax purposes. However, in light of the interest rate on the loans and the debt equity ratio, it is possible that such loans could be recharacterized as equity for U.S. federal income tax purposes. Any such recharacterization would reduce the after-tax return to Non-U.S. Investors in the Offshore Feeder as payments on such loans will be treated as dividends subject to U.S. withholding tax at a 30% rate.

In addition, on April 4, 2016, the Secretary of Treasury published proposed Treasury Regulations under Section 385 of the Code that address the debt or equity treatment of instruments held by parties related to an issuing entity. If these proposed Treasury Regulations are published as final in their current form or substantially similar form, the U.S. federal income tax treatment of debt issued by a NewCo to the Offshore Feeder may not be entirely clear.

In general, subject to the discussions in the sections below headed “*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—Information Reporting and Backup Withholding*,” and “*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—FATCA*,” a non-U.S. person (such as the Offshore Feeder) who realizes gain from the disposition of personal property (such as shares in a corporation) that is not a “United States real property interest” (as defined below) is not subject to U.S. federal income taxation on the gain, if any, from such disposition. On the other hand, any gain realized by a non-U.S. person from the sale or disposition of

United States real property interests is generally subject to U.S. federal income tax on the gain from such sale as if such person had income effectively connected with a U.S. trade or business under the Code known as FIRPTA. Unless the U.S. real property interest is an interest in a “United States real property holding corporation” (as defined below), such gain is generally also subject to the branch profits tax and, thus, is subject to an effective U.S. federal tax rate of up to 54.5%. A United States real property interest (“USRPI”) for this purpose includes stock or securities (other than debt instruments with no equity component) of a U.S. corporation if the fair market value of such U.S. corporation’s USRPI equals or exceeds 50% of the fair market value of: (i) its USRPIs; (ii) its interests in real property located outside the United States; and (iii) all other of its assets used or held for use in a trade or business (such corporation being a “U.S. real property holding corporation” or “USRPHC”). For these purposes, assets held by a partnership are treated as held proportionately by such partnership’s partners. Each NewCo should be a USRPHC (and thus a USRPI) because each such NewCo’s only assets are its interests in a series of the Master Fund, which is a partnership for U.S. federal income tax purposes that directly or indirectly only holds real property located in the United States. As a result, the sale or disposition by the Offshore Feeder of non-voting stock of a NewCo generally will be subject to taxation under FIRPTA, unless such NewCo is not a USRPHC at the time of such sale or disposition. Moreover, any distributions by a NewCo that are treated as return of capital or gain generally will be subject to U.S. withholding tax at a rate of 15% under FIRPTA, unless such NewCo is not a USRPHC on the date of such distribution.

However, if a NewCo were to liquidate and distribute its assets after all of its interests in any series of the Master Fund, or all of such series’ assets (in effect, all of such series’ investments in real property located in the United States) have been disposed of, such NewCo would not hold any USRPIs, directly or indirectly, and thus would not be a USRPHC at the time of the liquidating distribution. As a result, any gain realized by the Offshore Feeder that would result from the NewCo’s liquidating distribution would be treated as gain realized by a non-U.S. person from the disposition of tangible personal property that is not a USRPI and, as such, would be foreign sourced income and not subject to FIRPTA taxation or withholding.

The Offshore Feeder may cause a NewCo to dispose of all of its USRPIs in fully taxable transactions so as to cause the Offshore Feeder’s non-voting stock in such NewCo to cease to constitute USRPIs. The IRS could, however, dispute that such disposition was sufficient to cause such interests to cease to constitute USRPIs (for example, on the basis that the Offshore Feeder maintained a continuing interest in the Master Fund and the Master Fund was a single entity for U.S. federal income tax purposes). Such a position would be inconsistent, however, with the proposed regulations treating each series of the Master Fund as a separate partnership for U.S. federal income tax purposes.

Assuming that the Offshore Feeder is not, in fact, engaged in a U.S. trade or business (including as a result of a disposition of a USRPI), it is anticipated that gains realized by the Offshore Feeder will not be subject to U.S. federal income taxation. If, contrary to its intended method of operation, the Offshore Feeder is considered to be engaged in a U.S. trade or business, the Offshore Feeder’s share of any income that is “effectively connected with” such U.S. trade or business will be subject to regular U.S. federal income taxation (currently imposed at a maximum rate of 35 percent) on a net basis and may be subject to an additional 30 percent U.S. “branch profits” tax on after-tax earnings that are not reinvested in a U.S. business. In addition, it is possible that the Offshore Feeder could be subject to taxation on a net basis on such income by state or local jurisdictions within the United States. Any such taxation could adversely affect the Offshore Feeder’s ability to make payments in respect of the Interests.

In addition, under the FATCA rules discussed in the section below headed “*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—FATCA*,” the Offshore Feeder may be subject to withholding on certain items of income received from NewCos, including U.S. source dividends and Portfolio Interest received from NewCos on

or after July 1, 2014, as well as gross proceeds from the sale or disposition of securities of NewCos received on or after January 1, 2019, if the Offshore Feeder is not in compliance with applicable disclosure and information reporting requirements with respect to its direct and indirect beneficial owners under FATCA and the United States/Cayman Islands Inter-Governmental Agreement related to FATCA (the “IGA”). The Offshore Feeder intends to comply with its obligations under such laws and the IGA. Potential investors should be aware that the Offshore Feeder, to comply with such obligations, may be required to disclose information relating to its investors and their respective beneficial owners to Cayman Islands tax authorities who will in turn provide such information to the IRS and other relevant tax authorities (such as the United Kingdom), may be required to inform withholding agents (including each NewCo) of the status of any “recalcitrant account holders” in the Offshore Feeder (which may result in withholding of amounts distributable to the Offshore Feeder and its investors) as required under the FATCA rules and the IGA, and may in certain situations require an investor to withdraw from the Offshore Feeder in connection with its obligations under FATCA.

U.S. Federal Income Taxation of Non-U.S. Investors in the Offshore Feeder

A Non-U.S. Investor in the Offshore Feeder generally will not be subject to U.S. federal income taxation on amounts received from the Offshore Feeder in respect of the Interests or gains recognized on the sale, exchange or redemption of Interests, provided that such income and gains are not considered to be effectively connected with the conduct of a trade or business by the Investor in the U.S. In limited circumstances, an individual Investor who is present in the U.S. for 183 days or more during a taxable year may be subject to U.S. federal income tax at a flat rate of 30 percent (or lower treaty rate) on gains realized on a disposition of Interests in such year. Special rules may apply in the case of non-U.S. persons (i) that conduct a trade or business in the U.S. or that have an office or fixed place of business in the U.S., (ii) that have a tax home in the U.S., (iii) that are former citizens or long-term residents of the U.S. or (iv) that are CFCs, PFICs or foreign insurance companies that hold Interests in connection with their U.S. business, or corporations which accumulate earnings to avoid U.S. federal income tax. Such persons are urged to consult their own U.S. tax advisors before investing in the Offshore Feeder.

NEWCOS

U.S. Federal Income Taxation of a NewCo

General

Although Non-U.S. Investors of a NewCo will not be subject to direct U.S. federal income taxation on income earned by the NewCo, taxes paid by the NewCo, if any, may reduce the overall return for such Non-U.S. Investors. Each NewCo’s sole asset will be interests in a series of the Master Fund, which, as discussed above, will be classified as a partnership for U.S. federal income tax purposes. Therefore, the series of the Master Fund associated with a NewCo will not be subject to U.S. federal income tax on any of its income, gain, losses, deductions, and credits. Instead, the NewCo, in computing its U.S. federal income tax liability, will include its allocable share (as determined under the operating agreement) of such series’ items of income, gain, loss, deduction, and credit for each year during which it is a member of the series, whether or not the series distributes cash or other property to the NewCo during the taxable year.

Deductibility of Interest Payments

“Earnings-Stripping” Rules. To the extent that Non-U.S. Investors of a NewCo (such as the Offshore Feeder) are not subject to U.S. federal income taxation with respect to interest income received from the

NewCo, deductions for the payment of such interest by the NewCo may be disallowed if the NewCo is considered a related party to the Non-U.S. Investors (the so called “earnings-stripping” rules). Under recently proposed regulations, provisions of the Code which defer the deductibility of interest (such as the “matching rules” of Section 267(a)(3) described below) are applied before the application of the earnings-stripping rules.

Related parties for purposes of the earnings-stripping rules include, among others, two or more corporations that are members of the same controlled group and an individual and a corporation if more than 50% of the value of the outstanding stock of the corporation is owned, directly or indirectly, by the individual. A controlled group is defined to include a “parent-subsidiary” controlled group or a “brother-sister” controlled group. In order to be classified as a parent-subsidiary controlled group, a corporate Non-U.S. Investor of a NewCo and the NewCo must have a common parent corporation (including the corporate Non-U.S. Investor) owning (directly or through constructive ownership) more than 50% of the voting power or value of both the corporate Non-U.S. Investor and the NewCo. Therefore, for example, interest payments by a NewCo to any corporate Non-U.S. Investor (including the Offshore Feeder) that owns more than 50% of value of the NewCo will be treated as paid by a related party for purposes of the earnings-stripping rules.

In order to be classified as a brother-sister controlled group, five or fewer individuals, estates, or trusts who are the ultimate beneficial owners of more than 50% of the voting power or value of a corporate Non-U.S. Investor of a NewCo would have to be treated as owning (directly, indirectly, or constructively) more than 50% of the voting power or value of the NewCo. Under the applicable constructive ownership rules, a corporation’s ownership of stock will be attributed to any of its shareholders who hold 5% or more of the value of the stock in such corporation in that proportion which the value of the stock that such person owns bears to the value of all the stock in the corporation. Thus, a corporate Non-U.S. Investor’s ownership of a NewCo will be attributed to that corporate Non-U.S. Investor’s shareholders who hold 5% or more of the shares of that corporate Non-U.S. Investor (“5% Shareholder”) in proportion to the 5% shareholder’s interest in the corporate Non-U.S. Investor. Finally, any Non-U.S. Investor of a NewCo who is an individual will be related to the NewCo for purposes of the “earnings-stripping” rules only if more than 50% of the value of the outstanding stock of the NewCo is owned, directly or indirectly, by such Non-U.S. Investor.

Even if interest payments by a NewCo to its Non-U.S. Investor are deemed to have been paid by a related party, the deduction will only be limited if the NewCo has (1) “excess interest expense” and (2) a debt to equity ratio that exceeds 1.5 to 1 as of the close of the taxable year. The excess interest expense is the amount by which the NewCo’s total interest expense less total interest income for the taxable year exceeds the sum of 50% of the NewCo’s adjusted taxable income (income before interest and depreciation) plus any excess limitation carried forward from a prior tax year. “Excess limitation” is the excess of 50% of adjusted taxable income over the net expense for the taxable year. Thus, if the NewCo’s debt to equity ratio exceeds 1.5 to 1 as of the close of the taxable year, then the amount disallowed is limited to the amount of the NewCo’s excess interest expense for the taxable year. Any disallowed interest expense may be carried forward to the succeeding taxable year. In the years in which the NewCo sells substantially all of its investments, either directly or indirectly through the associated series of the Master Fund, both the current interest expense and any interest expense carried forward should be deductible if the total interest expense does not exceed 50% of the adjusted taxable income of the NewCo, including proceeds from the sale, plus any excess limitation carried forward.

Deductibility of OID on Discount Obligation Held by Related Non-U.S. Person. In addition to the “earnings-stripping,” there are rules that provide that if a debt instrument that has OID is held by a related non-U.S. person, any portion of such OID is not allowable as a deduction to the issuer until actually paid. A related non-U.S. person is any person who is not a “U.S. person” (as defined in the

Section 7701(a)(30) of the Code) (such as the Offshore Feeder) and who is related to the issuer under the same rules that establish related parties for purposes of the “earnings-stripping” rules. Therefore, for example, a debt instrument issued by a NewCo to any corporate Non-U.S. Investor (including the Offshore Feeder) that owns more than 50% of value of the NewCo will be subject to the rules disallowing the deduction for OID to the extent that such instrument has OID.

Matching Rule for Interest paid to Foreign Related Person. In addition, there are rules which generally do not allow an issuer of a debt instrument, held by a non-U.S. person that is related to the issuer, to deduct interest paid on such instrument until such interest is includible in the gross income of the related non-U.S. person (the so-called “matching rule”). The “matching rule” does not apply to OID. A related non-U.S. person is any person who is not a “U.S. person” (as defined in Section 7701(a)(30) of the Code) and who is related to the issuer under the same rules that establish related parties for purposes of the “earnings-stripping” rules discussed above. Thus, for example, the “matching rule” would apply to defer the deduction of interest paid by a NewCo to any corporate Non-U.S. Investor (including the Offshore Feeder) that owns more than 50% of value of the NewCo until such interest is includible in the gross income of such Non-U.S. Investor.

AHYDO Rules. Even if a NewCo were not subject to the limitations on interest deductibility discussed above, interest deductions may still be limited or disallowed under the “applicable high yield discount obligation” (“AHYDO”) rules. A portion of the original issue discount (“OID”) of an AHYDO issued by a corporation (other than an S corporation) will be treated as a dividend distribution and will not be deductible. The remaining portion of the OID will be deductible when paid in cash. A debt instrument will bear OID if its “stated redemption price at maturity” exceeds the “issue price.” The “stated redemption price at maturity” is the amount to be paid on the debt instrument and includes all interest and other payments (other than any interest based on a fixed rate and payable unconditionally at fixed and periodic intervals of one year or less during the entire term of the instrument). In the case of a debt instrument issued for money and not publicly traded, such debt instrument’s “issue price” is the price paid by the first buyer of the instrument. An OID debt obligation is an AHYDO if: (1) the maturity date is more than 5 years after the issue date; (2) the yield to maturity is at least five percentage points above the Applicable Federal Rate of interest (“AFR”) in effect under Code section 1274(d) for the calendar month the instrument is issued; and (3) OID on the instrument is “significant OID.” Since loans from Non-U.S. Investors to a NewCo (including loans from the Offshore Feeder) each are expected to have a five year maturity, none of them are expected to be an AHYDO instrument. Therefore, the OID on such loans generally are not expected to be subject to the AHYDO rules.

Recharacterization of Debt as Equity

Even if none of the foregoing interest deduction limitation rules are applicable, interest payments may still be disallowed if such payments are recharacterized as distributions relating to equity. As discussed above, the IRS may recharacterize debt instruments of a NewCo as stock based on the following general factors: (1) whether there is a written unconditional promise to pay on demand, or at a specified date, a sum certain along with a fixed rate of interest; (2) whether the debt is subordinate to, or has a preference over, any other indebtedness of the corporation; (3) the borrower corporation’s ratio of debt to equity; (4) whether the debt is convertible to stock; and (5) whether the debt is held pro rata to equity interests. While a NewCo’s ratio of debt to equity may be as high as 3:1 as a result of loans from its investors (including the Offshore Feeder), the ratio is not dispositive of whether the loan will be treated as debt or equity. Considering the totality of the circumstances, it is anticipated that debt instruments of NewCos held by their investors will be respected as debt rather than recharacterized as equity for U.S. federal income tax purposes. However, in light of the interest rate of such debt instruments and the debt to equity ratio of each such NewCo, it is possible that such loans could be recharacterized as equity for U.S. federal income tax purposes.

In addition, as discussed above, on April 4, 2016, the Secretary of Treasury published proposed Treasury Regulations under Section 385 of the Code that address the debt or equity treatment of instruments held by parties related to an issuing entity. If these proposed Treasury Regulations are published as final in their current form or substantially similar form, the U.S. federal income tax treatment of certain debt issued by a NewCo may not be entirely clear. Prospective Non-U.S. Investors should consult their tax advisors regarding the possible effects of these proposed Treasury regulations.

U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo

Distributions

If a NewCo makes distributions to a Non-U.S. Investor of cash or property on its non-voting stock (or on debt recharacterized as equity under the rules discussed in the section headed “*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of a NewCo—Recharacterization of Debt as Equity*” above), such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from such NewCo’s current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts of distributions not treated as dividends for U.S. federal income tax purposes will first constitute a return of capital and be applied against and reduce such Non-U.S. Investor’s adjusted tax basis in its non-voting stock of the NewCo, but not below zero. Any excess will be treated as capital gain. Any distributions by a NewCo that are treated as return of capital or gain generally will be subject to U.S. withholding tax at a rate of 15% under FIRPTA, unless such NewCo is not a USRPHC on the date of such distribution.

In general, dividends paid to a Non-U.S. Investor will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends, or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Investor furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate. A Non-U.S. Investor that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Investors should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Investor are effectively connected with the Non-U.S. Investor’s conduct of a trade or business within the United States (or and, if required by an applicable income tax treaty, the Non-U.S. Investor maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Investor will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Investor must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Investor’s conduct of a trade or business within the United States.

Interest

Subject to the discussions in the sections below headed “*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—Information Reporting and Backup Withholding*” and “*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—FATCA,*” all payments of interest on any loan made by a Non-U.S. Investor to a NewCo generally will be exempt from U.S. federal withholding tax, provided that: (i) such Non-U.S. Investor does not own, actually or constructively, 10% or more of the total combined voting power of all classes of the NewCo’s

stock entitled to vote, (ii) such Non-U.S. Investor is not a controlled foreign corporation related, directly or indirectly, to the NewCo through stock ownership, (iii) such Non-U.S. Investor is not a bank receiving certain types of interest, and (iv) either (A) the Non-U.S. Investor certifies under penalties of perjury on the applicable IRS Form W-8 or on an applicable successor form (including any appropriate attachments), that it is not a U.S. person (as defined in the Code), and provides its name, address, and U.S. taxpayer identification number, if any, or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the loans on behalf of the Non-U.S. Investor certifies under penalties of perjury that the certification referred to in clause (A) has been received from the Non-U.S. Investor, and furnishes a copy thereof (interest satisfying these requirements, "Portfolio Interest").

Non-U.S. Investors are expected to acquire only non-voting stock of NewCos, with voting stock of the NewCos owned by certain affiliates of the Investment Manager. Therefore, it is expected that, provided the requirements set forth in (ii)-(iv) immediately above are satisfied, payments on interest on the loans made by a Non-U.S. Investor to a NewCo generally will be exempt from U.S. federal withholding tax under the Portfolio Interest exemption. However, the IRS may disagree and recharacterize non-voting stock of a NewCo owned by such Non-U.S. Investor as voting stock of the NewCo for purposes of the Portfolio Interest exemption. Therefore, no assurance can be given as to whether interest received by a Non-U.S. Investor from one or more NewCos would qualify for the Portfolio Interest exemption even if the requirements set forth in (ii)-(iv) above are satisfied.

Except as described in the section below headed "*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—Effectively Connected Income*," a Non-U.S. Investor that does not qualify for exemption from withholding as described above generally will be subject to U.S. withholding tax at a rate of 30% on payments of interest on the loans. A Non-U.S. Investor may be entitled to the benefits of an income tax treaty under which interest on the loans is subject to a reduced rate of U.S. withholding tax or is exempt from U.S. withholding tax, in which case the Non-U.S. Investor will be required to furnish the applicable properly completed and executed IRS Form W-8 (or an applicable successor form) and any applicable attachments claiming the reduction or exemption and comply with any other applicable procedures.

