Investor CONNECT

FORUM ESSENTIAL COMMUNITIES

INVESTMENT OPPORTUNITY

OFFERING MEMORANDUM

FOR THE ACQUISITION OF:

Knol Apartments | Kent, WA

JULY 2020

Disclaimers, Disclosures and Risk Factors

This document ("Memorandum") describes the offering of non-managing membership interests in FREG Viera Associates, LLC; FREG Viera Westchase, LLP; and, FREG Knol Holdings, LLC ("the Company").

INVESTMENT IN SMALL BUSINESSES INVOLVES A HIGH DEGREE OF RISK, AND INVESTORS SHOULD NOT INVEST ANY FUNDS IN THE OFFERING UNLESS THEY CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THESE AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE U.S. SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR SELLING LITERATURE. THESE SECURITIES ARE OFFERED UNDER AN EXEMPTION OF REGISTRATION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION. AN INVESTMENT IN THE COMPANY INVOLVES NUMEROUS RISKS. INVESTORS SHOULD CAREFULLY CONSIDER THE RISK FACTORS. THE NON-MANAGING MEMBERSHIP INTEREST SHOULD BE PURCHASED ONLY BY INDIVIDUALS FAMILIAR WITH THE CONTENTION OF THIS MEMORANDUM AND WHO ARE ABLE TO BEAR THE RISKS ASSOCIATED WITH THE COMPANY'S PROPOSED BUSINESS.

Disclosures made in this Memorandum are intended to supersede all prior written or oral communication and understanding regarding the Offering and may be used as a defense in legal proceedings related to the Company. In the event of any conflict between provisions of the operating agreement for the Company (the "Operating Agreement") and other information contained herein, the provisions of the Operating Agreement shall govern and control. Prospective investors are advised to read all documentation in this Memorandum carefully and to review it with their legal and tax advisors.

FORWARD-LOOKING STATEMENTS

This Memorandum contains certain forward-looking statements that are based on current expectations (but which are not based on any prior operating history).

In light of the numerous factors that can materially affect results, including those set forth in this Memorandum, the inclusion of any such forward looking information herein should not be regarded as a representation by the Company, its manager or any other person that the Company's objectives will be achieved.

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INTRODUCTION

Why Now?

MULTIFAMILY CONTINUES TO OUTPERFORM, EVEN IN A RECESSION

The universal need for housing and a “roof over your head” makes multifamily highly resilient, even in the face of a recession. According to NCREIF, multifamily has had the highest average quarterly returns of any real estate asset type (in a study from 1978 to 2016), demonstrating that multifamily performs the best in any type of economic environment. Workforce housing, like Knol, is even better positioned because most middle-market renters will opt to remain during a recession whereas many luxury-market renters will downgrade to more affordable, workforce housing. While the full effects of the COVID-19 pandemic have yet to be fully realized, multifamily collections have, so far, been better than expected. Multifamily REITs collected more rent in May (95%) than any other asset class besides industrial.

PATH OF GROWTH LOCATION

Forum’s strategy is focused on high-growth, primary markets and we are seeking to deliberately expand our Seattle presence. Kent is located 30 minutes south of Seattle and is part of what is known as the Kent Valley. This area of the Seattle MSA is the 4th largest distribution and manufacturing hub in the country, with such companies as Amazon, Boeing, Starbucks, and REI located there. A commuter-rail line and an under-construction light-rail provide Kent residents convenient connectivity to nearby Seattle and Tacoma and are helping to spur redevelopment and rejuvenation of the downtown area.

FULLY-RENOVATED COMMUNITY

A full 100% of the units and amenities at Knol have been renovated, and the property will require limited capex spending throughout Forum’s hold. Major capital improvement projects have taken place since 2014, including a full roof replacement, exterior painting and a marketing rebrand. In total, $52,000/unit has been invested in renovations and capital improvements at Knol since 2014.

A “COVID DISCOUNT”

The real estate market is starting to regain momentum after a five-month lull. The window for off-market deals and discounts to pre-COVID prices is closing. Knol was procured through Forum’s network of broker relationships in early April and the purchase price reflects the uncertainty in the market at that time.