Sale or Other Taxable Disposition of Non-Voting Stock

Subject to the discussions in the sections below headed "*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—Information Reporting and Backup Withholding*" and "*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—FATCA*," a Non-U.S. Investor in general will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of non-voting stock of a NewCo unless:

- the gain is effectively connected with the Non-U.S. Investor's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Investor maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Investor is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- the non-voting stock constitutes a USRPI by reason of the NewCo's status as a USRPHC for U.S. federal income tax purposes at the time of such sale or disposition.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Investor that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on a portion of its effectively connected earnings and profits for the taxable year that are attributable to such gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Investor (even though the individual Non-U.S. Investor is not considered a resident of the United States), provided the Non-U.S. Investor has timely filed U.S. federal income tax returns with respect to such losses.

On the other hand, as discussed in the section above headed “*Tax Considerations—U.S. Federal Income Tax Considerations—Offshore Feeder—U.S. Federal Income Taxation of the Offshore Feeder,*” any gain realized by a non-U.S. person from the sale or disposition of USRPIs is generally subject to U.S. federal income tax on a net basis under FIRPTA. A USRPI for this purpose includes stock or securities (other than debt instruments with no equity component) of a USRPHC (as defined above). Each NewCo should be a USRPHC (and thus a USRPI) because each such NewCo’s only assets would be its interests in a series of the Master Fund, which is a tax partnership that directly or indirectly only holds real property located in the United States. As a result, a Non-U.S. Investor that sells or otherwise disposes of non-voting stock in a NewCo generally will be subject to U.S. federal income tax on the gain from such sale as if such Non-U.S. Investor had income effectively connected with a U.S. trade or business, unless such NewCo is not a USRPHC at the time of such sale or disposition. However, if a NewCo were to liquidate and distribute its assets after all of its interests in a series of the Master Fund, or all of such series’ assets (in effect, all of such series’ investments in real property located in the United States), have been disposed of, such NewCo would not hold any USRPIs, directly or indirectly, and thus would not be a USRPHC at the time of the liquidating distribution. As a result, any gain realized by a Non-U.S. Investor that would result from the NewCo’s liquidating distribution would be treated as gain realized by such Non-U.S. Investor from the disposition of tangible personal property that is not a USRPI and, as such, would be foreign sourced income and not subject to FIRPTA taxation or withholding.

Disposition of a Loan

Subject to the discussions in the sections below headed “*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—Information Reporting and Backup Withholding*” and “*Tax Considerations—U.S. Federal Income Tax Considerations—NewCos—U.S. Federal Income Taxation of Non-U.S. Investors in a NewCo—FATCA,*” a Non-U.S. Investor generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange, redemption or other disposition of debt instruments issued by a NewCo unless (i) the gain is effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Investor (and, generally, if an income tax treaty applies, is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Investor) or (ii) in the case of a Non-U.S. Investor who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met.

Effectively Connected Income

If a Non-U.S. Investor is engaged in a trade or business in the United States, and if dividends received from a NewCo or interest on loans made to a NewCo or gain realized on a taxable disposition of NewCo stock or such loans is effectively connected with the conduct of such trade or business (and, generally, if

an income tax treaty applies, is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Investor), the Non-U.S. Investor, although exempt from the withholding tax discussed in the preceding paragraphs, generally will be required to file a U.S. federal income tax return and generally will be subject to regular U.S. federal income tax on such income or gain in the same manner as if it were a U.S. person (unless an applicable treaty provides otherwise). In addition, if such a Non-U.S. Investor is a non-U.S. corporation, such Non-U.S. Investor may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

Information Reporting and Backup Withholding

Payments of dividends on NewCo non-voting stock to an Non-U.S. Investor or interest paid to a Non-U.S. Investor generally will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know that such Investor is a U.S. person and such Investor either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on NewCo non-voting stock paid to a Non-U.S. Investor or any interest paid to a Non-U.S. Investor, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of NewCo non-voting stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a U.S. person, or such holder otherwise establishes an exemption. Proceeds of a disposition of NewCo non-voting stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Investor resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund, or a credit against an Non-U.S. Investor's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

FATCA

Very generally and with limited exceptions, pursuant FATCA, if a non-U.S. person fails to meet certain requirements that are mandated by FATCA, certain U.S. source income paid to such non-U.S. person will be subject to a 30% withholding tax. Pursuant to FATCA, a 30% withholding tax will be imposed on (i) certain U.S. source payments such as dividends, interest, and other fixed or determinable annual or periodical income received on or after July 1, 2014, (ii) proceeds of a sale or disposition of property producing U.S.-source interest or dividends received on or after January 1, 2019, and (iii) certain other payments received from other foreign financial institutions no earlier than January 1, 2019 that are allocable, as provided for under final Treasury Regulations, to payments described in clauses (i) and (ii) above that are received by such other foreign financial institutions ("foreign passthru payments") in each case paid to (1) a "foreign financial institution" (as specifically defined in the legislation), whether such foreign financial institution is the beneficial owner or an intermediary, unless such foreign financial institution provides a certification that it has agreed to verify, report and disclose its United States "account" holders (as specifically defined in the legislation) and meets certain other specified requirements, (2) a non-financial foreign entity, whether such non-financial foreign entity is the beneficial

owner or an intermediary, unless such entity provides a certification that the beneficial owner of the payment does not have any substantial United States owners or provides the name, address and taxpayer identification number of each such “substantial United States owner” (as defined under the Code and applicable Treasury Regulations) and certain other specified requirements are met, and in each case, unless the relevant foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules, or (3) a U.S. person, whether such U.S. person is the beneficial owner or an intermediary, unless such person provides a certification that the beneficial owner of the payment is a U.S. person. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be deemed to be in compliance with, these rules.

A Non-U.S. Investor of a NewCo may be subject to withholding on certain items of income from the NewCo, including U.S. source dividends and Portfolio Interest received on or after July 1, 2014, as well as gross proceeds from the sale or disposition of securities of the NewCo received on or after January 1, 2019, if such Non-U.S. Investor is not in compliance with applicable disclosure and information reporting requirements with respect to its direct and indirect beneficial owners under FATCA and any applicable IGA. Potential investors should be aware that each NewCo, to comply with its FATCA obligations and other information reporting obligations, may be required to disclose information relating to its investors and their respective beneficial owners to U.S. tax authorities and certain other relevant tax authorities.

Prospective Non-U.S. Investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in NewCo.

U.S. Federal Estate Tax

Shares of NewCo stock owned or treated as owned by an individual Non-U.S. Investor at the time of death are considered U.S. situs assets and will be included in the individual’s estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise. Subject to an applicable estate tax treaty, a debt obligation of a NewCo owned or treated as owned by an individual Non-U.S. Investor at the time of death generally will not be subject to U.S. federal estate tax if the interest on such debt obligation qualifies for the Portfolio Interest exemption from U.S. federal income tax under the rules described above without regard to the certification requirement described above, and payments with respect to such obligation would not have been effectively connected with the conduct of a trade or business in the United States by the individual. Prospective Non-U.S. Investors should consult their tax advisors regarding the U.S. federal estate tax consequences of an investment in NewCos in their particular situation and the availability of benefits provided by an applicable estate tax treaty, if any.

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A GENERAL SUMMARY OF SOME OF THE PRINCIPAL U.S. FEDERAL INCOME TAX ASPECTS OF PARTICIPATION IN THE FUND. THE TAX RULES APPLICABLE WITH RESPECT TO THE TREATMENT OF THE INVESTORS, THE FUND AND THE TRANSACTIONS WHICH THE FUND MAY ENGAGE IN ARE HIGHLY COMPLEX, AND THEIR EFFECT, IN CERTAIN INSTANCES, MAY NOT BE FREE FROM DOUBT. IT ALSO MUST BE EMPHASIZED THAT THE TAX RULES PRESENTLY APPLICABLE WITH RESPECT TO THE TRANSACTIONS DESCRIBED IN THIS OFFERING ARE SUBJECT TO CHANGE AT ANY TIME, AND ANY SUCH CHANGES MAY OR MAY NOT BE MADE WITH RETROACTIVE EFFECT.

Taxation - Cayman Islands

The Cayman Islands at present impose no taxes on profit, income, capital gains or appreciations in value of the Offshore Feeder or its shareholders. There are also currently no taxes imposed in the Cayman

Islands by withholding or otherwise on the Offshore Feeder's shareholders on profit, income, capital gains or appreciations in respect of their LP Interests nor any taxes on the Offshore Feeder's shareholders in the nature of estate duty, inheritance or capital transfer tax.

XVII. ERISA CONSIDERATIONS

IRS Circular 230 Notice

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, TAXPAYERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY TAXPAYERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON TAXPAYERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary and prohibited transaction restrictions on (a) pension, profit-sharing and other employee benefit plans to which it applies, (b) any entities whose underlying assets include "plan assets" under the "Plan Assets Regulation" (as defined below), as modified by Section 3(42) of ERISA (together with (a), "Employee Benefit Plans") and (c) persons and entities who are fiduciaries or "parties in interest" with respect to such Employee Benefit Plans. In addition, based on the reasoning of the United States Supreme Court in *John Hancock Mutual Life Insurance Co. v. Harris Trust & Savings Bank*, 114 S.Ct. 517 (1993), in certain circumstances an insurance company's general account may be deemed to include assets of the Employee Benefit Plans investing in such general account (e.g., through the purchase of an annuity contract). Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to these ERISA requirements but may be subject to other laws which impose restrictions on their investment. Section 4975 of the Code imposes essentially the same restrictions on prohibited transactions involving "disqualified persons" and tax-qualified retirement plans described in Section 401(a) of the Code, tax-qualified annuity plans described in Section 403 of the Code and individual retirement accounts or individual retirement annuities as described in Section 408 of the Code ("Tax Qualified Plans").

Before proceeding with an investment in a Feeder Fund or a NewCo of a portion of the assets of an Employee Benefit Plan, the fiduciary of an Employee Benefit Plan, taking into account the facts and circumstances of such plan, should consider (i) whether the investment in such Fund satisfies the prudence, diversification, and liquidity requirements of ERISA; (ii) whether the investment is in accordance with the Employee Benefit Plan's investment policies and governing instruments; and (iii) whether such Fund will hold "plan assets" subject to ERISA pursuant to the Plan Assets Regulation (as defined below), as modified by Section 3(42) of ERISA. A fiduciary of an Employee Benefit Plan or Tax-Qualified Plan (collectively hereinafter the "Plan" or "Plans") should consider (a) whether an investment in a Feeder Fund or a NewCo would constitute or give rise to a prohibited transaction under ERISA or the Code and (b) whether an investment in a Feeder Fund or a NewCo would result in unrelated business taxable income to the Plan. A fiduciary can be personally liable for losses incurred by a Plan resulting from a breach of fiduciary duties. The sale of Interests to a Benefit Plan Investor (as defined below) is in no respect a representation by a Feeder Fund or the applicable NewCo that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

The following discussion is not intended to be exhaustive, but rather representative of the legal issues under ERISA and Section 4975 of the Code which may be of concern to a Plan investor. Due to the complexity of the rules with respect to ERISA and the Code and the penalties imposed upon persons involved in prohibited transactions, it is particularly important that prospective Plan investors consult with their legal advisors regarding the consequences under ERISA and the Code of their investment in Interests.

Prohibited Transactions

Certain provisions of ERISA and the Code prohibit specific transactions involving the assets of a Plan and persons who have certain specified relationships to the Plan (“parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code). Under ERISA and the Code, any person who exercises any authority or control over the management or disposition of the assets of a Plan is considered to be a fiduciary of such Plan (subject to certain exceptions). Any party in interest (including a fiduciary) that has engaged in a prohibited transaction would be required to (i) restore to the Plan any profit realized on the transaction and (ii) reimburse the Plan for any losses suffered by the Plan as a result of such investment. The disqualified person would be liable to pay an excise tax equal to 15 percent of the amount involved in the prohibited transaction for each year during which the investment is in place and would be required to eliminate the prohibited transaction by reversing the transaction (generally, even if the transaction was not detrimental to the Plan) and reimbursing the Plan for any losses resulting from the prohibited transaction. If the transaction is not corrected within a certain time period, the disqualified person involved could also be liable for an additional excise tax in an amount equal to 100 percent of the amount involved in the prohibited transaction.

The Fund, the Investment Manager and/or other entities involved in the offering and sale of Interests, or any of their respective affiliates, may be a “party in interest” or a “disqualified person” with respect to Plans that purchase, or whose assets are used to purchase, Interests and, consequently, a possible violation of the prohibited transaction rules could occur upon the acquisition of Interests with the assets of any such Plan. Because of this, each prospective Investor investing on behalf of a Plan will be required to represent that its investment in a Feeder Fund or a NewCo is not a non-exempt “prohibited transaction” within the meaning of Section 406 of ERISA and Section 4975(c) of the Code. Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide a statutory prohibited transaction exemption for some transactions between Plans and non-fiduciary service providers who are parties in interest if specified conditions are satisfied. In addition, the United States Department of Labor (the “DOL”) has issued five (5) class exemptions that may apply to otherwise prohibited transactions arising from the purchase or holding of Interests: Prohibited Transaction Class Exemption 84-14 (for certain transactions determined by independent “qualified professional asset managers”); Prohibited Transaction Class Exemption 90-1 (for certain transactions involving insurance company pooled separate accounts); Prohibited Transaction Class Exemption 91-38 (for certain transactions involving bank collective investment funds); Prohibited Transaction Class Exemption 96-23 (for certain transactions determined by “in-house asset managers”) and Prohibited Transaction Class Exemption 95-60 (for certain transactions involving insurance company general accounts). In view of the foregoing, fiduciaries of any Plan who are considering an investment of Plan assets in Interests should consult their own legal advisors as to whether such purchases could result in liability under ERISA and/or the Code.

Plan Assets Regulation

Prospective Investors that are Plans should also consider whether an investment in Interests will cause a Feeder Fund’s assets or a NewCo’s assets to be deemed “plan assets” with respect to such Plan. If the assets held by a Feeder Fund or NewCo were deemed to be “plan assets,” (i) the prudence standards and other fiduciary standards of ERISA (which impose liability on fiduciaries) would apply to investments

made by such Feeder Fund or NewCo, (ii) fiduciaries of Plans could be liable under ERISA for investments made by such Feeder Fund or NewCo, which do not conform to such ERISA standards, (iii) certain transactions that such Feeder Fund or NewCo, as applicable, might enter into in the ordinary course of its business and operation might constitute “prohibited transactions” under ERISA and the Code and might have to be rescinded, (iv) the assets of such Feeder Fund or NewCo, as applicable, would be the subject of certain reporting and disclosure requirements under ERISA, (v) it is not clear that the limitations set forth in Section 403(a) of ERISA on the delegation of investment management responsibilities by trustees of Employee Benefit Plans, would be satisfied, (vi) it is not clear whether Section 404(b) of ERISA, which generally provides that no fiduciary may maintain the indicia of ownership of any assets of a Plan outside the jurisdiction of the district courts of the United States would be satisfied or any of the exceptions to this requirement set forth in 29 C.F.R. Section 2550.404b-1 would be available, (vii) the fiduciary making an investment in such Feeder Fund or NewCo on behalf of a Plan could be deemed to have improperly delegated its asset management responsibility and (viii) the Investment Manager would each be an ERISA fiduciary.

In late 1986, the DOL issued regulations contained at 29 C.F.R. Section 2510.3-101 (the “Plan Assets Regulation”) relating to the definition of “plan assets.” The Pension Protection Act has now added a definition of “plan assets” to ERISA. Under the Plan Assets Regulation, when a Plan acquires an “equity interest” in an entity (such as by investing in a Feeder Fund), and the equity interest is neither a “publicly-offered security” nor a security issued by an investment company registered under the Investment Company Act of 1940, the assets of the Plan will include not only such equity interest, but also an undivided interest in each of the underlying assets of such entity. An exception from this “look-through” rule in the Plan Assets Regulation, as modified by Section 3(42) of ERISA, applies, such that the underlying assets of an entity in which a Plan makes an equity investment will not be considered “plan assets” if, (i) less than 25 percent of the value of any class of equity interests in the entity, disregarding equity interests held by persons with discretionary control over the assets of the entity or who provide investment advice for a fee with respect to such assets, and their respective affiliates, is held by Plans that are subject to ERISA or Section 4975 of the Code and other entities whose assets are considered “plan assets” by reason of a Plan’s investment in the entity under ERISA and the Plan Assets Regulation, as modified by Section 3(42) of ERISA (collectively, “Benefit Plan Investors”) or (ii) the entity is an “operating company”. In determining whether less than 25 percent of any class of Interests in a Feeder Fund or NewCo are held by Benefit Plan Investors, the Interests held by a Benefit Plan Investor that is an entity are treated as held by Benefit Plan Investors only to the extent of the percentage of the equity interest in the entity held by Benefit Plan Investors. An “operating company” is defined in the Plan Assets Regulation as “an entity that is primarily engaged, directly or through a majority-owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital.” The Interests should be considered to be “equity interests” for purposes of the Plan Assets Regulation and the Interests will not constitute “publicly offered securities” for purposes of the Plan Assets Regulation. In addition, the Feeder Funds and the NewCos will not be “operating companies” or registered under the Investment Company Act.

The Investment Manager and (in the case of the Offshore Feeder) the Directors intend to operate the Feeder Funds and NewCos so that no assets of a Feeder Fund or NewCo would be deemed to be “plan assets” under ERISA or the Plan Assets Regulation, as modified by Section 3(42) of ERISA. Because the determination of whether a Feeder Fund’s assets or NewCo’s assets are “plan assets” is inherently factual, there can be no assurance at this time that a Feeder Fund’s assets and/or a NewCo’s assets would not be deemed to be “plan assets.” In connection with the offer and sale of the Interests, each Feeder Fund and NewCo intends to limit investment by Benefit Plan Investors such that less than 25 percent of each class of the Interests of such Feeder Fund or NewCo, as applicable, are owned by Benefit Plan Investors (excluding Interests held by the Directors, Investment Manager and their affiliates). The Investment Manager or (in the case of the Offshore Feeder) the Directors, in their discretion, have the right to prohibit

the acquisition, transfer or redemption of Interests if, giving effect to the acquisition, transfer or redemption, investment by Investors who have represented that they are Benefit Plan Investors would equal or exceed 25 percent of any class of Interests (excluding Interests held by the Directors, Investment Manager and their affiliates). An Investor that is a Benefit Plan Investor may be required to withdraw from a Feeder Fund or a NewCo, if, in the reasonable judgment of the Investment Manager or the Directors, as applicable, a Feeder Fund's assets and/or a NewCo's assets would be deemed to be "plan assets" without such a redemption. Each holder of Interests will be required to obtain from any potential transferee of such Interests for the benefit of a Feeder Fund or the applicable NewCo, as applicable, the representations set forth in the Subscription Agreement, including the related investor questionnaire, as to the potential transferee's status as a Benefit Plan Investor. No assurance is given as to whether the assets of a Feeder Fund or a NewCo would be deemed to be the assets of Plans that become holders of Interests.

If the assets of a Feeder Fund or a NewCo were deemed to be "plan assets", then the prohibited transaction restrictions on the operation and administration of such Feeder Fund or NewCo, as applicable, and the duties, obligations and liabilities under ERISA, as discussed above, could apply to transactions entered into by such Feeder Fund or such NewCo, as applicable, as though such transactions were directly entered into by the Plan investors. This could result in a restriction on the types of investments such Feeder Fund and/or NewCo could undertake in its course of business, particularly with respect to investments involving, among others, service providers to Plan investors, a fiduciary, administrator or employee of a Plan investor, an employer whose employees are covered by a Plan investor or the majority owner of such employer and other persons who are classified as "parties in interest" or "disqualified persons" with respect to such Plan.

Assets of Employee Benefit Plans must at all times comply with the "indicia of ownership" rules set forth in Section 404(b) of ERISA and the regulations issued by the DOL thereunder. Fiduciaries of Employee Benefit Plans who are considering an investment of assets of Employee Benefit Plans in Interests should consult their own legal advisors regarding compliance with these rules.

Any insurance company proposing to invest assets of its general account in Interests should consider the extent to which such investment would be subject to the requirements of ERISA and Section 4975 of the Code in light of the United States Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v. Harris Trust & Savings Bank*, 114 S.Ct. 517 (1993), and Section 401(c) of ERISA and the regulations issued by the DOL thereunder. In particular, such an insurance company should consider (i) the exemptive relief granted by the DOL for transactions involving insurance company general accounts in Prohibited Transaction Class Exemption 95-60, 60 Fed. Reg. 35925 (July 12, 1995), and (ii) if such exemptive relief is not available, whether its holding of Interests will be permissible. If at any time the Investment Manager or the Directors determine that assets of a Feeder Fund or a NewCo may be deemed to be "plan assets" subject to ERISA and Section 4975 of the Code, the Investment Manager or the Directors may take certain actions they may determine to be necessary or appropriate, including requiring one or more Investors to redeem or otherwise dispose of all or part of their Interests or terminating or liquidating the Feeder Funds or the applicable NewCo.

Requests for Information

The Fund reserve the right to request from any Investor or potential Investor such information as the Investment Manager of the applicable series of the Fund deems necessary to eliminate or reduce the exposure of the Fund or the Investors, in general, to adverse tax, ERISA or regulatory consequences.

Reporting Requirements

To enable fiduciaries of Plans subject to annual reporting requirements under ERISA to file annual reports as they relate to an investment in the Feeder Funds or a NewCo, Investors will be furnished with the Feeder Funds' or the applicable NewCo's determination of Net Asset Value of the applicable Feeder Fund or the applicable NewCo, as applicable, as of the close of each of the Feeder Funds' and such NewCo's fiscal years. There can be no assurance (i) that such value could or will actually be realized by the applicable Feeder Fund, applicable NewCo or by Investors upon liquidation or (ii) that Investors could realize the reported value if they were able to, and were to, sell their Interests in the Feeder Funds or the applicable NewCo.

Governmental and Church Plans

Governmental and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nonetheless be subject to state or other Federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Accordingly, fiduciaries of governmental plans, in consultation with their counsel and advisors should consider the impact of their respective state pension codes on investment in the Feeder Funds and NewCos, and the considerations discussed above, to the extent applicable. The Feeder Funds and NewCos will require similar representations and warranties regarding compliance with such similar laws with respect to the purchase of Interests by any such plan.

The discussion of ERISA and Section 4975 of the Code contained herein is, of necessity, general and does not purport to be complete. Moreover, the provisions of ERISA and Section 4975 of the Code are subject to extensive and continuing administrative and judicial interpretation and review. Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN SECURITIES THAT IS, OR IS ACTING ON BEHALF OF, A PLAN (OR A GOVERNMENTAL OR CHURCH PLAN SUBJECT TO LAWS SIMILAR TO ERISA AND/OR SECTION 4975 OF THE CODE) IS STRONGLY URGED TO CONSULT ITS OWN LEGAL, TAX AND ERISA ADVISERS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT AND THE ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE.

XVIII. REGULATORY MATTERS

Certain U.S. Regulatory Matters

U.S. Securities Act of 1933. The offer and sale of the Interests have not been and will not be registered under the Securities Act. The Interests will be offered and sold only (i) to "accredited investors," as such term is defined under Rule 501(a) of Regulation D under the Securities Act, pursuant to the exemption provided by Rule 506(c) of Regulation D under the Securities Act or (ii) to persons that are not "U.S. persons" in "offshore transactions" in reliance on (and as such term is defined in) Regulation S under the Securities Act. Each prospective investor in the Domestic Feeder will be required to provide documentation that, in the opinion of the Investment Manager, is sufficient to verify the investor's status as an accredited investor. In each case, prospective investors will be required to represent, among other customary private placement representations, that they are acquiring the Interests for investment purposes only and not for resale or distribution.

U.S. Investment Company Act of 1940. The Funds will not be registered as, or subject to, the provisions of the Investment Company Act in reliance upon Section 3(c)(5)(C) of the Investment Company Act. Section 3(c)(5)(C) of the Investment Company Act is an exemption available to private funds primarily engaged in purchasing or otherwise acquiring mortgages and other liens on and interests in real estate. Because the Fund will not be registered as an Investment Company under the Investment Company Act, Investors will not be afforded the protections of the Investment Company Act.

Certain Cayman Islands Regulatory Matters

Mutual Funds Law. As the Offshore Feeder is closed-ended, it is not considered to be a mutual fund for the purposes of the Cayman Islands Mutual Funds Law (2009 Revision), (as amended). Accordingly, the Offshore Feeder is not regulated by the Cayman Islands Monetary Authority. The Offshore Feeder will not be subject to supervision in respect of its investment activities or the constitution of the Offshore Feeder's portfolio by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Offshore Feeder in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has passed judgment upon or approved the terms or merits of this document. There is no investment compensation scheme available to investors in the Cayman Islands.

XIX. ANTI-MONEY LAUNDERING REGULATIONS

In order to comply with legislation or regulation aimed at the prevention of money laundering, the Fund is required to adopt and maintain anti-money laundering procedures. In accordance therewith, the Fund, the Directors, the Investment Manager or the Administrator may require a detailed verification of a subscriber's identity, any beneficial owner underlying the account, and the source of the subscriber's subscription payment.

The Fund, the Directors, the Investment Manager and the Administrator reserve the right to request information as they deem necessary to verify the identity of an Investor and the source of the Investor's capital contribution(s). In the event of delay or failure by the subscriber or Investor to produce any information required for verification purposes, the Fund may refuse to accept a subscription, in which case any funds received would be returned without interest, or may be required to withdraw such Investor's Interests. The Investment Manager, by written notice to any Investor, may suspend the payment of redemption or withdrawal proceeds payable to such Investor if they reasonably deem it necessary to do so to comply with anti-money laundering regulations applicable to the Fund, the Directors, the Investment Manager or any of the Fund's service providers.

The Administrator may disclose information regarding Investors to such parties (e.g., affiliates, attorneys, auditors, administrators or regulators) as it deems necessary or advisable to facilitate the transfer of the Interests, including, but not limited to, in connection with anti-money laundering and similar laws. The Administrator or other service providers may also release information if directed to do so by the Investors, if compelled to do so by law or in connection with any government or self-regulatory organization request or investigation. In connection with the establishment of anti-money laundering procedures, the Fund may implement additional restrictions on the transfer of Interests.

Each subscriber and Investor will be required to make such representations to the Fund as the Directors, the Investment Manager or the Administrator may require in connection with applicable anti-money laundering program, including without limitation representations to the Fund that such subscriber or Investor is not a prohibited country, territory, individual or entity listed on the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") website, and that it is not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any

OFAC sanctions program. Such subscriber or Investor will also be required to represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly derived from activities that may contravene U.S. Federal, state or international laws and regulations, including without limitation, any applicable anti-money laundering laws and regulations.

The Fund may impose additional requirements from time to time to comply with all applicable anti-money laundering laws, including the USA Patriot Act.

If any person resident in the Cayman Islands knows or suspects that a payment to the Offshore Feeder (by way of subscription or otherwise) contains the proceeds of criminal conduct, the person will be required to report such belief or suspicion pursuant to the Proceeds of Crime Law (as amended). Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

XX. FISCAL YEAR

The accounting date of the Fund is 31 December in each year or such other date as the Investment Manager of the Master Fund may determine from time to time having given due notice to all Investors. The accounts for the Fund will be prepared in accordance with U.S. GAAP.

XXI. LEGAL COUNSEL

Winston & Strawn LLP acts as U.S. counsel to the Fund and Appleby (Cayman) Ltd. acts as Cayman Islands counsel to the Offshore Feeder in connection with this offering of Interests. In connection with this offering of Interests and ongoing advice to the Fund, Winston and Appleby (Cayman) Ltd. are not representing Investors of the Fund. No independent counsel has been retained to represent Investors of the Fund. Winston acts as counsel to the Investment Manager.

XXII. INDEPENDENT PUBLIC ACCOUNTANTS; REPORTS

The Investment Manager and the Directors reserve the right, in their sole discretion, to change the Fund's independent accountant without prior notice to the Investors.

The Administrator of each series of the Master Fund will furnish to the Investors in the corresponding series of each Feeder Fund semi-annual reports containing unaudited financial statements concerning that series of the Master Fund as soon as practicable but in no event later than 45 days after the end of the second quarter of the fiscal year and 90 days following the end of the fiscal year of the applicable series of the Master Fund. In addition, the Administrator will furnish each Investor with annual reports on the Net Asset Value of their holding in the Fund. The Investment Manager will deliver investor letters to the Investors at least semi-annually providing Investors with a status report concerning their investment in the Fund and the performance of the related Property. Reporting will begin as soon as practicable after the Initial Closing Date.

Copies of the constitutional documents of the Fund and annual and semi-annual reports of the Fund may be inspected and obtained at the registered or principal office of the Fund.

APPENDIX I

PRIVACY NOTICE

By completing an application to subscribe to become an Investor in the Fund, prospective Investors will provide the Fund with nonpublic personal information about themselves (including financial information to support their assertions that they meet the financial qualifications to subscribe). The Fund, Directors, Investment Manager and the Administrator will obtain and develop additional nonpublic personal information about Investors as a result of their investments in the Fund. The Fund, Directors, Investment Manager and the Administrator generally do not disclose this information to third parties, other than service providers who need access to that information in order to permit the Fund, Directors, Investment Manager and the Administrator to conduct their affairs (*e.g.*, auditors, accountants and attorneys). The Fund, Directors, Investment Manager and the Administrator restrict access to such information internally to those personnel who need the information in order to conduct the Fund's, Director's, the Investment Manager's and the Administrator's business. The Fund, Directors, Investment Manager and the Administrator maintain safeguards at their facilities to provide reasonable protection for the confidentiality of Investors' nonpublic personal information.

By submitting an application to subscribe for Interests, prospective Investors must indicate their understanding that, although the Fund, Directors, Investment Manager and the Administrator will use their reasonable efforts to keep Investors' investment in the Fund and the information Investors provide to the Fund confidential, (1) there may be circumstances in which applicable law or regulation relating to combating terrorism or money laundering may require the release of information provided in subscription applications to law enforcement or regulatory officials, (2) the Directors, Investment Manager and the Administrator may present completed subscription applications and/or any information included therein to any service providers of the Directors, Investment Manager or the Administrators, or to such regulatory bodies or other parties as may be appropriate to establish the availability of exemptions from certain securities and similar laws or the compliance of the Fund, Directors, Investment Manager and the Administrator with applicable laws and (3) the Fund, Directors, Investment Manager and the Administrator may disclose such completed subscription applications, any information included therein or other information relating to Investors' investments in the Fund when required by judicial process or, to the extent permitted under applicable privacy laws, to the extent the Fund, Directors, Investment Manager and the Administrator considers that information relevant to any issue in any action, suit, or proceeding to which the Fund, Directors, Investment Manager and the Administrator is a party or by which it is or may be bound.

INDEX OF DEFINED TERMS

ACMs.....	33	Loan and Security Agreement	3
Administration Agreement.....	45	LP Interests	2
Administrator	45	Manager.....	4
AFR.....	69	Manager Interests	40
AFS	36	Master Fund.....	ii
AHYDO	69	Master Fund’s Operating Agreement	1
Authority	iv	Memorandum.....	ii
Available Cash	9	NESF	18
Bank.....	7	Net Asset Value	51
Base.....	ii	NewCo	3
Benefit Plan Investors	77	NewCo Debts.....	4
Business Day.....	v	NewCo Documents.....	3
CERCLA.....	33	Non-U.S. Investor.....	58
Code	58	OFAC	81
Default	7, 50	Offshore Feeder	ii
Delaware Series LLC.....	28	Offshore Feeder’s Partnership Agreement	1
Directors.....	4	Offshore Investment	4
Distribution Date.....	9, 54	OID	69
DOL	76	Organizational Documents	1
Dollars.....	v	Organizational Expenses	10
Domestic Feeder	ii	Other Clients.....	42
Domestic Feeder’s Operating Agreement.....	1	Proceeds of Crime Law	iv
Domestic Investment	4	Prodigy.....	3
ERISA	75	Prodigy Funds.....	11
Escrowed Funds	7	Property	4
FATCA	13	Regulation S	iii
Feeder Funds.....	ii	Related Information.....	ii
Final Closing Date	7	Replacement Investment Manager	40
Fund	ii	Required Capital Amount.....	30
Fund Expenses	11	SEC.....	iii
General Partner	2	Secured Debt.....	4, 23
Incentive Management Payment.....	9	Securities Act.....	ii
Indemnified Person	14	Stockholders Agreement.....	3
Indemnifying Member	14	Subscription Agreement	7
Initial Closing Date.....	7	Supplement	ii
Interest	ii	Tax Qualified Plans	75
Interests	ii, 5	Transfer.....	14
Investment.....	4	TRIPRA	32
Investment Company Act	iii	U.S. GAAP.....	51
Investment Management Agreement	v, 3	U.S. Taxable Investor	57
Investment Manager.....	ii, 3	U.S. Tax-Exempt Investor	57
Investor	5	Valuation Date.....	51
IRS	57	Winston.....	18

DIRECTORY OF THE FUND

DIRECTORS OF THE GENERAL
PARTNER OF OFFSHORE
FEEDER

Richard Gordon
Andre Slabbert

INVESTMENT MANAGER

Prodigy Network, LLC
40 Wall Street, 17th Floor
The Trump Building
New York, NY 10005

ADMINISTRATOR

NESF Fund Services Corp.
1099 Hingham Street #110
Rockland, MA 02370
United States of America

LEGAL ADVISERS

TO THE INVESTMENT MANAGER

Winston & Strawn LLP
200 Park Ave
New York, NY 10166

In the United States

Winston & Strawn LLP
200 Park Ave
New York, NY 10166

TO THE FUND

In the Cayman Islands

Appleby (Cayman) Ltd. Clifton
House
75 Fort Street
PO Box 190
Grand Cayman KY1-1104
Cayman Islands

REGISTERED OFFICE OF MASTER
FUND

c/o National Registered Agents, Inc.
160 Greentree Drive, Suite 101
Dover, DE 19904

REGISTERED OFFICE OF
DOMESTIC FEEDER

c/o National Registered Agents, Inc.
160 Greentree Drive, Suite 101
Dover, DE 19904

REGISTERED OFFICE OF THE FUND

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

APPENDIX 2 – LOAN AND SECURITY AGREEMENT AND PROMISSORY NOTE

PROMISSORY NOTE
(331 Park Ave S. NewCo, Inc.)

Up to Maximum Loan Commitment of \$42,000,000

No. 1

FOR VALUE RECEIVED, the undersigned, 331 PARK AVE S. NEWCO, INC., a Delaware corporation (the "Borrower") promises to pay to the order of Prodigy Network, LLC, a Delaware limited liability company, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "Agent"), on behalf of the Lenders (defined below), the principal amount of any and all Advances made from time to time under the Loan Agreement (defined below) or such lesser principal amount as may be outstanding from time to time, in United States Dollars and in immediately available funds as provided in that certain Loan and Security Agreement of even date herewith (the "Loan Agreement") among Borrower, Agent, and the lenders identified on the signature pages thereof as well as any lender, from time to time, pursuant to Section 10.13 or 11.21 thereto (such lenders, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), together with interest on the unpaid principal amount hereof from time to time outstanding at the rate hereinafter provided until paid, said principal and interest being payable as follows:

(a) from and after the date hereof, interest shall accrue on the principal balance of this Note at the fixed rate which is sixteen and one-half of one percent (16.5%) per annum, on so much of the principal as shall from time to time remain unpaid; and

(b) no payments of interest on or principal of this Note shall be due and payable prior to the Maturity Date; and, if not sooner paid, the entire balance of principal remaining unpaid, plus interest accrued thereon at the aforesaid rate not previously paid, fees and costs, if any, shall be due and payable in full on mean the fifth (5th) anniversary of the Final Closing Date (as defined in the Operating Agreement); *provided* that, to the extent that the Investment Manager extends the term of the Fund in accordance with Section 8 of the Operating Agreement, the Maturity Date shall be automatically and without the need of any action by any of the parties hereto, be extended by each such additional period determined by the Investment Manager pursuant to Section 8 of the Operating Agreement (the "Maturity Date").

All payments of principal of and interest on this Note shall be paid to the Agent's Account in accordance with the Loan Agreement.

For purposes of computing interest on the debt evidenced hereby, interest shall be calculated on the basis of a three hundred sixty (360) day calendar year based on the actual number of days elapsed. Payments made on account hereof shall be applied first to the payment of late fees, then to the payment of accrued and unpaid interest, and the remainder shall be credited to principal.

If payment of principal of or interest on the principal of this Note is not made by the Maturity Date (after giving effect to any applicable grace period), or if any other Event of Default has occurred and is continuing, then the Agent may, at its option (and if directed by Lenders holding a majority of the outstanding principal balance of the Loan, shall), declare the outstanding principal balance payable under this Note, together with all interest accrued and unpaid thereon and all other Obligations, to be immediately due and payable. In addition, the Agent shall have the right to exercise all rights and remedies of the Agent under the Loan Agreement or any other Transaction Document, applicable law or otherwise, all such rights and remedies being cumulative and enforceable alternatively, successively and concurrently. No delay or omission on the part of the Agent in exercising any right hereunder, under the Transaction Documents or

under applicable law shall operate as a waiver of such right or of any other right of the Agent, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. Acceleration of maturity, once claimed by the Agent, may at its option be rescinded by an instrument in writing to that effect; however, the tender and acceptance of a partial payment or partial performance shall not, by itself, affect or rescind such acceleration of maturity.