MISSING-MIDDLE DEMOGRAPHIC

The property perfectly aligns with Forum’s “missing middle” market strategy. Knol meets the demand for “renters-by-necessity” who have been priced out of Seattle proper but are still looking for an infill location and an apartment with updated finishes and amenities.

LOW INTEREST RATES

The 10-year treasury is hovering at all-time lows; now is the opportune time to lock-in long-term debt. In addition, rents at Knol are 62% of the area median income (AMI) equivalent so is a fit for Freddie Mac’s affordable housing lending program. This qualifies Knol for lower spreads, making the cost of debt even cheaper.

FORUM ESSENTIAL COMMUNITIES

MIDDLE-MARKET

- Attainable, Workforce Housing
- Renter by Necessity
- Dependable, Consistent Cash Flow
- Long-Term Debt & High DSCR

COVID-19 Impact: U.S. Multifamily Trends

VACANCY ROSE MARCH TO MAY, BUT NO GREAT RECESSION-LEVEL IMPACT EXPECTED

May vacancy levels are still healthy at 4.75% but the increase confirms falling multifamily demand. However, per Moody's Analytics, even in their "worst case scenario" model, apartment vacancies are not expected to reach or exceed the historic 8.1% peak set in 2009.

EFFECTIVE RENTS FELL MARCH TO MAY

Owners have had to become more competitive in pricing to fill units, which has impacted both renewal and new lease rental rates.

LEASING ACTIVITY DECLINED IN MARCH AND APRIL

Due to stay-at-home orders and most communities moving to virtual leasing only, the normal start of the strong Spring leasing season went the opposite direction in Q1 2020. Conversely, most apartment communities are experiencing higher-than-normal resident retention where renters are currently less inclined to move-out. New leasing velocity has gradually returned in Q2 2020 but the impact of job losses, employment uncertainty and stay-at-home orders has forced some renters out of the renter pool altogether resulting in lower demand.

3- MONTH PERIOD
(March – May 2020)

VACANCY ↑ 0.3%
(1.8% annualized)

RENTS ↓1.7%

STUCK-AT-HOME RENTERS CREATING EVEN MORE PENT-UP MULTIFAMILY DEMAND

The Millennial and Gen Z renter, who typically only sleep in their apartments, are now spending 24-hours a day there. Those finding their home environment ill-suited for work may choose to take advantage of attractive concessions and falling rents to move into new space. Search activity on Apartments.com is trending above pre-outbreak levels.

MOST RESIDENTS CONTINUE TO PAY RENT

NMHC data shows that 90% of apartment households made rent payments by mid July. The Forum Portfolio was 90% collected over the same time period. However, there is uncertainty in how the expiration of the stimulus package at the end of July will affect rental collections going forward.

NOW IS STILL THE TIME TO BUY MULTIFAMILY

Multifamily is the strongest asset class during a pandemic because everyone needs a place to live. Despite any turmoil with rents or COVID government related policies, there will always be a demand for apartments.

Sources: CBRE Multifamily Finance Update; Axiometrics; Costar U.S. Multifamily Report; NMHC "People are Paying Rent Now, But is That All That Matters?"; Globe St "Nearly 90% of Apartments Households Made Rent Payments by June 13"; Globe St "Moody's: No Market Will be Spaced, but Apartment Vacancies Highs Not Expected"; Forbes "Is it Time to Buy a Multifamily Investment Property?"

COVID-19 Impact: What is Forum Doing to Mitigate Risk?

Long-term growth drives Forum's market selection and understanding the potential impact of COVID-19 within our target markets is a critical component to our investment strategy. Our data-driven approach has identified a short list of superior markets to target for attractive multifamily acquisition opportunities in the a post-COVID environment.