Upon the occurrence and continuance of an Event of Default, the Agent may, in the Agent's discretion, in addition to any other remedy the Agent may exercise, raise the rate of interest accruing on the unpaid principal balance of this Note by two (2) percentage points above the interest rate otherwise applicable hereunder (the "Default Rate"), regardless of whether the Agent elects to accelerate the unpaid principal balance as a result of such default, and effective immediately upon the Agent's declaration of such default. If judgment is entered against the Borrower on this Note, the amount of such judgment entered (which may include principal, interest, fees and costs) shall bear interest at such Default Rate as of the date of entry of judgment.

The Borrower shall pay all of the Agent's costs and expenses (including, without limitation, all reasonable attorneys' fees and expenses) incurred in connection with the enforcement of or preservation of rights under this Note on the terms provided in the Loan Agreement.

This Note may be prepaid in full or in part at any time, without premium or penalty. Any partial prepayment shall be applied against the principal sum then outstanding and shall not postpone the due date of any subsequent installment or change the amount of any such installment, until the principal amount hereof is paid in full.

The Borrower and any endorsers, guarantors and sureties jointly and severally waive presentment, protest and demand, notice of protest, demand and dishonor, and any and all lack of diligence or delays in the collection or enforcement hereof and expressly agree that this Note, or any payment hereunder, may be extended from time to time without in any way affecting the liability of the Borrower or any endorser, guarantor or surety hereof.

The Borrower represents and warrants that the loan evidenced by this Note was made and transacted solely for the purpose of carrying on or acquiring a business or commercial enterprise.

The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a register for the recordation of the names and addresses of the Lenders, and the Maximum Loan Commitment of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Payments made in respect of this Note or of any ownership interest in this Note shall be made to the record holder(s) thereof as noted in the Register (the "Registered Holder") on each Payment Date. The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

The right to receive principal or interest payments with respect to this Note or any ownership interest in this Note may not be transferred without prior written consent of the Agent (such consent to be provided in the Agent's sole discretion). The Borrower shall be entitled to treat each Registered Holder of this Note or of any ownership interest in this Note (as recorded in the Register) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note or of any ownership interest in this Note on the part of any other person or entity.

As of the date hereof, Lender is the Registered Holder of this Note.

All rights and obligations hereunder shall be governed by the laws of the State of New York (without giving effect to principles of conflicts or choice of laws other than Section 5-1401 and Section 5-1402 of the New York General Obligations Law).

Any action or proceeding arising out of or brought to enforce the provisions of this Note shall be brought in any appropriate court in the State of New York, or in any appeals court therefrom having jurisdiction over the subject matter, and Borrower irrevocably consents to the jurisdiction of each such court.

In the event any provision of this Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note; but this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had not been contained in this Note, but only to the extent it is invalid, illegal or unenforceable.

None of the terms or provisions of this Note may be excluded, modified, or amended except by a written instrument duly executed by Agent expressly referring hereto and setting forth the provision so excluded, modified or amended. This Note shall be binding upon the successors and assigns of the Borrower and inure to the benefit of the Agent (on behalf of itself and the Lenders) and its successors, permitted endorsees and permitted assigns.

All notices, demands, requests and other communications required pursuant to the provisions of this Note shall be in writing and shall be delivered in accordance with the Loan Agreement.

This Note is issued pursuant to, and is entitled to the benefits of, the Loan Agreement. This Note is secured pursuant to the terms of the Loan Agreement and certain other Transaction Documents and reference is made thereto for a statement of the terms and provisions thereof. Capitalized terms used herein and not otherwise defined herein are used with the respective meanings attributed to them in the Loan Agreement.

It is the intention of the parties that this Note will be treated as in registered form within the meaning of Internal Revenue Code Sections 871(h)(2)(B) and 881(c)(2)(B) and United States Treasury Regulation 5f.103-1(c) and this Note shall be construed in accordance with that intent.

To the extent there are any inconsistencies between this Note and the Loan Agreement, the Credit Agreement shall govern.

MADE this 15th day of July, 2016 by its duly authorized representative.

331 PARK AVE S. NEWCO, INC.

By: 
Name: Rodrigo Nino
Title: Authorized Signatory

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT ("**Agreement**") is made this 15th day of July, 2016, by and among 331 Park Ave S. NewCo, Inc., a Delaware corporation (the "**Borrower**"), Prodigy Network, LLC, a Delaware limited liability company, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "**Agent**"), the lenders identified on the signature pages hereof as well as any lender, from time to time, pursuant to Section 10.13 or 11.21 hereto (such lenders, together with their respective successors and permitted assigns, are referred to hereinafter each individually as a "**Lender**" and collectively as the "**Lenders**").

R E C I T A L S :

WHEREAS, the Borrower wishes to purchase membership interests in the 331 Park Ave S. Series ("**331 Park Ave S. Series**") of Prodigy Shorewood Master REP Fund, LLC (the "**Master Fund**");

WHEREAS, the Borrower has requested that the Lenders extend to Borrower one or more loans, the proceeds of which will be (x) contributed to the 331 Park Ave S. Series in exchange for membership interests of 331 Park Ave S. Series and (y) used for the payment of certain fees, and expenses (including legal fees and expenses) related to entering into the Transaction Documents, the transactions contemplated by the Transaction Documents and the transactions contemplated by that certain Confidential Private Offering Memorandum of the Master Fund, Prodigy Shorewood Domestic Feeder REP Fund, LLC and Prodigy Shorewood New York REP Fund, LP dated July 15, 2016 (together with the 331 Park Ave S. Series supplement to such Confidential Private Offering Memorandum dated July 15, 2016, "**PPM**"), the foregoing the "**Loan Purposes**";

WHEREAS, the Lenders have agreed to extend a loan, which may be borrowed by the Borrower in one or more installments, in the maximum amount of the Maximum Loan Commitment to Borrower on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the representations, warranties and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Agent and the Lenders do hereby agree as follows:

1. CONSTRUCTION AND DEFINITION OF TERMS.

All terms used herein without definition which are defined by the New York Uniform Commercial Code shall have the meanings assigned to them by the New York Uniform Commercial Code, as in effect on the date hereof, unless and to the extent varied by this Agreement. All accounting terms used herein without definition shall have the meanings assigned to them as determined by GAAP. Whenever the phrase "satisfactory to Agent" is used in this Agreement such phrase shall mean "satisfactory to Agent in its sole discretion." The use of any gender or the neuter herein shall also refer to the other gender or the neuter and the use of the plural shall also refer to the singular, and vice versa. In addition to the terms defined elsewhere in this Agreement, unless the context otherwise requires, when used herein, the following terms shall have the following meanings:

1.01. "**Accounts**" shall mean an "account" (as that term is defined in the New York Uniform Commercial Code), and any and all supporting obligations in respect thereof.

1.02. "**Account Debtor**" shall mean the person or entity obligated upon an Account or general intangible.

1.03. "**Advance**" shall mean, with respect to a Lender, the disbursement in one or more installments (as determined by the Agent and the Borrower) by such Lender of its Commitment, the aggregate amount of which shall not exceed its pro rata share of the Maximum Loan Commitment.

1.04. "**Agent's Account**" means the account having the following wire transfer instructions:

Bank: JPMorgan Chase Bank NA
Account Name: 331 Park Ave S. NewCo, Inc.
Account Number: 872696500
ABA No.: 021-000-021
SWIFT: CHASUS33

1.05. "**Bankruptcy Code**" means the United States Bankruptcy Code, as amended from time to time.

1.06. "**Business Day**" shall mean any day that banks in the State of New York are not required or permitted to be closed.

1.07. "**Certified**" shall mean that the information, statement, schedule, report or other document required to be "certified" shall contain a representation of a duly authorized officer of Borrower that such information, statement, schedule, report or other document is true and correct and complete.

1.08. "**Closing Date**" shall mean the date on which funds are initially advanced to Borrower hereunder, which is July 15, 2016.

1.09. "**Collateral**" shall mean all of Borrower's all assets and properties, now owned and hereafter acquired, including, but not limited to:

- (a) Accounts;
- (b) chattel paper;
- (c) deposit accounts;
- (d) documents;
- (e) equipment;
- (f) fixtures;
- (g) general intangibles;
- (h) goods;
- (i) instruments;
- (j) inventory;
- (k) investment property;
- (l) letter-of-credit rights; and

1.10. **"Commitment"** means, with respect to each Lender, its Commitment, and, with respect to all Lenders, their Commitments, in each case as such Dollar amounts are set forth in Schedule I or in a Counterpart Agreement or an assignment and acceptance (in form and substance satisfactory to the Agent) pursuant to which such Lender became a Lender hereunder, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 10.13 and the addition of Lenders pursuant to Section 11.2.

1.11. **"Counterparty Agreement"** means a Counterpart Agreement substantially in the form of Exhibit A.

1.12. **"Defaulting Lender"** means any Lender that (a) has failed to fund any amounts required to be funded by it under this Agreement within one (1) Business Day of the date that it is required to do so hereunder, (b) notified the Borrower, Agent, or any Lender in writing that it does not intend to comply with all or any portion of its funding obligations hereunder, (c) has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements generally (as reasonably determined by Agent) under which it has committed to extend credit, (d) failed, within one (1) Business Day after written request by Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund any amounts required to be funded by it hereunder, (e) otherwise failed to pay over to Agent or any other Lender any other amount required to be paid by it hereunder within one (1) Business Day of the date that it is required to do so, or (f) (i) becomes or is insolvent or has a parent company that has become or is insolvent or (ii) becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment.

1.13. **"Dollars"** or **"\$"** means United States dollars or such other lawful currency of the United States of America.

1.14. **"Event of Default"** shall mean any of the events described in Section 8 hereof, after giving effect to all applicable notice, grace and cure periods.

1.15. **"GAAP"** shall mean generally accepted accounting principles in the United States of America in effect from time to time.

1.16. **"Governmental Authority"** means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

1.17. **"Initial Advance"** shall be the Advance on the Closing Date in the amount of One Million Five Hundred and Nine Thousand (\$1,509,000).

1.18. **"Indebtedness"** shall include all items which would properly be included in the liability section of a balance sheet or in a footnote to a financial statement, in accordance with GAAP, including, without limitation, contingent liabilities.

1.19. "**Laws**" shall mean all ordinances, statutes, rules, regulations, orders, injunctions, writs or decrees of any Governmental Authority or political subdivision or agency thereof, or any court or similar entity established by any thereof.

1.20. "**Lien**" shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of setoff, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code of any jurisdiction.

1.21. "**Loan**" shall mean the sum of all Advances made hereunder, plus any other Obligations added to the outstanding principal balance of the Note in accordance with the terms and conditions hereof less any amounts paid in respect of the foregoing.

1.22. "**Maximum Loan Commitment**" shall mean the loan commitments in the aggregate maximum amount of Forty-Two Million Dollars (\$42,000,000), evidenced by the Note.

1.23. "**Maturity Date**" shall mean the fifth (5th) anniversary of the Final Closing Date (as defined in the Operating Agreement); *provided that*, to the extent that the Investment Manager extends the term of the Master Fund in accordance with the Operating Agreement, the Maturity Date, automatically and without the need of any action by any of the parties hereto, shall be extended by each such additional period determined by the Investment Manager pursuant to the Operating Agreement.

1.24. "**Note**" shall mean the Promissory Note (Term) in the maximum principal amount of the Maximum Loan Commitment, to be executed and delivered by Borrower at or prior to Closing Date pursuant to Section 5.03(a) hereof, and all renewals, replacements and extensions thereof.

1.25. "**Obligations**" shall include the full and punctual observance and performance of all present and future duties, covenants and responsibilities due to Agent and Lenders by Borrower under this Agreement, the Note, and the other Transaction Documents, all present and future obligations and liabilities of Borrower to Agent and Lenders for the payment of money under this Agreement, the Note, and the other Transaction Documents (extending to all principal amounts, interest, late charges, fees and all other charges and sums, as well as all costs and expenses payable by Borrower under this Agreement, the Note and the other Transaction Documents). Any reference in this Agreement or in the other Transaction Documents to the Obligations shall include all extensions, modifications, renewals, supplements, restatements or alterations thereof, both prior and subsequent to any Insolvency Proceeding.

1.26. "**Operating Agreement**" shall mean the Limited Liability Company Agreement of Master Fund, dated as of August 28, 2014, as supplemented by the 331 Park Ave S. Series Supplement thereto dated July 15, 2016.

1.27. "**Permitted Liens**" shall mean (a) Liens in favor of Agent or the Lenders, (b) Liens for taxes not delinquent or for taxes being diligently contested in good faith by Borrower by appropriate proceedings, (c) Liens arising in the ordinary course of business with respect to obligations which are not due or which are being diligently contested in good faith by Borrower by appropriate proceedings, provided such Liens did not arise in connection with the borrowing of money or the obtaining of advances or credit and do not, in Agent's discretion, in the aggregate materially detract from the value of Borrower's assets or materially impair the use thereof, (d) Liens arising by reason of any judgment but only to the extent not resulting in an Event of Default under Section 8(g) hereof, (e) financing liens incurred in connection with permitted financing under Section 7.01, hereof, (f) pledges and deposits incurred in connection with worker's

compensation, unemployment insurance, or other social security legislation, and (g) Liens specifically consented to by Agent in writing.

1.28. "**Person**" shall include natural persons, corporations, associations, limited liability companies, partnerships, joint ventures, trusts, governments and agencies and departments thereof, and every other entity of every kind.

1.29. "**Security Agreement**" means the Security Agreement (Interest in 331 Park Ave S. Series), dated the date hereof, by and between Borrower and Agent.

1.30. "**Transaction Documents**" shall mean this Agreement, the Note, the Security Agreement and the other transaction documents executed from time to time by the Borrower in connection with the transactions contemplated by the PPM, together with any other instrument or document executed by Borrower in connection with the Loan.

2. **LOAN.**

2.01. Loan Commitment. Subject to, and in accordance with the terms, conditions and provisions of this Agreement, each Lender (severally, not jointly or jointly and severally) agrees to make its pro rata share (based on its respective Commitment) of the Initial Advance to the Borrower on the Closing Date. Upon two (2) Business Days prior written notice to the Agent, the Borrower may request one or more additional Advances (each an "**Additional Advance**"), not to exceed the remaining undrawn Commitment, on any Business Day prior to the Final Closing Date (as defined in the Operating Agreement). Each Additional Advance shall be made by delivery of a funding notice to the Agent. A funding notice must be received by Agent no later than 4:00 p.m. (New York time) on the second Business Day immediately prior to the date that the Additional Advance is to be made and must specify the amount of such Additional Advance and the requested funding date of such Additional Advance, which shall be a Business Day. Promptly after Agent's receipt of a funding request for an Additional Advance, Agent shall notify the Lenders, not later than 4:00 p.m. (New York time) on the Business Day immediately preceding the funding date applicable to such Additional Advance, by telecopy, telephone, or other similar form of transmission, of the requested Additional Advance. On the date specified in the applicable funding notice delivered by the Borrower to the Agent, subject to and in accordance with the terms and conditions of this Agreement, each Lender (severally, not jointly or jointly and severally) agrees to make its pro rata share (based on its respective remaining undrawn Commitment) of such Additional Advance to the Borrower, at such account as may be designated by the Borrower from time to time. All Advances shall be made by the Lenders substantially contemporaneously pro rata based on their respective Commitments. It is understood that (i) no Lender shall be responsible for any failure by any other Lender to perform its obligation to make any Advance hereunder, nor shall any Commitment of any Lender be increased or decreased as a result of any failure by any other Lender to perform its obligations hereunder, (ii) no failure by any Lender to perform its obligations hereunder shall excuse any other Lender from its obligations hereunder and (iii) a Lender shall not be responsible to make a Commitment for an Advance if the aggregate amount of the Commitments from other Lenders is less than the required Advance amount, as provided for in Schedule I (as modified from time to time in connection with any assignments pursuant to Section 10.13 or addition of Lenders pursuant to Section 11.21).

2.02. Manner of Borrowing and Disbursement of Loan. Each Lender shall make its Advance on account of the Loan to Agent for the account of the Borrower. No later than 12:00 Noon (New York, New York time) on the Closing Date or the date that the Additional Advance is to be made (as the case may be), each Lender shall make available to Agent, in immediately available funds, its Advance to the account designated by the Agent. After Agent's receipt of the proceeds of such Advances, Agent shall make the

proceeds thereof available to Borrower on the Closing Date or the date that the Additional Advance is to be made (as the case may be) by transferring immediately available funds equal to such proceeds received by Agent to an account designated by the Borrower to the Agent. Each Advance on account of the Loan shall be disbursed in accordance with the Loan Purposes and as otherwise provided in the notice requesting such Advance. With respect to all matters and transactions in connection therewith, the Borrower hereby irrevocably authorizes the Agent to accept, rely upon, act upon, and comply with any written instructions, requests, confirmations, and orders from Borrower or its duly appointed agents. The Borrower acknowledges that the transmission between the Borrower or such agents and the Agent of any such instructions, requests, confirmations, and orders involves the possibility of errors, omissions, mistakes, and discrepancies. By reason thereof, the Borrower hereby assumes all risk of loss and responsibility for, and releases and discharges the Agent from any and all responsibility or liability for and agrees to indemnify, reimburse on demand, and hold the Agent harmless from, any and all claims, actions, damages, losses, liability, and expenses by reason of, arising out of or in any way connected with or related to (a) the Agent's accepting, relying and acting upon, complying with, or observing any such instructions, requests, confirmations, or orders, and (b) any such errors, omissions, mistakes, and discrepancies.

2.03. The Account. The Agent shall establish and maintain an account on the books of the Agent evidencing the indebtedness of the Borrower to the Lenders and the Agent under the provisions of this Agreement and the other Transaction Documents with respect to the Loan and the transactions contemplated hereby and thereby to which (a) the amount of each Advance made by the Lenders shall be debited by recording therein on the date of such Advance a debit entry in the amount of such Advance, (b) each payment on the Loan made by the Borrower shall be credited by recording therein on the date received a credit entry in the amount of such payment, (c) all interest (and principal, if applicable), on the Loan not paid as and when due and payable shall be debited by recording therein on the date such interest becomes past due a debit entry in the amount of such interest, (d) all Expense Payments (hereinafter defined) not paid as and when due and payable shall be debited by recording therein on the date such Expense Payment becomes due a debit entry in the amount of such Expense Payment, (e) all Liquidation Costs (hereinafter defined) shall be debited by recording therein on the date incurred the amount of such Liquidation Costs, and (f) all other charges, interest, and expenses chargeable by the Agent and/or the Lenders to the Borrower under this Agreement or the other Transaction Documents not paid as and when due and payable shall be debited by recording therein on the date such charges, interest, and expenses become past due a debit entry in the amount of such charges, interest, and expenses. All credit entries to such account are conditional and shall be readjusted as of the date made if final payment is not received by the Agent or the Lenders (as the case may be) in cash or solvent credits. The entries made by the Agent to such account shall constitute prima facie evidence of the existence and amounts of the Borrower's indebtedness to the Agent and the Lenders under the provisions of this Agreement and the other Transaction Documents.

2.04. Note. The Loan shall be evidenced by and repaid in accordance with the Note.

2.05. Defaulting Lender. Agent shall not be obligated to transfer to a Defaulting Lender any payments made by Borrower to Agent for the Defaulting Lender's benefit, and, in the absence of such transfer to the Defaulting Lender, Agent shall transfer any such payments to each other Lender that is not a Defaulting Lender ratably in accordance with their respective outstanding principal balances of the Loan (but only to the extent that such Defaulting Lender's Advance was funded by such Lenders). Solely for the purposes of voting or consenting to matters with respect to the Transaction Documents, such Defaulting Lender shall be deemed not to be a "Lender" and such Lender's Commitment shall be deemed to be zero. This Section shall remain effective with respect to such Lender until (x) the non-Defaulting Lenders, Agent, and Borrower shall have waived such Defaulting Lender's default in writing, or (y) the Defaulting Lender makes its Advance and pays to Agent all amounts owing by Defaulting Lender in respect thereof. The operation of this Section shall not be construed to increase or otherwise affect the Commitment of any

Lender, to relieve or excuse the performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the performance by Borrower of its duties and obligations hereunder to Agent or to the Lenders other than such Defaulting Lender. Any such failure to fund by any Defaulting Lender shall constitute a material breach by such Defaulting Lender of this Agreement and shall entitle Borrower at its option, upon written notice to Agent, to arrange for a substitute Lender to assume the Commitment of such Defaulting Lender, such substitute Lender to be acceptable to Agent in its discretion. In connection with the arrangement of such a substitute Lender, the Defaulting Lender shall have no right to refuse to be replaced hereunder, and agrees to execute and deliver a completed form of assignment and acceptance (in form and substance satisfactory to the Agent) in favor of the substitute Lender (and agrees that it shall be deemed to have executed and delivered such document if it fails to do so); *provided* that any such assumption of the Commitment of such Defaulting Lender shall not be deemed to constitute a waiver of any of the Agent's, the Lenders' or the Borrower's rights or remedies against any such Defaulting Lender arising out of or in relation to such failure to fund.

2.06. Repayment of the Loan. Agent hereby directs that amounts due to Agent or Lenders hereunder be wired to the Agent's Account. Except as otherwise provided with respect to Defaulting Lenders or elsewhere in the Transaction Documents (including agreements between Agent and individual Lenders), principal and interest payments received in Agent's Account shall be apportioned among the Lenders in accordance with Schedule II and payments of fees and expenses (other than fees or expenses that are for Agent's separate account or as individual Lenders' separate account, after giving effect to any agreements between Agent and individual Lenders) shall be apportioned ratably among the Lenders. Agent shall make distributions to each Lender pursuant to the applicable wire instructions received from each Lender in writing. Except with respect to the payments required to be made by the Borrower in accordance with the immediately preceding sentence, the Borrower shall not be required to make any payments of accrued interest on or principal of the Loan until the Maturity Date; *provided*, the Borrower may pay accrued and unpaid interest and prepay the principal of the Loan in full or in part at any time, without premium or penalty. On the Maturity Date, the Borrower shall repay in full the then outstanding principal balance of the Loan and any and all accrued and unpaid interest thereon.

3. SECURITY.

3.01. Security Interest. As security for the payment and performance of all of the Obligations and performance under the Transaction Documents, Borrower hereby irrevocably and unconditionally assigns, pledges and grants to Agent for the benefit of the Lenders a continuing security interest in the Collateral. Borrower's assignment, pledge and grant is coupled with an interest and shall continually exist until all Obligations have been paid in full. If required by Agent at any time, Borrower shall make notations, satisfactory to Agent, on its books and records disclosing the existence of Agent's security interest in the Collateral. Borrower agrees that, with respect to the Collateral, Agent shall have all the rights and remedies of a secured party under the New York Uniform Commercial Code, Agent shall have no liability or duty, either before or after the occurrence of an Event of Default hereunder, on account of loss or damage to, or to collect or enforce any of its rights against, the Collateral, or to preserve any rights against account debtors or other parties with prior interests in the Collateral.

3.02. Covenants and Representations Concerning Collateral. With respect to all of the Collateral, Borrower covenants, warrants and represents that:

(a) No financing statement covering any of the Collateral is on file in any public office or land or financing records except for financing statements in favor of Agent and financing statements with respect to any Permitted Liens.

(b) Borrower is the legal and beneficial owner of all of the Collateral, free and clear of all Liens, except for Permitted Liens.

(c) The security interest granted by Borrower to Agent hereunder shall constitute a first Lien in, to and under the Collateral, except for Permitted Liens, and Borrower will not, except in connection with the repayment of the Obligations, permit any other Lien to be created or remain thereon except for Permitted Liens.

(d) Borrower shall defend the Collateral, at Borrower's expense, against all claims and demands of any persons claiming any interest in the Collateral adverse to Borrower, the Lenders or Agent.

(e) At all reasonable times, and after five (5) days written notice to the Borrower, Agent, Lenders and/or their respective agents and designees may enter Borrower's premises and inspect the Collateral and all books and records of Borrower (in whatever form) relating to the Collateral or to the finances and operations of Borrower's business.

(f) All information, schedules, certificates, records and data furnished to the Agent and the Lenders are, when taken as a whole, true and correct in all material respects and complete (in light of the circumstances under which such information is delivered) insofar as completeness may be necessary to give the Agent and the Lenders accurate knowledge of the subject matter.

(g) All books and records of Borrower pertaining to the Collateral are located at c/o Prodigy Network, LLC, 40 Wall Street, 17th Floor, New York, New York 10005, and Borrower will not change the location of such books and records without prior written notice to the Agent.

(h) Borrower shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances, instruments and documents as Agent may reasonably request to vest in and assure to Agent its rights hereunder or in any of the Collateral, including, without limitation, placing legends on Collateral or on books and records pertaining to Collateral stating that Agent has a security interest therein.

(i) Borrower shall cooperate with Agent to obtain and keep in effect one or more control agreements with respect to Collateral comprised of deposit account, electronic chattel paper, investment property and letter of credit rights Collateral.

(j) Borrower authorizes Agent to file financing statements covering the Collateral. Borrower agrees to pay all taxes, fees and costs (including attorneys' fees and expenses) paid or incurred by Agent in connection with the preparation, filing or recordation thereof.

(k) Whenever required by Agent, Borrower shall promptly deliver to Agent, with all endorsements and/or assignments required by Agent, all instruments, chattel paper, guaranties and the like received by Borrower constituting or evidencing any of the Collateral or proceeds of any of the Collateral.

(l) Borrower shall not file any Uniform Commercial Code amendments, correction statements or termination statements concerning the Collateral without the prior written consent of Agent, unless the Obligations have been paid in full.

4. REPRESENTATIONS AND WARRANTIES.

To induce Agent and Lenders to enter into this Agreement, Borrower represents and warrants to Agent and Lenders that as of the Closing Date and on the date that the Additional Advance is made:

4.01. State of Organization, Legal Name and Good Standing. Borrower's state of organization and exact legal name are set forth in the first paragraph of this Agreement. Borrower is an entity, duly organized, legally existing and in good standing under the laws of the jurisdiction of its organization, has the power to own its property and to carry on its business and is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, except where failure to be so qualified would not result in a material adverse effect on its Obligations hereunder.

4.02. Authority. Borrower has full power and authority to enter into this Agreement, to make the borrowing hereunder, to execute and deliver all documents and instruments required hereunder and to incur and perform the Obligations provided for herein and in the Note, all of which have been duly authorized by all necessary and proper corporate and/or other action, and no consent or approval of any person, including, without limitation, equity owners of Borrower and any public authority or regulatory body, which has not been obtained, is required as a condition to the validity or enforceability hereof or thereof, except where failure to do so would not result in a material adverse effect on its Obligations hereunder.

4.03. Binding Agreements. This Agreement has been duly and properly executed by Borrower, constitutes the valid and legally binding obligation of Borrower and is fully enforceable against Borrower in accordance with its terms, subject to applicable insolvency laws and applicable laws affecting creditors' rights.

4.04. No Conflicting Agreements. The execution and performance by Borrower of this Agreement, the borrowing hereunder, and Borrower's execution and delivery of and performance under the Note will not (a) violate (i) any provision of law, any order, rule or regulation of any court or other agency of government applicable to it, (ii) any award of any arbitrator, (iii) the organizational documents of Borrower, or (iv) any material indenture, contract, agreement, mortgage, deed of trust or other instrument to which Borrower is a party or by which it or any of its property is bound, or (b) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien upon any of the property or assets of Borrower, except for Liens in favor of the Agent.

4.05. Litigation. There are no undisclosed judgments, claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or adversely affecting Borrower or its properties, at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, which is likely to result in any material adverse change in the business, operations, prospects, properties or assets or in the condition, financial or otherwise, of Borrower, and Borrower is not, to its knowledge, in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court or federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would have a material adverse effect on Borrower.

4.06. Taxes. Borrower has paid or caused to be paid all federal, state and local taxes to the extent that such taxes have become due. Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed by, except where failure to do so would not result in a material adverse effect on its Obligations hereunder.

4.07. Title to Properties. Borrower has valid title to all of its properties and assets (including the Collateral) and all of the properties and assets of Borrower are free and clear of Liens, except for Permitted Liens, and Borrower has not granted a Lien in any of the Collateral except to Agent and except for Permitted Liens.

4.08. Licenses and Permits. Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like required by federal, state and local laws of the jurisdiction in which Borrower conducts its business in each case except where failure to do so would not result in a material adverse effect on its Obligations hereunder, and each remains valid and in full force and effect and Borrower has paid all fees, taxes, assessments and other charges necessary to maintain same.

4.09. Outstanding Indebtedness. Borrower has no outstanding Indebtedness except as permitted by Subsection 7.01 hereof and to Borrower's knowledge, there exists no event of default under the provisions of any instrument evidencing such Indebtedness or of any agreement relating thereto.

4.10. No Adverse Change. There has been no material adverse change in the business, properties or condition (financial or otherwise) of the Borrower since the date of its organization.

4.11. Use of Loan Proceeds. The proceeds of the Loan shall be used to fund the Loan Purposes.

4.12. No Default. No Event of Default (hereinafter defined), and no event which, with notice or passage of time or both would constitute an Event of Default, has occurred hereunder.

5. **CONDITIONS OF LENDING.**

Lenders shall have no obligation to make their respective Advances on the Closing Date or the date that the Additional Advance is to be made (as the case may be) unless each of the following conditions precedent shall be satisfied as of such date:

5.01. Representation and Warranties. All representations and warranties set forth in this Agreement are true and correct in all material respects on and as of such date.

5.02. Event of Default. No Event of Default or event which, with notice or passage of time or both, would constitute an Event of Default shall have occurred hereunder.

5.03. Documents. With respect to the Initial Advance only, on or before the making of the Initial Advance, there shall have been delivered to Agent, fully completed and duly executed (where applicable), the following documents, the terms of which are hereby specifically incorporated herein by reference as though fully set forth:

- (a) The Note.
- (b) This Agreement.
- (c) The Security Agreement.

(d) A Uniform Commercial Code financing statement naming the Borrower as debtor, the Agent as secured party and the Collateral as collateral has been filed with the Secretary of State of the State of Delaware.

5.04. Advance Made Available to Agent. Each Lender shall have made its respective Advance to the Agent in immediately available funds on or before such date.

6. **AFFIRMATIVE COVENANTS.**

Borrower covenants and agrees with Agent that, until all of the Obligations have been paid in full, Borrower will require 331 Park Ave S. Series to:

6.01. Financial Reporting Requirements.

Furnish or cause to be furnished to Agent and Lenders:

(a) as soon as available after the end of each semiannual accounting period of Borrower and 331 Park Ave S. Series, an unaudited statement of consolidated income and retained earnings and changes in consolidated financial position of Borrower and 331 Park Ave S. Series for such period and for the period from the beginning of the current year of Borrower and 331 Park Ave S. Series to the end of such period, and a consolidated balance sheet of Borrower and 331 Park Ave S. Series, as at the end of such period, all in form and detail satisfactory to Agent, which fairly represents, in accordance with GAAP, the financial condition of the Borrower and 331 Park Ave S. Series.

(b) as soon as available after the end of each calendar year, an audited statement of consolidated income and retained earnings for such year, and a consolidated balance sheet of Borrower and 331 Park Ave S. Series, as at the end of such year, all in form and detail satisfactory to Agent, audited in accordance with GAAP, by an independent certified public accountant reasonably satisfactory to Agent; and

(c) within fifteen (15) days after filing (including an application for extension, if filed), a copy of the federal and state income tax returns for the Borrower.

6.02. Taxes. Promptly pay and discharge all taxes, assessments and governmental charges upon Borrower, its income and/or properties (including the Collateral) prior to the date on which penalties are attached thereto, except to the extent the same are being diligently contested in good faith by appropriate proceedings.

6.03. Continuation of Business and Compliance with Laws. Continue its business operations as now being conducted and comply with all applicable federal, state and local laws, rules, ordinances, regulations and orders, except where failure to comply would not result in a material adverse effect hereunder.

6.04. Litigation. Promptly notify Agent and Lenders in writing of any action, suit or proceeding at law or in equity by or before any court, governmental agency or instrumentality which could result in any material adverse change in the business, operations, prospects, properties or assets (including the Collateral) or in the condition, financial or otherwise, of Borrower or 331 Park Ave S. Series.

6.05. Extraordinary Loss. Promptly notify Agent in writing of any event causing extraordinary loss or depreciation of the value of any of Borrower's or 331 Park Ave S. Series' assets and the facts with respect thereto.

6.06. Books and Records/Depository Accounts. Keep and maintain proper and current books and records which fairly represent the financial condition of the Borrower and 331 Park Ave S. Series. Subject to Section 3.02(e) hereof, permit access by Agent to, reproduction by such Person(s) of and

copying by such Person(s) from (all at the Borrower's expense) such books and records during normal business hours.

6.07. Maintenance of Properties. Maintain all properties and improvements necessary to the conduct of Borrower's or 331 Park Ave S. Series' business in good working order and condition, ordinary wear and tear excepted, and cause replacements and repairs to be made when necessary for the proper conduct of its business.

6.08. Patents, Franchises, etc. Maintain, preserve and protect all licenses, patents, franchises, trademarks and trade names of Borrower and 331 Park Ave S. Series or licenses by Borrower or 331 Park Ave S. Series, which are necessary to the conduct of the business of Borrower or 331 Park Ave S. Series, as now conducted, free of any conflict with the rights of any other person.

6.09. Financial Information. Deliver to Agent and Lenders, promptly upon request, and periodically if Agent shall so require, any reasonable information, statements or reports concerning Borrower's and/or 331 Park Ave S. Series' business, financial affairs or any other matter or matters as may be requested by Agent, including, without limitation, copies of federal and state tax returns of Borrower and/or 331 Park Ave S. Series.

6.10. Further Assurances. The Borrower shall promptly, upon request by Agent, execute, acknowledge and deliver any financing statement, endorsement, renewal, affidavit, deed, assignment, continuation statement, security agreement, certificate or other document as the Agent may reasonably require in order to perfect, preserve, maintain, protect, continue or extend the lien or security interest of the Agent under this Agreement in the Collateral and its priority. The Borrower shall pay to the Agent on demand all taxes, costs and expenses (including, but not limited to, reasonable attorney's fees) incurred by the Agent in connection with the preparation, execution, recording and filing of any such document or instrument mentioned aforesaid.

7. **NEGATIVE COVENANTS.**

Borrower covenants and agrees with Agent and the Lenders that, until all Obligations have been paid in full, Borrower will not, directly or indirectly, without Agent's prior written consent:

7.01. Indebtedness. Create, incur, assume or permit to exist any Indebtedness except (a) Indebtedness to Agent and Lenders, (b) any Indebtedness specifically permitted hereunder, (c) Indebtedness secured by Permitted Liens, (d) unsecured trade payables incurred in the ordinary course of business, and (e) Indebtedness which shall be approved in advance by Agent in writing, in Agent's discretion, and if required by Agent, subordinated to all Obligations by a written agreement satisfactory in form and substance to Agent and Agent's counsel.

7.02. Liens. Create, incur, assume or permit to exist any Lien upon any of Borrower's properties or assets, now owned or hereafter acquired by Borrower, other than Permitted Liens or Liens subordinated to the Agent's Lien.

7.03. Merger, Sale of Assets, Etc. Except in connection with a repayment in full of the Obligations, enter into or be a party to any merger or consolidation; sell, assign, transfer, convey or lease all or substantially all of its property or any interest therein; purchase or otherwise acquire all or substantially all of the assets of any other Person, or any shares of stock of, or similar interest in, any other Person, except for 331 Park Ave S. Series.

7.04. Guarantees. Except for 331 Park Ave S. Series, guarantee or otherwise in any way become or be responsible for obligations or Indebtedness of any other person, whether by agreement to purchase the Indebtedness of any other person, or by agreement for the furnishing of funds to any other person for the purchase of goods, supplies or services, or by way of stock purchase, capital contribution, advance or loan for the purpose of paying or discharging Indebtedness of any other person, or otherwise.

8. **EVENTS OF DEFAULT.**

The occurrence of any one or more of the following events shall constitute an "Event of Default":

(a) Any material representation or warranty made herein in any of the Transaction Documents or in any statement, report, certificate, opinion, financial statement or other document furnished in connection with this Agreement or the Transaction Documents shall be false or knowingly misleading (in light of the circumstances under which it is made) in any material respect when made and such representation and warranty, if curable, shall not have been cured within thirty (30) days of the date Borrower is notified in writing by Agent or Lenders that such representation or warranty is false or misleading.

(b) Failure of Borrower to pay any of the Obligations, including, without limitation, any sum due Lenders under this Agreement or any of the Transaction Documents, when and as the same shall become due, whether at the due date thereof, by demand, by acceleration or otherwise.

(c) Failure of Borrower to observe or perform any covenant or agreement to be observed or performed by Borrower under this Agreement or any of the Transaction Documents, and such failure shall continue for a period of thirty (30) days after written notice thereof by the Agent to the Borrower; provided that if such thirty (30) day period is not a sufficient period to cure any such failure and Borrower is diligently pursuing such cure during the initial 30-day period, the Borrower shall have such additional time as the Agent may determine in its discretion is reasonably required to cure such failure not to exceed sixty (60) days after the written notice by the Agent to the Borrower described above.

(d) If Borrower and/or 331 Park Ave S. Series shall (i) admit in writing its insolvency or its inability to pay generally its debts as they mature, (ii) make a general assignment for the benefit of creditors, (iii) commence a case under or otherwise seek to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law, statute or proceeding, or (iv) by any act indicate its consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver of or trustee for Borrower and/or 331 Park Ave S. Series or a substantial part of its property.

(e) If Borrower or 331 Park Ave S. Series becomes a debtor in any case under any chapter of the Bankruptcy Code, and if the petition in bankruptcy shall not be discharged or dismissed within sixty (60) days after the date on which such petition was filed.

(f) Entry of any order, judgment or decree for the dissolution of Borrower or 331 Park Ave S. Series.

(g) Entry of any judgment against Borrower in excess of One Million Dollars (\$1,000,000.00), which judgment shall not have been discharged or execution thereof stayed within thirty (30) days after entry thereof or discharged within thirty (30) days after the expiration of any such stay, if such judgment is not fully covered by applicable insurance (which shall not include any bonding or other arrangement with which Borrower may be liable for indemnification to any extent).