KEY DATA CATEGORIES ANALYZED*

INDUSTRY VULNERABILITY

- Metro's concentration in high-risk industries

JOB LOSSES & UNEMPLOYMENT

- Tracking weekly unemployment claims
- Metro unemployment rates

METRO	WEIGHTED AVERAGE
Minneapolis - MN	30%
Salt Lake City - UT	34%
Raleigh - NC	51%
Phoenix - AZ	55%
Denver - CO	61%
Seattle - WA	61%
Atlanta - GA	62%
Portland - OR	62%
Austin - TX	65%
Tampa - FL	67%
Dallas-Fort Worth - TX	73%
Charlotte - NC	74%
Orlando - FL	96%
Las Vegas - NV	99%

*Percentile Methodology: Since each index ranked a different set of metros or states, we took the percentile rank of our target markets within each index and then averaged the 5 percentiles to make up the Weighted Average. For example, in the Brookings index, Seattle was ranked 226 out of 382 metros (#1 being the hardest hit metros) so on a percentile basis, Seattle was 41%. In other words Seattle was only harder hit than 41% of the analyzed metros.

Property & Location Introduction

Forum Real Estate Group ("Forum") is under contract to purchase Knol Apartments (the "Property"), a 215-unit garden-style property located in Kent, WA. The Property presents an opportunity to acquire a fully-renovated asset within the high-growth Seattle MSA. The Property is located directly off a main Kent thoroughfare, close to retail and lifestyle amenities and residents have a quick commute to major employers in the Kent Valley.

Goodman Real Estate, the current owner, purchased the Property in 2018 and completed the value-add program over the last 2.5 years. The Property was listed for sale in March 2020 but was pulled off the market shortly thereafter due to COVID. Forum was able to procure an off-market sale through our broker network while avoiding a competitive bidding process. Knol Apartments will be Forum's second acquisition in the Seattle MSA, the first being The Diplomat, located approximately 1 hour away from Knol in Silverdale and closed in Dec 2019.

Originally built in 1985, unit renovations at Knol were extensive ($22,000 spent per unit) and featured quartz countertops, new modern two-tone cabinetry, stainless steel GE appliances, updated flooring and tile backsplashes. Additionally, $29,000 per unit in non-interior upgrades and repairs has been completed including a full roof replacement and exterior paint job, to name a few. During the COVID crisis, the Property has experienced strong new leasing velocity and rent growth. This is the inverse to most national trends during Q1 2020. The Property meets the renter profile within Kent Valley, the 4th largest manufacturing and distribution center in the U.S. and home to major employers including Amazon, Starbucks, REI and Sysco. Many renters by necessity plus some renters by choice are getting priced out of Seattle proper and relocating to suburbs like Kent. Downtown Kent has seen a rejuvenation in recent years and the new Kent light-rail stop along the Seattle-Tacoma line is catalyzing further improvements to the area.

PROPERTY SUMMARY

Executive Summary

	KNOL APARTMENTS
Property Address	11239 SE 260th Street, Kent, WA 98030
Year Built/Renovated	1985 / 2016-2019
Total Units	215
Total Rentable Square Feet	146,810 SF
Average Square Feet/Unit	683 SF
Purchase Price / Acquisition Cost	**$44,500,000 / $47,895,236**
Acquisition Cost Per Unit	$222,769
Pro Forma Year 1 Cap Rate on Total Purchase Price	4.68%
Third Party Equity	$17,460,317
Estimated New Loan Amount	$29,040,000
Estimated Loan Term / Interest Only Period	12 Years / 12 years
Estimated Interest Rate	2.77%
Estimated Loan-to-Value	65.3%
Year 1 Debt Service Coverage Ratio (Interest-Only)	2.55x
Projected Cash-on-Cash Returns	**Year 1: 6.25%** **Year 2: 6.35%** **Year 3: 6.50%**
Commitment Date	On or before August 5, 2020
Investor Subscription Documents Sent	August 5, 2020
Completed Investor Subscription Documents and Contributions Due	August 21, 2020
Closing Date	August 28, 2020