(h) If any assets of Borrower shall be attached, levied upon, seized or repossessed or come into the possession of a trustee, receiver or other custodian which is not discharged within sixty (60) days.

9. RIGHTS AND REMEDIES.

9.01. Rights and Remedies of Agent. Upon the occurrence of an Event of Default, Agent may (and if directed by Lenders holding a majority of the outstanding principal balance of the Loan, shall), without notice or demand, exercise in any jurisdiction in which enforcement hereof is sought, the following rights and remedies, in addition to the rights and remedies of a secured party under the Uniform Commercial Code and all other rights and remedies available to Agent under applicable law, all such rights and remedies being cumulative and enforceable alternatively, successively or concurrently:

(a) Declare the Note, all interest accrued and unpaid thereon, and all other Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand or protest, all of which are hereby expressly waived. Irrespective of whether the Agent accelerates amounts payable under the Note, the Agent shall have the right to raise the rate of interest accruing on the unpaid principal balance of the Note by two (2) percentage points above the interest rate otherwise applicable under the Note.

(b) Institute any proceeding or proceedings to enforce the Obligations and any Lien of Agent.

(c) Take possession of the Collateral, and for that purpose, so far as Borrower may give authority therefor, enter upon the premises on which the Collateral or any part thereof may be situated and remove the same therefrom without any liability for suit, action or other proceeding by Borrower, BORROWER HEREBY WAIVING ANY AND ALL RIGHTS TO PRIOR NOTICE AND TO JUDICIAL HEARING WITH RESPECT TO REPOSSESSION OF COLLATERAL, and require Borrower, at Borrower's expense, to assemble and deliver the Collateral to such place or places as Agent may designate.

(d) Operate, manage and control the Collateral, or permit the Collateral or any portion thereof to remain idle, or store the same, and collect all income, payments and proceeds therefrom and sell or otherwise dispose of any or all of the Collateral upon such terms and under such conditions as Agent, in its reasonable discretion, may determine, all without any notice or demand, and purchase or acquire any of the Collateral at any such sale or other disposition, all to the extent permitted by applicable law. Borrower shall have all risk of loss of the Collateral. Agent shall have no liability or duty, either before or after the occurrence of an Event of Default, on account of loss of or damage to, to collect or enforce any of its rights against, the Collateral, to collect any income, payments or proceeds accruing on the Collateral, or to preserve rights against account debtors or other parties with prior interests in the Collateral. If Agent actually receives any notices requiring action with respect to Collateral in Agent's possession, Agent shall take reasonable steps to forward such notices to Borrower. Borrower is responsible for responding to notices concerning the Collateral, voting the Collateral, and exercising rights and options, calls and conversions of the Collateral. Agent's sole responsibility is to take such action as is reasonably requested by Borrower in writing, however, Agent is not responsible to take any action that, in Agent's discretion, would affect the value of the Collateral as security for the Obligations adversely. While Agent is not required to take certain actions, if action is needed, in Agent's discretion, to preserve and maintain the Collateral, Borrower authorizes Agent to take such actions, but Agent is not obligated to do so.

(e) Enforce Borrower's rights against account debtors and other parties obligated on Collateral, including, but not limited to, the right to: (a) notify and/or require Borrower to notify any or all

account debtors and other parties obligated on Collateral to make payments directly to Agent or in care of a post office lock box under the sole control of Agent established at Borrower's expense subject to Agent's customary arrangements and charges therefor, and to take any or all action with respect to Collateral as Agent shall determine in its sole discretion, including, without limitation, the right to demand, collect, sue for and receive any money or property at any time due, payable or receivable on account thereof, compromise and settle with any person liable thereon, and extend the time of payment or otherwise change the terms thereof, without incurring liability or responsibility to Borrower; (b) require Borrower to segregate and hold in trust for Agent and, on the day of Borrower's receipt thereof, transmit to Agent in the exact form received by Borrower (except for such assignments and endorsements as may be required by Agent), all cash, checks, drafts, money orders and other items of payment constituting Collateral or proceeds of Collateral; and/or (c) establish and maintain at Agent a "Repayment Account," which shall be under the exclusive control of and subject to the sole order of Agent and which shall be subject to the imposition of such customary charges as are imposed by Agent from time to time upon such accounts, for the deposit of cash, checks, drafts, money orders and other items of payments constituting Collateral or income, payments and/or proceeds of Collateral from which Agent may, in its discretion, at any time and from time to time, withdraw all or any part. Agent's collection and enforcement of Collateral against account debtors and other persons obligated thereon shall be deemed to be commercially reasonable if Agent exercises the care and follows the procedures that Agent generally applies to the collection of obligations owed to Agent. All proceeds of the Collateral may be applied by Agent upon Agent's actual receipt of such proceeds against such of the Obligations, matured or unmatured, as Agent shall determine in Agent's sole discretion.

9.02. Power of Attorney. Borrower hereby irrevocably constitutes and appoints Agent and its designees as attorney-in-fact of Borrower irrevocably and with power of substitution, with authority to receive, open and dispose of all mail addressed to Borrower, to notify the postal authorities to change the address for delivery of mail addressed to Borrower to such other address as Agent designates; to endorse Borrower's name on any notes, acceptances, checks, drafts, money orders, instruments or other evidences of payment or proceeds of the Collateral that may come into Agent's possession; to sign Borrower's name on any invoices, documents, drafts against and notices to account debtors or other obligors of Borrower, assignments and requests for verification of accounts; to execute proofs of claim and loss; to execute any endorsements, assignments, or other instruments of conveyance or transfer; to adjust and compromise any claims under insurance policies; to execute releases; and to perform all other acts necessary and advisable, in Agent's discretion, to carry out and enforce this Agreement and the Transaction Documents. All acts of said attorney or designee are hereby ratified and approved by Borrower, and said attorney or designee shall not be liable for any acts of commission or omission nor for any error of judgment or mistake of fact or law, except for gross negligence, willful misconduct or bad faith. This Power of Attorney is coupled with an interest and is irrevocable so long as any of the Obligations remain unpaid or unperformed.

9.03. Cumulative Nature of Remedies. Each right, power and remedy of Agent and/or Lenders shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy. It is mutually agreed that commercial reasonableness and good faith require Agent and/or Lenders to give Borrower no more than ten (10) days prior written notice of the time and place of any public disposition of the Collateral or of the time after which any private disposition or any other intended disposition is to be made.

9.04. Liquidation Costs. The Borrower shall reimburse and pay to the Agent and the Lenders upon demand all costs and expenses (the "**Liquidation Costs**"), including, without limitation, attorneys' fees and expenses, advanced, incurred by, or on behalf of the Agent and/or the Lenders in collecting and enforcing its rights and remedies hereunder. All Liquidation Costs shall bear interest payable by the Borrower to Agent and/or the Lenders incurring such Liquidation Costs upon demand from the date advanced or incurred until paid in full at a per annum rate of interest equal at all times to the rate of interest

charged on the principal of the Note, plus two percent (2%) per annum. All such Liquidation Costs shall be deemed to be included in the Obligations and secured by the security interest granted to the Agent hereunder.

9.05. Expense Payments. If the Borrower shall fail to make any payment or otherwise fail to perform, observe, or comply with any of the conditions, covenants, terms, stipulations, or agreements contained herein, or in any of the documents evidencing the Obligations, the Agent and/or the Lenders, without notice to or demand upon the Borrower and without waiving or releasing any obligation or Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of the Borrower, and may enter upon any premises of the Borrower for that purpose and take all such action thereon as the Agent and/or a majority of the Lenders (based on their respective principal balances of the Loan) may consider necessary or appropriate for such purpose. All sums so paid or advanced by the Agent and/or one or more Lenders (the "**Expense Payments**"), together with interest thereon from the date paid, advanced, or incurred until repaid in full at a per annum rate of interest equal at all times to the rate of interest charged on the Note plus two percent (2%) per annum, shall be paid by the Borrower to the Agent and/or the Lenders incurring such Expense Payments upon demand by such Person. All such Expense Payments shall be deemed to be included in the Obligations and secured by the security interest granted to the Agent hereunder.

10. MISCELLANEOUS.

10.01. Performance for Borrower. Borrower agrees and hereby authorizes that Agent and/or any one or more Lenders (with the consent of a majority of the Lenders (based on their respective outstanding principal balances of the Loan)) may, in Agent's and/or such Lender's discretion, but neither Agent nor any Lender shall be obligated to, advance funds on behalf of Borrower without prior notice to Borrower, in order to ensure Borrower's or 331 Park Ave S. Series' compliance with any covenant, warranty, representation or agreement of Borrower or 331 Park Ave S. Series made in or pursuant to this Agreement or any of the Transaction Documents, to cover overdrafts in any deposit or securities accounts of Borrower or 331 Park Ave S. Series at any bank or other financial institution or to preserve or protect any right or interest of Agent and/or Lenders in, to and/or under any of the Collateral or under or pursuant to this Agreement or any of the Transaction Documents, including without limitation, the payment of any insurance premiums or taxes and the satisfaction or discharge of any judgment or any Lien upon the Collateral or other property or assets of Borrower or 331 Park Ave S. Series; provided, however, that the making of any such advance by Agent and/or one or more Lenders shall not constitute a waiver by Agent or Lenders of any Event of Default with respect to which such advance is made nor relieve Borrower of any such Event of Default. Borrower shall pay to Agent and/or the Lenders making such advance, upon demand therefor, all such advances with interest thereon at the rate of interest charged on the principal of the Note, plus two percent (2%) per annum. All such advances shall be deemed to be included in the Obligations and secured by the security interest granted to the Agent hereunder.

10.02. Expenses. Whether or not any of the transactions contemplated hereby shall be consummated, Borrower agrees to pay to Agent within five (5) Business Days of demand therefor, all expenses of Agent (including the reasonable fees and reasonable expenses of its counsel) in connection with the preparation of this Agreement, the other Transaction Documents and all documents and instruments referred to herein or therein and all expenses of Agent in connection with the filing or recordation of all financing statements and instruments as may be required by Agent at the time of, or subsequent to, the execution of this Agreement, including, without limitation, all documentary stamps, recordation of any document or instrument in connection herewith. Borrower agrees to save harmless and indemnify Agent from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by Agent in

connection with this Agreement. The provisions of this Subsection 10.02 shall survive the execution and delivery of this Agreement and the payment of all other Obligations.

10.03. Applications of Collateral. All Collateral and income, payments and proceeds of Collateral coming into Agent's possession during the continuance of an Event of Default, may be applied by Agent to any of the Obligations, whether matured or unmatured, as Agent shall determine in its discretion. All Collateral and income, payments and proceeds of Collateral coming into one or more Lenders possession during the continuance of an Event of Default, shall be applied by Lenders to the Obligations, whether matured or unmatured, as a majority of the Lenders (based on their respective principal balances of the Loan) shall determine.

10.04. Indemnification by Borrower. The Borrower hereby agrees to indemnify and hold harmless the Agent from and against all liabilities, claims, demands, and expenses, including without limitation, reasonable attorney's fees and expenses, arising out of or in connection with the Collateral or the transactions contemplated hereby or the Transaction Documents, except arising from the Agent's gross negligence, willful misconduct or bad faith. The provisions of this Subsection 10.04 shall survive the execution and delivery of this Agreement and the payment of all other Obligations.

10.05. Receipt Sufficient Discharge to Purchaser. Upon any sale or other disposition of the Collateral or any part thereof, the receipt of the Agent, the Lenders or any other person making the sale or disposition on behalf of the Agent and/or the Lenders shall be a sufficient discharge to the purchaser for the purchase money, and such purchaser shall not be obligated to see to the application thereof.

10.06. Waivers by Borrower. Borrower hereby waives, to the extent the same may be waived under applicable law:

(a) All claims, causes of action and rights of Borrower against Agent on account of actions taken or not taken by Agent in the exercise of Agent's rights or remedies hereunder or under the Transaction Documents, except arising from the Agent's gross negligence, willful misconduct, bad faith, or in violation of any of the provisions hereof, or in the Transaction Documents.

(b) All claims of Borrower for failure of Agent to comply with any requirement of applicable law relating to enforcement of Agent's rights or remedies hereunder or under the Transaction Documents;

(c) In the event Agent seeks to repossess any or all of the Collateral by judicial proceedings, any bond(s) or demand(s) for possession which otherwise may be necessary or required;

(d) Presentment, demand for payment, protest and all exemptions;

(e) Trial by jury in any action or proceeding of any kind or nature in connection with any of Obligations, this Agreement or any of the Transaction Documents;

(f) Settlement, compromise or release of the Obligations of any person primarily or secondarily liable upon any of the Obligations;

(g) Substitution, impairment, exchange or release of any collateral security for any of the Obligations.

Borrower agrees that Agent may exercise any or all of its rights and/or remedies hereunder and under the Transaction Documents without resorting to and without regard to any collateral security or sources of liability with respect to any of the Obligations.

10.07. Waivers by Agent or Lenders. Neither any failure nor any delay on the part of Agent or the Lenders in exercising any right, power or remedy hereunder or under any of the Transaction Documents shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other rights, power or remedy.

10.08. Agent's Records. Every statement of account or reconciliation rendered by Agent to Lenders or Borrower with respect to any of the Obligations unless manifestly incorrect, shall be presumed conclusively to be correct and shall constitute an account stated between Agent and Borrower unless, within thirty (30) days after any such statement or reconciliation shall have been mailed, postage prepaid, to Borrower or a Lender (as the as case may be), Agent shall receive written notice of specific objection thereto.

10.09. Modifications. No modification or waiver of any provision of this Agreement, the Note or any of the Transaction Documents, and no consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand upon Borrower in any case shall entitle Borrower to any other or further notice or demand in the same, similar or other circumstances. Unless a Transaction Document requires the consent of a percentage of the Lenders based on their Commitments or outstanding principal balance of the Loan, only the consent of the Agent shall be required in connection with any modification or waiver; *provided* that no such waiver or modification shall, unless in writing and signed by all of the Lenders affected thereby and Borrower, do any of the following:

(a) increase the amount of or extend the expiration date any Commitment of any Lender,

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees, or other amounts due hereunder or under any other Loan Document,

(c) reduce or forgive the principal of, or reduce the rate of interest (other than the waiver of interest at the "Default Rate" (as defined in the Note) by Agent) on, any loan or other extension of credit hereunder, or reduce or forgive any fees or other amounts payable hereunder or under any other Loan Document,

(d) change the pro rata share that is required to take any action hereunder,

(e) amend, modify or eliminate this Section or any provision of any agreement providing for consent or other action by a majority of Lenders, all Lenders or all affected Lenders, or

(f) amend, modify or eliminate any of the provisions of Section 11.

10.10. Replacement of Holdout Lender.

(a) If any action to be taken by one or more Lenders or the Agent hereunder requires the consent, authorization, or agreement of all Lenders or all Lenders affected thereby and if such action has received the consent, authorization or agreement of a majority of the Lenders (based on their respective outstanding principal balances of the Loan) but not all Lenders or all Lenders affected thereby, then the

Agent, upon at least five (5) Business Days prior notice to the Lender that fails to give its consent, authorization, or agreement (a "Holdout Lender"), may permanently replace the Holdout Lender with one or more substitute Lenders (each, a "Replacement Lender"), and the Holdout Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Holdout Lender shall specify an effective date for such replacement, which date shall not be later than fifteen (15) Business Days after the date such notice is given.

(b) Prior to the effective date of such replacement, the Holdout Lender and each Replacement Lender shall execute and deliver an assignment and acceptance (in form and substance satisfactory to the Agent), subject only to the Holdout Lender being repaid its share of the outstanding Obligations without any premium or penalty of any kind whatsoever, but including accrued interest. If the Holdout Lender shall refuse or fail to execute and deliver any such assignment and acceptance prior to the effective date of such replacement, the Holdout Lender shall be deemed to have executed and delivered such assignment and acceptance. The replacement of any Holdout Lender shall be made in accordance with the terms of Section 10.13. Until such time as the Replacement Lenders shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Holdout Lender hereunder and under the other Loan Documents, the Holdout Lender shall remain obligated to make the Holdout Lender's Advance.

10.11. Notices. Any notice or other communication in connection with this Agreement or the other Transaction Documents, if delivered by registered or certified mail, shall be deemed to have been given upon the earlier of when received by the party to whom directed or the third Business Day following delivery thereof; or, if delivered by overnight guaranteed delivery service, one (1) Business Day after deposited in the mail; or, if delivered by facsimile, after telephonic confirmation of receipt thereof; provided that any such notice or communication shall be addressed to a party hereto at the address provided below its signature hereto (or at such other address as such party shall specify in writing to the other parties hereto from time to time).

10.12. Applicable Law. The performance and construction of this Agreement, the Note and the Transaction Documents shall be governed by the laws of the State of New York without giving effect to its conflict of law principles (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law).

10.13. Survival; Successors and Assigns. All representations and warranties made herein and in the Transaction Documents shall survive the Closing Date and the execution and delivery to Lenders of the Note, and shall continue in full force and effect until all of the Obligations have been paid in full. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party. All covenants, agreements, representations and warranties by or on behalf of Borrower which are contained in this Agreement and the Transaction Documents shall inure to the benefit of the successors and assigns of Agent and Lenders. This Agreement may not be assigned by Borrower without the prior written consent of Agent. No Lender may assign, participate or delegate to any Person any or all of its Commitment and/or the other rights and/or obligations of such Lender hereunder or under the other Transaction Documents without the prior written consent of the Agent. Any permitted assignment by a Lender hereunder shall be pursuant to an assignment and acceptance in form and substance satisfactory to the Agent. The Agent may charge to an assigning Lender an administrative fee (not to exceed \$2,500) in connection with any such assignment by such Lender plus any legal fees and expenses incurred by the Agent in connection with any such assignment by such Lender. Notwithstanding the foregoing or anything contained herein, Agent shall have the right to join any third-party to this Agreement in the capacity as a Lender upon such party's execution of an assignment and acceptance (in form and substance satisfactory to the Agent).

10.14. Use of Terms. The use of any gender or the neuter herein shall also refer to the other gender or the neuter and the use of the plural shall also refer to the singular, and vice versa.

10.15. Severability. If any term, provision or condition, or any part thereof, of this Agreement or any of the Transaction Documents shall for any reason be bound or held invalid or unenforceable by any court or governmental agency of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement, the Note, and the Transaction Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

10.16. Merger and Integration. This Agreement, the Transaction Documents and the attached exhibits, schedules and annexes hereto and thereto, if any, contain the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby, and no other agreement, statement or promise made by any party hereto, or by any employee, officer, agent or attorney of any party hereto, which is not contained herein, shall be valid or binding.

10.17. Counterparts; Electronic Delivery. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute the same instrument. Delivery of an executed counterpart of this Agreement by telefacsimile, email or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile, email or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Transaction Document *mutatis mutandis*.

10.18. Headings. The headings and subheadings contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

10.19. Consent to Jurisdiction; Service of Process. **THE PARTIES HERETO HEREBY AGREE AND CONSENT THAT ANY ACTION OR PROCEEDING ARISING OUT OF OR BROUGHT TO ENFORCE THE PROVISIONS OF THIS AGREEMENT SHALL BE BROUGHT IN ANY APPROPRIATE COURT IN THE STATE OF NEW YORK, OR IN ANY APPEALS COURT THEREFROM HAVING JURISDICTION OVER THE SUBJECT MATTER, AND BY THE EXECUTION OF THIS AGREEMENT, EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE JURISDICTION OF EACH SUCH COURT; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY IS LOCATED OR HAS A CONNECTION. EACH PARTY HERETO TO THE EXTENT PERMITTED UNDER APPLICABLE LAWS, WAIVES ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 1019. EACH LENDER HEREBY IRREVOCABLY APPOINTS PRODIGY NETWORK, LLC AS ITS AGENT TO ACCEPT SERVICE OF PROCESS FOR IT AND ON ITS BEHALF IN ANY SECTION AND TO RECEIVE ANY NOTICES REQUIRED PURSUANT TO OR BY THE TERMS OF THIS AGREEMENT.**

10.20. Waiver of Jury Trial. **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT NOW OR HEREAFTER PERMITTED BY APPLICABLE LAW, THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE TRANSACTION DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED**

THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11. AGENT; THE LENDERS.

11.01. Appointment and Authorization of Agent. Each Lender hereby designates and appoints Prodigy Network, LLC as its representative under this Agreement and the other Transaction Documents and each Lender hereby irrevocably authorizes Agent to execute and deliver each of the other Transaction Documents on its behalf and to take such other action on its behalf under the provisions of this Agreement and each other Transaction Document and to exercise such powers and perform such duties as are expressly delegated to Agent by the terms of this Agreement or any other Transaction Document, together with such powers as are reasonably incidental thereto. Each Lender hereby further authorizes Agent to act as the secured party under each of the Transaction Documents that create a Lien on any item of Collateral.

Agent agrees to act as such on the express conditions contained in this Section 11. The provisions of this Section 11 (other than Section 11.12) are solely for the benefit of Agent and the Lenders, and Borrower and 331 Park Ave S. Series shall have no rights as a third party beneficiary of any of the provisions contained herein. Any provision to the contrary contained elsewhere in this Agreement or in any other Transaction Document notwithstanding, Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Transaction Document or otherwise exist against Agent. Without limiting the generality of the foregoing, it is expressly agreed that the use of the word "Agent" herein or any of the other Transaction Documents is not intended to connote any fiduciary or other implied (or express) obligation arising under the agency doctrine of any applicable law and that such term is being used as a matter of market custom that is intended to create or reflect only a representative relationship among independent contracting parties. Except as expressly otherwise provided in this Agreement, Agent shall have and may use its discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions that Agent expressly is entitled to take or assert under or pursuant to this Agreement and the other Transaction Documents.

Without limiting the generality of the foregoing, or of any other provision of the Transaction Documents that provides rights or powers to Agent, Lenders agree that Agent shall have the right to exercise the following powers as long as this Agreement remains in effect:

(a) maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Collateral, the income, payments and proceeds thereof, and related matters,

(b) execute or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to the Transaction Documents,

(c) make advances, for itself or on behalf of Lenders as provided in the Transaction Documents,

(d) exclusively receive, apply, and distribute the income, payments and proceeds of the Collateral as provided in the Transaction Documents,

(e) open and maintain such deposit accounts, securities accounts and cash management arrangements as Agent deems necessary and appropriate in accordance with the Transaction Documents for the foregoing purposes with respect to the Collateral and the income, payments and proceeds thereof,

(f) perform, exercise, and enforce any and all other rights and remedies of the Lenders with respect to Borrower, the Obligations, the Collateral, the income, payments and proceeds of the Collateral, or otherwise related to any of same as provided in the Transaction Documents, and

(g) incur and pay such Liquidation Costs or Expense Payments as Agent may deem necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to the Transaction Documents.

11.02. Delegation of Duties. Agent may execute any of its duties under this Agreement or any other Transaction Document by or through agents, employees or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney in fact that it selects as long as such selection was made without gross negligence or willful misconduct.

11.03. Liability of Agent. None of Agent, its affiliates (excluding Borrower or Master Fund) or their respective officers, directors, employees, attorneys, and/or agents (the "Agent-Related Persons") shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby (except as a result of such Person's own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by Borrower or Master Fund, or any officer or director thereof, contained in this Agreement or in any other Transaction Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Transaction Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Transaction Document, or for any failure of Borrower, Master Fund or any other party to any Transaction Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the books, records or properties of Borrower or the books, records or properties of Master Fund.

11.04. Reliance by Agent. Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, telefacsimile or other electronic method of transmission, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to Borrower or counsel to any Lender), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless Agent shall first receive such advice or concurrence of the Lenders as it deems appropriate and until such instructions are received, Agent shall act, or refrain from acting, as it deems advisable. If Agent so requests, it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other

Transaction Document in accordance with a request or consent of a majority of the Lenders (based on their respective principal balances of the Loan) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

11.05. Notice of Default or Event of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or event that with notice and/or the lapse of time would constitute an Event of Default, except with respect to defaults in the payment of principal, interest, fees, and expenses required to be paid to Agent for the account of the Lenders and, except with respect to Events of Default of which Agent has actual knowledge, unless Agent shall have received written notice from a Lender or Borrower referring to this Agreement, describing such Event of Default or event that with notice and/or the lapse of time would constitute an Event of Default, and stating that such notice is a "notice of default." Agent promptly will notify the Lenders of its receipt of any such notice or of any Event of Default of which Agent has actual knowledge. If any Lender obtains actual knowledge of any Event of Default, such Lender promptly shall notify the other Lenders and Agent of such Event of Default. Each Lender shall be solely responsible for giving any notices to its Participants, if any. Subject to Section 11.4, Agent shall take such action with respect to such Event of Default as may be requested by a majority of the Lenders (based on their respective principal balances of the Loan); provided that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default as it shall deem advisable.

11.06. Credit Decision. Each Lender acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by any Agent-Related Person hereinafter taken, including any review of the affairs of Borrower or Master Fund, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender. Each Lender represents to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower, Master Fund and any other Person party to a Transaction Document, and all applicable laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrower. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Transaction Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower, the 331 Park Ave S. Series and any other Person party to a Transaction Document. Except for notices, reports, and other documents expressly herein required to be furnished to the Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of Borrower, Master Fund and/or any other Person party to a Transaction Document that may come into the possession of any of the Agent-Related Persons.

11.07. Costs and Expenses; Indemnification. Agent may incur and pay Lenders Liquidation Costs and/or Expenses Payments to the extent Agent reasonably deems necessary or appropriate for the performance and fulfillment of its functions, powers, and obligations pursuant to the Transaction Documents, including court costs, attorneys' fees and expenses, fees and expenses of financial accountants, advisors, consultants, and appraisers, costs of collection by outside collection agencies, auctioneer fees and expenses, and costs of security guards or insurance premiums paid to maintain the Collateral, whether or not Borrower or any of its affiliates is obligated to reimburse Agent or Lenders for such expenses pursuant to this Agreement or otherwise. Agent is authorized and directed to deduct and retain sufficient amounts from the income, payments and/or proceeds of the Collateral received by Agent

to reimburse Agent for such out-of-pocket costs and expenses prior to the distribution of any amounts to Lenders. In the event Agent is not reimbursed for such costs and expenses from the income, payments and/or proceeds of the Collateral received by Agent, each Lender hereby agrees that it is and shall be obligated to pay to or reimburse Agent for the amount of such Lender's pro rata share thereof (based on their respective principal balances of the Loan). Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify and defend the Agent-Related Persons (to the extent not reimbursed by or on behalf of Borrower and without limiting the obligation of Borrower to do so), according to their pro rata shares (based on their respective principal balances of the Loan), from and against any and all indemnified liabilities payable to Agent hereunder or under the other Transaction Documents; provided that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such indemnified liabilities resulting solely from such Person's gross negligence or willful misconduct nor shall any Lender be liable for the obligations of any Defaulting Lender in failing to make an Advance hereunder. Without limitation of the foregoing, each Lender shall reimburse Agent upon demand for such Lender's pro rata shares (based on their respective principal balances of the Loan) of any costs or out of pocket expenses (including attorneys, accountants, advisors, and consultants reasonable fees and expenses) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment, or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Transaction Document to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrower. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of Agent.

11.08. Agent in Individual Capacity. Prodigy Network, LLC and its affiliates may make loans to, acquire equity interests in, and generally engage in any kind of business with Borrower and its Affiliates and any other Person party to any Transaction Documents as though Prodigy Network, LLC were not Agent hereunder, and, in each case, without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Prodigy Network, LLC or its affiliates may receive information regarding Borrower or its affiliates and any other Person party to any Transaction Documents that is subject to confidentiality obligations in favor of Borrower or such other Person and that prohibit the disclosure of such information to the Lenders, and the Lenders acknowledge that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver Agent will use its reasonable best efforts to obtain), Agent shall not be under any obligation to provide such information to them.

11.09. Successor Agent. Agent may resign as Agent upon 30 days prior written notice to the Lenders (unless such notice is waived by a majority of the Lenders based on their respective principal balance of the Loan). If Agent resigns under this Agreement, the Lenders shall be entitled, in consultation with Borrower (absent an Event of Default), to appoint a successor Agent for the Lenders (the appointment of any successor Agent shall be at the direction of a majority of the Lenders based on their respective outstanding principal balances of the Loan). If no successor Agent is appointed prior to the effective date of the resignation of Agent, the Agent may appoint on behalf of the Lenders a successor Agent, provided that any such successor Agent may be subsequently removed by the Lenders upon appointment of another successor Agent approved by them, in consultation with Borrower (absent an Event of Default), in accordance with this Agreement. If Agent has materially breached or failed to perform any material provision of this Agreement or of applicable laws, the Lenders, in consultation with Borrower (absent an Event of Default), may agree in writing to remove and replace Agent with a successor Agent (the appointment of any successor Agent shall be at the direction of a majority of the Lenders based on their respective outstanding principal balances of the Loan). In the event of any such resignation or removal, upon the acceptance of its appointment as successor Agent hereunder, such successor Agent shall succeed to all the rights, powers, and duties of the retiring or removed Agent and the term "Agent" shall mean such successor Agent and the retiring or removed Agent's appointment, powers, and duties as Agent shall be terminated and discharged. After any retiring or removed Agent's resignation or removal hereunder

as Agent, the provisions of this Section 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor Agent has accepted appointment as Agent, or been approved by the Lenders and Borrower as applicable, by the date which is 45 days following a retiring Agent's notice of resignation, then the retiring Agent's resignation may nevertheless become effective and the retiring Agent shall be discharged from all duties and obligations as Agent under all Transaction Documents, and the Lenders shall perform all of the duties of Agent hereunder until such time, if any, as the Lenders appoint a successor Agent as provided above. Agent or Lenders, as applicable, shall notify Borrower if and when any change of Agent becomes effective.

11.10. Lender Register and Participant Register. The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a register for the recordation of the names and addresses of the Lenders, and the Maximum Loan Commitment of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

Each Lender that sells a participating interest in all or part of its rights and obligations hereunder shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Transaction Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any Maximum Loan Commitments, Loans, or other obligations under any Transaction Document) to any Person except to the extent that such disclosure is necessary to establish that such Maximum Loan Commitments, Loans or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

11.11. Lender in Individual Capacity. Any of a Lender and their respective affiliates may make loans to, acquire equity interests in and generally engage in any kind of business with Agent, Borrower and their respective affiliates and any other Person party to any Transaction Documents as though such Lender were not a Lender hereunder without notice to or consent of the other Lenders. The other Lenders acknowledge that, pursuant to such activities, such Lender and its respective affiliates may receive information regarding Agent, Borrower or their respective affiliates and any other Person party to any Transaction Documents that is subject to confidentiality obligations in favor of Agent, Borrower or such other Person and that prohibit the disclosure of such information to the Lenders, and the Lenders acknowledge that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver such Lender will use its reasonable best efforts to obtain), such Lender shall not be under any obligation to provide such information to them.

11.12. Withholding Taxes.

(a) "Taxes" shall mean, any taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding any tax, levy, impost, duty, fee, assessment or other charge of similar nature now or hereafter imposed (i) by any jurisdiction or by any

political subdivision or taxing authority thereof or therein measured by or based on the net income or net profits of any Lender or (ii) as a result of a Lender having its residence, place of organization, principal place of business or branch or lending office participating in the transactions set forth herein in such jurisdiction or political subdivision or taxing authority thereof or therein if such Lender could otherwise reasonably move the site of its participation and thereby avoid such tax, levy, impost, duty, fee, assessment or other charge of similar nature) and all interest, penalties or similar liabilities with respect thereto.

(b) If a Lender claims an exemption from United States withholding tax, Lender agrees with and in favor of Agent and Borrower, to deliver to Agent and Borrower one of the following:

(i) if such Lender is eligible (within such Lender's sole judgment) to claim an exemption from United States withholding tax pursuant to its portfolio interest exception, (A) a statement of the Lender, signed under penalty of perjury, that it is not a (I) a "bank" as described in Section 881(c)(3)(A) of the IRC, (II) a 10% shareholder of Borrower (within the meaning of Section 871(h)(3)(B) of the IRC), or (III) a controlled foreign corporation related to Borrower within the meaning of Section 864(d)(4) of the IRC, and (B) a properly completed and executed IRS Form W-8BEN, before receiving its first payment under this Agreement and at any other time reasonably requested by Agent or Borrower;

(ii) if such Lender is eligible (within such Lender's sole judgment) to claim an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed and executed IRS Form W-8BEN before receiving its first payment under this Agreement and at any other time reasonably requested by Agent or Borrower;

(iii) if such Lender is eligible (within such Lender's sole judgment) to claim that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Lender, two properly completed and executed copies of IRS Form W-8ECI before receiving its first payment under this Agreement and at any other time reasonably requested by Agent or Borrower; or;

(iv) such other form or forms, including IRS Form W-9, as may be required under the IRC or other laws of the United States as a condition to exemption from, or reduction of, United States withholding or backup withholding tax before receiving its first payment under this Agreement and at any other time reasonably requested by Agent or Borrower.

Lender agrees promptly to notify Agent and Borrower of any change in circumstances which would modify or render invalid any claimed exemption or reduction. Each Lender further acknowledges and agrees that certain payments made under this Agreement after June 30, 2014 as to extensions of credit made after July 1, 2014 (or made prior to such date but materially modified after such date) to any Lender that does not comply with the information collection and reporting obligations imposed by the United States with respect to "foreign financial institutions" and "non-financial foreign entities" under Section 1471 and 1472 of the Code ("FATCA") or the terms of an applicable intergovernmental agreement entered into by the United States and a foreign jurisdiction relating to FATCA (collectively, "FATCA IGAs"), or fails to provide adequate certification regarding such compliance, may become subject to withholding taxes imposed under FATCA. Each Lender shall cooperate with Agent and Borrower in establishing that it is in compliance with such requirements and agrees to provide all certifications required by the Internal Revenue Service or pursuant to the laws, rules and regulations implementing an applicable FATCA IGA or as otherwise determined by Agent, in its reasonable discretion, to be necessary to establish compliance under such

provisions (including, without limitation, provision of appropriate W-8BEN-E or E-8IMY forms reflecting such Lender's status under FATCA and any applicable FATCA IGA). Notwithstanding such obligations, nothing in this Sections 11.12 shall be interpreted to require any Lender to violate any law or regulation applicable to such Lender in any jurisdiction in which such Lender is formed, managed and controlled or doing business.

(c) If a Lender is eligible (within such Lender's sole judgment) to claim an exemption from withholding tax in a jurisdiction other than the United States, Lender agrees with and in favor of Agent and Borrower, to deliver to Agent any such form or forms, as may be required under the laws of such jurisdiction as a condition to exemption from, or reduction of, foreign withholding or backup withholding tax before receiving its first payment under this Agreement and at any other time reasonably requested by Agent or Borrower. Lender agrees promptly to notify Agent and Borrower of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(d) If any Lender claims exemption from, or reduction of, withholding tax and such Lender sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of Borrower to such Lender, such Lender agrees to notify Agent and Borrower of the percentage amount in which it is no longer the beneficial owner of Obligations of Borrower to such Lender. To the extent of such percentage amount, Agent and Borrower will treat such Lender's documentation provided pursuant to Sections 11.12(b) or 11.12(c) as no longer valid. With respect to such percentage amount, Lender may provide new documentation, pursuant to Sections 11.12 (b) or 11.12(c), if applicable.

(e) If any Lender is entitled to a reduction in the applicable withholding tax, Agent may withhold from any interest payment to such Lender an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subsection (b) or (c) of this Section 11.12 are not delivered to Agent, then Agent may withhold from any interest payment to such Lender not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(f) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that Agent did not properly withhold tax from amounts paid to or for the account of any Lender due to a failure on the part of the Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Lender shall indemnify and hold Agent harmless for all amounts paid, directly or indirectly, by Agent, as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to Agent under this Section 11.12, together with all costs and expenses (including attorneys fees and expenses). The obligation of the Lenders under this subsection shall survive the payment of all Obligations and the resignation or replacement of Agent.

(g) Each Lender shall, at the request of Agent or Borrower, use commercially reasonable efforts to comply timely with any certification, identification information, documentation or other reporting requirements if such compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or reduction in the rate of, deduction or withholding of any Taxes for which Borrower is required to pay additional amounts to or for the account of such Lender pursuant to this Section 11.12; *provided* that complying with such requirements would not be materially more onerous (in form, in procedure or in substance of information disclosed) to such Lender than complying with the comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice.

(h) If Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 11.12 as a result of a change of law occurring after the date hereof, then such Lender agrees to designate a different lending office if such designation will eliminate or reduce such additional payment which may thereafter accrue and would not, in the good faith judgment of the Lender, otherwise be materially disadvantageous to such Lender.

(i) If any increased payment by Borrower is made to or for the account of any Lender pursuant to this Section 11.12 on account of Taxes then, if any Lender determines in its sole discretion that it has received or been granted a refund of, credit against or other remission of such Taxes, so long as no Default or Event of Default shall have occurred and be continuing, such Lender shall reimburse to Borrower such amounts as such Lender shall determine to be attributable to the relevant Taxes. Notwithstanding anything in this Agreement to the contrary, nothing in this Section 11.12 shall be construed to require Agent or any Lender to make available its tax returns (or other information its deems confidential) to Borrower or any other Person.

(j) If at the time any Additional Lender becomes a party to this Agreement or any other Lender is assigned an interest hereunder by another Person or designates a new lending office, notwithstanding anything in this Section 11.12, Borrower will not be required to make payments under this Section 11.12 with respect to taxes that are imposed on amounts payable to the Lender at such time except to the extent that (i) such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from Borrower with respect to such withholding tax pursuant to this Section 11.12 (unless such assignment or designation was made at the request of Borrower in order to alleviate such additional amounts) or (ii) such Tax is an additional United States withholding tax that is imposed after the time such Lender becomes a party to this Agreement (or designates a new lending office) as a result of a change in law, rule, regulation, order or other decisions with respect to any of the foregoing by any Governmental Authority.

(k) Each Lender hereby authorizes Agent and Borrower to withhold any and all amounts due under Section 1471 or 1472 of the Code as in effect on the later of date of this Agreement or the date any Lender becomes a party to this Agreement from amounts payable to such Lender under this Agreement after December 31, 2012. Notwithstanding any other provision in this Agreement, Borrower shall not be required to make payments hereunder free and clear of withholding or deduction of those taxes imposed by Section 1471 and 1472 of the Code as in effect on the later of date of this Agreement or the date any Lender becomes a party to this Agreement, or to provide a gross-up or indemnity to any Lender for such withholdings or deductions, if such Lender fails to establish an exemption from withholding under such provisions.

11.13. Collateral Matters.

(a) The Lenders hereby irrevocably authorize Agent at its option and in its discretion, to release any Lien on any Collateral (i) upon the termination of the Commitments and payment and satisfaction in full by Borrower of all Obligations or (ii) constituting property being sold or disposed of if a release is required or desirable in connection therewith and if Borrower certifies to Agent that the sale or disposition is permitted under the Transaction Documents (and Agent may rely conclusively on any such certificate, without further inquiry). The Borrower and the Lenders hereby irrevocably authorize Agent, based upon the instruction of a majority of the Lenders (based on their respective principal balances of the Loan), to credit bid and purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted by Agent under the provisions of the Code, including pursuant to Sections 9-610 or 9-620 of the Code, at any sale thereof conducted under the provisions of the Bankruptcy Code, including Section 363 of the Bankruptcy Code, or at any sale or foreclosure conducted

by Agent (whether by judicial action or otherwise) in accordance with applicable law. Except as provided above, Agent will not execute and deliver a release of any Lien on any Collateral without the prior written authorization of a majority of Lenders (based on their respective principal balances of the Loan). Upon request by Agent or Borrower at any time, the Lenders will confirm in writing Agent's authority to release any such Liens on particular types or items of Collateral pursuant to this Section 11.13; provided that (1) Agent shall not be required to execute any document the terms of which, in Agent's discretion, would expose Agent to liability or create any obligation of Agent or entail any consequence to Agent other than the release of such Lien without recourse, representation, or warranty, and (2) such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of Borrower in respect of) all interests retained by Borrower, including, the proceeds of any sale, all of which shall continue to constitute part of the Collateral.

(b) Agent shall have no obligation whatsoever to any of the Lenders to assure that the Collateral exists or is owned by Borrower or is cared for, protected, or insured or has been encumbered, or that the Agent's Liens have been properly or sufficiently or lawfully created, perfected (except that Agent shall have the responsibility of ensuring that the appropriate Uniform Commercial Code financing statements are filed and continued), protected, or enforced or are entitled to any particular priority, or that any particular items of Collateral meet the eligibility criteria applicable in respect thereof or whether to impose, maintain, reduce, or eliminate any particular reserve hereunder or whether the amount of any such reserve is appropriate or not, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent pursuant to any of the Transaction Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, subject to the terms and conditions contained herein, Agent may act in any manner it may deem appropriate, in its sole discretion given Agent's own interest in the Collateral in its capacity as one of the Lenders and that Agent shall have no other duty or liability whatsoever to any Lender as to any of the foregoing, except as otherwise provided herein.

11.14. Restrictions on Actions by Lenders; Sharing of Payments.

(a) Each of the Lenders agrees that it shall not, without the express written consent of Agent, and that it shall, to the extent it is lawfully entitled to do so, upon the written request of Agent, set off against the Obligations, any amounts owing by such Lender to Borrower. Each of the Lenders further agrees that it shall not, unless specifically requested to do so in writing by Agent, take or cause to be taken any action, including, the commencement of any legal or equitable proceedings, to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) If, at any time or times any Lender shall receive (i) by payment, foreclosure, setoff, or otherwise, any proceeds of Collateral or any payments with respect to the Obligations, except for any such proceeds or payments received by such Lender from Agent pursuant to the terms of this Agreement, or (ii) payments from Agent in excess of such Lender's ratable portion of all such distributions by Agent, such Lender promptly shall (1) turn the same over to Agent, in kind, and with such endorsements as may be required to negotiate the same to Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (2) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their principal balances of the Loan; provided that to the extent that such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

11.15. Agency for Perfection. Agent hereby appoints each other Lender as its agent (and each Lender hereby accepts such appointment) for the purpose of perfecting the Agent's Liens in properties which, in accordance with Article 8 or Article 9, as applicable, of the Uniform Commercial Code can be perfected only by possession or control. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor shall deliver possession or control of such Collateral to Agent or in accordance with Agent's instructions.

11.16. Payments by Agent to the Lenders. All payments to be made by Agent to the Lenders shall be made by bank wire transfer of immediately available funds pursuant to such wire transfer instructions as each party may designate for itself by written notice to Agent. Concurrently with each such payment, Agent shall identify whether such payment (or any portion thereof) represents principal, premium, fees, or interest of the Obligations.

11.17. Concerning the Collateral and Related Transaction Documents. Each Lender authorizes and directs Agent to enter into this Agreement and the other Transaction Documents in its capacity as Agent. Each Lender agrees that any action taken by Agent in accordance with the terms of this Agreement or the other Transaction Documents relating to the Collateral and the exercise by Agent of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders.

11.18. Field Audits and Examination Reports; Confidentiality; Disclaimers by Lenders; Other Reports and Information. By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that Agent furnish such Lender, promptly after it becomes available, a copy of each financial-related, field audit or examination report (each a "Report") prepared by Agent, and Agent shall so furnish each Lender with such Reports,

(b) expressly agrees and acknowledges that Agent does not (i) make any representation or warranty as to the accuracy of any Report, and (ii) shall not be liable for any information contained in any Report,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Agent or other party performing any audit or examination will inspect only specific information regarding Borrower and will rely significantly upon the Books, as well as on representations of Borrower's personnel,

(d) agrees to keep in a confidential manner in accordance with Section 11.18 (i) all Reports and other material, non-public information regarding Borrower and their operations, assets, and existing and contemplated business plans, and (ii) any information provided to Borrower or Master Fund pursuant to a confidentiality agreement the terms of which have been disclosed to Lenders, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to Borrower, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of Borrower, and (ii) to pay and protect, and indemnify, defend and hold Agent, and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including,

attorneys' fees and costs) incurred by Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

In addition to the foregoing: (x) any Lender may from time to time request of Agent in writing that Agent provide to such Lender a copy of any report or document provided by Borrower or 331 Park Ave S. Series to Agent that has not been contemporaneously provided by Borrower to such Lender, and, upon receipt of such request, Agent promptly shall provide a copy of same to such Lender, (y) to the extent that Agent is entitled, under any provision of the Transaction Documents, to request additional reports or information from Borrower or Fund, any Lender may, from time to time, reasonably request Agent to exercise such right as specified in such Lender's notice to Agent, whereupon Agent promptly shall request of Borrower the additional reports or information reasonably specified by such Lender, and, upon receipt thereof from Borrower, Agent promptly shall provide a copy of same to such Lender, and (z) any time that Agent renders to Borrower a statement regarding the Loan, Agent shall send a copy of such statement to each Lender.

11.19. Several Obligations; No Liability. Nothing contained herein shall confer upon any Lender any interest in, or subject any Lender to any liability for, or in respect of, the business, assets, profits, losses, or liabilities of any other Lender. Except as provided in Section 11.7, no Lender shall have any liability for the acts of any other Lender. No Lender shall be responsible to Borrower, 331 Park Ave S. Series or any other Person for any failure by any other Lender to fulfill its obligations to make Advances available hereunder, nor to advance for such Lender or on its behalf in connection with its Commitment, nor to take any other action on behalf of such Lender hereunder or in connection with the financing contemplated herein.

11.20. Legal Representation of Agent. In connection with the negotiation, drafting, and execution of this Agreement and the other Transaction Documents, or in connection with future legal representation relating to loan administration, amendments, modifications, waivers, or enforcement of remedies, Winston & Strawn LLP ("WS") only has represented and only shall represent Prodigy Network, LLC in its capacity as Agent and such other roles as it may have under the other Transaction Documents, the Master Fund and its subsidiaries. Each Lender hereby acknowledges that WS neither represents it or its shareholders in connection with any such matters.

11.21. Additional Lenders. The parties hereto hereby agree that new Lenders may become party hereto from time to time by entering into a Counterpart Agreement (the "Additional Lender") with the Borrower and the Agent. Upon the execution and delivery of the applicable Counterpart Agreement by the Borrower, the Agent and an Additional Lender, (a) such Additional Lender agrees to be bound by all of the same obligations and rights as a "Lender" under this Agreement and the other Transaction Documents, to the same extent that it would have been bound if it had been a signatory to this Agreement, (b) such Additional Lender shall become a party to this Agreement as a "Lender" with the same force and effect as if originally named herein as a Lender and, without limiting the generality of the foregoing, hereby agrees to be bound by all obligations and liabilities of the Lenders hereunder, (c) each reference to a "Lender" in this Agreement and in any other Transaction Document shall be deemed to include such Additional Lender and (d) such Additional Lender shall be liable under this Agreement for all obligations incurred hereunder by such Additional Lender.

IN WITNESS WHEREOF, the parties hereto have executed or caused to be executed this Agreement as of the date first above written by their duly authorized representatives.

BORROWER:

331 PARK AVE S. NEWCO, INC.

By: 

Name: Rodrigo Nino
Title: Authorized Signatory

Contact Information for Notices:

c/o Prodigy Network, LLC, as Investment Manager
40 Wall Street, 17th Floor
New York, NY 10005
Attention: Brian Newman
Fax: (212) 966-1087
Email: bnewman@prodigynetwork.com

AGENT:

PRODIGY NETWORK, LLC

By: 

Name: Rodrigo Nino
Title: Authorized Signatory

Contact Information for Notices:

40 Wall Street, 17th Floor
New York, NY 10005
Attention: Brian Newman
Fax: (212) 966-1087
Email: bnewman@prodigynetwork.com

LENDER:

PRODIGY SHOREWOOD NEW YORK REP FUND, LP

Acting by Prodigy Shorewood New York REP Fund (GP)
Company, its general manager

By:

Name: Rodrigo Nino
Title: Authorized Signatory

Contact Information for Notices:

c/o Appleby (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 190
Grand Cayman KY1-1104
Cayman Islands
Attn: George Bashforth/Richard Gordon
Email: rgordon@applebyglobal.com
gbashforth@applebyglobal.com
Tel: +1 345 814 2090/+1 345 814 2004

SCHEDULE I

Commitment

Date	Lender	Total Commitment	Total Advances
July 15, 2016	Prodigy Shorewood New York REP Fund, LP	\$1,509,000	\$1,509,000

SCHEDULE II

Application of Principal and Interest Proceeds

Principal and interest payments received in the Agent's Account shall be distributed to the Lenders within five (5) Business Days of receipt and apportioned among the Lenders as follows:

(1) With respect to funds deposited in the Agent's Account and received by the Borrower in connection with its ownership of the Class A-1 preferred membership interests of the 331 Park Ave S. Series, 100% to Lenders that are holders of Class B-1 Common Stock of the Borrower pro rata in accordance with their relative Class B-1 Payment Allocation Amounts (as defined below) as of the Semiannual Determination Date (as defined below) immediately preceding such distribution date;

(2) With respect to funds deposited in the Agent's Account and received by the Borrower in connection with its ownership of the Class A-2 preferred membership interests of the 331 Park Ave S. Series, 100% to Lenders that are holders of Class B-2 Common Stock of the Borrower pro rata in accordance with their relative Class B-2 Payment Allocation Amounts as of the Semiannual Determination Date immediately preceding such distribution date;

(3) With respect to funds deposited in the Agent's Account and received by the Borrower in connection with its ownership of the Class B preferred membership interests of the 331 Park Ave S. Series, 100% to Lenders that are holders of Class B-3 Common Stock of the Borrower pro rata in accordance with their relative Class B-3 Payment Allocation Amounts as of the Semiannual Determination Date immediately preceding such distribution date; and

(4) With respect to funds deposited in the Agent's Account and received by the Borrower in connection with its ownership of the common membership interests of 331 Park Ave S. Series, (a) until the Loan is fully paid and discharged, 100% to the Lenders that are holders of Class B-4 Common Stock of the Borrower pro rata in accordance with their relative ownership of Class B-4 Common Stocks as of the Semiannual Determination Date immediately preceding such distribution date and (b) after the Loan is fully paid and discharged, (x) 1% to Lenders that are holders of Class A Common Stocks of the Borrower pro rata in accordance with their relative ownership of Class A Common Stocks as of the Semiannual Determination Date immediately preceding such distribution date and (y) 99% to Lenders that are holders of Class B-4 Common Stocks of the Borrower pro rata in accordance with their relative ownership of Class B-4 Common Stocks as of the Semiannual Determination Date immediately preceding such distribution date.

"Class B-1 Payment Allocation Amount" means, with respect to a Lender who is an Class B-1 Common Stockholder, an amount equal to the sum of (a) the difference of (x) all Advances made by such Lender in connection with its investment in the Class B-1 Common Stock (as reflected in the books and records of the Borrower) *minus* (y) all principal repayments previously received by such Lender in accordance with clause (1) of this Schedule II *plus* (b) all accrued and unpaid interest on Advances made by such Lender in connection with its investment in the Class B-1 Common Stock (as reflected in the books and records of the Borrower).

"Class B-2 Payment Allocation Amount" means, with respect to a Lender who is a Class B-2 Common Stockholder, an amount equal to the sum of (a) the difference of (x) all Advances made by such Lender in connection with its investment in the Class B-2 Common Stock (as reflected in the books and records of the Borrower) *minus* (y) all principal repayments previously received by such Lender in accordance with clause (2) of this Schedule II *plus* (b) all accrued and unpaid interest on Advances made by such Lender in connection with its investment in the Class B-2 Common Stock (as reflected in the books and records of the Borrower).

“Class B-3 Payment Allocation Amount” means, with respect to a Lender who is a Class B-3 Common Stockholder, an amount equal to the sum of (a) the difference of (x) all Advances made by such Lender in connection with its investment in the Class B-3 Common Stock (as reflected in the books and records of the Borrower) *minus* (y) all principal repayments previously received by such Lender in accordance with clause (3) of this Schedule II *plus* (b) all accrued and unpaid interest on Advances made by such Lender in connection with its investment in the Class B-3 Common Stock (as reflected in the books and records of the Borrower).

“Semiannual Determination Date” means June 30 and December 31 of each year; provided, if such day is not a Business Day, the immediately preceding Business Day.

EXHIBIT A

COUNTERPART AGREEMENT

[_____], 20[]

This **COUNTERPART AGREEMENT**, dated [_____], 20[] (this "**Counterpart Agreement**") is delivered pursuant to that certain Loan and Security Agreement, dated as of July 15, 2016 (as it may be amended, restated, amended and restated, extended, supplemented or otherwise modified from time to time, the "**Loan and Security Agreement**"; the terms defined therein and not otherwise defined herein being used herein as therein defined), by and among 331 Park Ave S. NewCo, Inc., a Delaware corporation (the "**Borrower**"), Prodigy Network, LLC, a Delaware limited liability company, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "**Agent**") and the lenders party thereto from time to time.

Section 1. Pursuant to Section 11.21 of the Loan and Security Agreement, the undersigned hereby:

(a) agrees that this Counterpart Agreement may be attached to the Loan and Security Agreement and that by the execution and delivery hereof, the undersigned becomes a Lender under the Loan and Security Agreement and agrees to be bound by all of the terms thereof;

(b) agrees that its Commitment as a Lender shall be \$[_____];

(c) represents and warrants that each of the representations and warranties set forth in the Loan and Security Agreement and each other Transaction Document and applicable to the undersigned is true and correct in all material respects (except for any such representation and warranty that is conditioned by materiality, in which case such representation and warranty is true and correct in all respects) as of the date hereof both before and after giving effect to this Counterpart Agreement, except to the extent such representation and warranty specifically relate to an earlier date, in which case such representation and warranty is true and correct in all material respects (except for any such representation and warranty that is conditioned by materiality, in which case such representation and warranty is true and correct in all respects) on and as of such earlier date; and

(d) (i) agrees that this Counterpart Agreement may be attached to the applicable Transaction Documents and (ii) agrees that the undersigned will comply with all the terms and conditions of the applicable Transaction Documents as if it were an original signatory thereto.

Section 2. The undersigned agrees from time to time, upon request of Agent, to take such additional actions and to execute and deliver such additional documents and instruments as Agent may request to effect the transactions contemplated by, and to carry out the intent of, this Counterpart Agreement. Neither this Counterpart Agreement nor any term hereof may be changed, waived, discharged or terminated, except by an instrument in writing signed by the party (including, if applicable, any party required to evidence its consent to or acceptance of this Counterpart Agreement) against whom enforcement of such change, waiver, discharge or termination is sought. Any notice or other communication herein required or permitted to be given shall be given in pursuant to Section 10.11 of the Loan and Security Agreement. In case any provision in or obligation under this Counterpart Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 3. THIS COUNTERPART AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 4. This Counterpart Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Counterpart Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Counterpart Agreement.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has caused this Counterpart Agreement to be duly executed and delivered by its duly authorized officer as of the date above first written.

[_____], as a Lender

By: _____
Name:
Title:

Address for Notices:

Attention:
Telecopier

ACKNOWLEDGED AND ACCEPTED,
as of the date above first written:

AGENT:

PRODIGY NETWORK, LLC

By: _____
Name:
Title:

BORROWER:

331 PARK AVE S. NEWCO, INC.

By: _____
Name:
Title:

REGISTERED OFFICE OF THE ISSUER

IA Capital Structures (Ireland) Plc
76 Lower Baggot Street,
Dublin 2, Ireland

ARRANGER AND CALCULATION AGENT

FlexFunds LTD
94 Solaris Avenue
Camana Bay
PO Box 1348
Grand Cayman KY1-1108
Cayman Islands

**ISSUE AGENT AND
PRINCIPAL PAYING AGENT**

Citibank N.A., London Branch
Citi Centre, Canada Square Canary Wharf,
London E14 5LB,
United Kingdom

TRUSTEE

Sanne Fiduciary Services Limited
13 Castle Street, St Helier,
Jersey JE4 5UT

AUDITORS OF THE ISSUER

PricewaterhouseCoopers
One Spencer Dock,
North Wall Quay,
Dublin 1, Ireland

PLACING AGENT AND SALE AGENT

GWM Group, Inc.
177 Broad Street, 7th Floor, Suite 708
Stamford, CT 06901
USA

GWM LTD
Cumberland House, 7th Floor
1 Victoria Street
Hamilton HM 11
Bermuda

LEGAL ADVISERS

To the Trustee as to Irish Law:

A&L Goodbody
IFSC
North Wall Quay
Dublin 1
Ireland

To the Issuer as to Irish Law:

Mason Hayes & Curran
South Bank House,
Barrow Street
Dublin 4
Ireland