Investment Highlights

FULLY RENOVATED PROPERTY WITH UPDATED FINISHES & AMENITIES

- 100% of the units have been upgraded since 2016 and now feature updated finishes such as stainless steel appliances, tile backsplashes (select units), washer/dryer sets (excluding studios), quartz countertops (select units), new modern two-tone cabinetry (select units), updated lighting and fixtures and faux plank wood flooring.
- The amenity package has also been upgraded and includes a fully renovated leasing center and resident clubhouse, new bocce ball court, BBQ and eating courtyard, dog park, landscaping and a refreshed pool area. In addition, new branding and signage was implemented, all roofs, windows and sliders were replaced, and a full exterior paint was completed.
- In total $11M+ (or $51,000 per unit) has been spent on improvements at the Property since 2014. This is a significant re-investment level that is atypical in today's marketplace and is ideal for long-term ownership.

MISSING-MIDDLE RENTER PROFILE, ATTRACTIVE PRODUCT & AREA FOR THOSE PRICED-OUT OF SEATTLE PROPER

- Many renters by necessity as well as renters by choice are getting priced out of the expensive Seattle market and are searching for rental housing in nearby suburbs. At Knol, residents can live in a fully renovated property, be a 30-minute commute to downtown Seattle by train and enjoy the up-and-coming lifestyle amenities that the Kent Valley has to offer.
- Rents at Knol are 62% of the area median income levels (AMI), making this property affordable for the surrounding demographics. This qualifies Knol for more favorable financing from the agencies and is also in line with Forum's "missing middle strategy", which contributes towards socially responsible investing.

HIGH-GROWTH, SUBURBAN SUBMARKET THAT IS WELL-ALIGNED WITH SEATTLE'S SUCCESS

- At the midpoint between Seattle and Tacoma, Kent is an ideal location for major employers and is directly in the path of progress migrating out of Seattle.
- Kent Valley is the 4th largest manufacturing and distribution center in the U.S. and includes companies like Amazon, Boeing, Honeywell, Starbucks and REI.
- The Sounder commuter rail runs through Kent Station, connecting Kent residents to downtown Seattle in 30 minutes and Tacoma in 35 minutes. In addition, the Sound Transit light-rail line is being extended from the Seattle Airport down to Kent, which will open in 2024 and provide residents another commute option to the airport and downtown Seattle.
- Historically a blue-collar submarket, Kent has made significant strides in attracting a younger and more professional demographic in recent years, due to the increased connectivity to Seattle and Tacoma. Downtown Kent has seen a rejuvenation with a newer lifestyle center and the improvement of the Kent Station train station area. Kent Station and the surrounding area is experiencing the development of several new mid-rise apartment buildings and retail land uses.

POSITIVE POST-COVID RENT GROWTH STORY

- Since the end of March, 62 new residents have moved into Knol with rents averaging 2.2% above rents signed pre-COVID. Not only has the Property not lowered rents to incentivize new leasing during a pandemic, it was actually able to increase rental rates slightly. This is a differentiator as compared to other parts of the country.
- Forum has conservatively underwritten 0% rent growth in FY1 of our hold period but based on actual performance of the Property since COVID, better returns are possible within the first year of ownership. Please see the Sensitivity Analysis within this memorandum.

Executive Summary- Knol Apartments

THE PROPERTY

Knol is a 215-unit garden style community that was built in 1985. Goodman Real Estate purchased the property in 2018 and has completed renovations started by previous owners, upgraded the amenity package and completed multiple capital improvement projects. Unit interior features include modern cabinetry, stainless steel appliances and contemporary finishes. The fully upgraded amenity package includes a clubhouse and resident lounge, dog park, bocce ball court, fitness rooms, pool, playground and BBQ and picnic courtyard.

THE LOCATION

The Property is located in the Kent Valley area of the Seattle MSA. Kent Valley is the 4th largest manufacturing and distribution center in the U.S. fueled by large company presences like Boeing and Amazon. Knol is located on the north side of SE Kent-Kangley Road, 2.5 miles southeast of downtown Kent. Knol residents are less than a mile from the retail corridor along 104th Ave SE, which includes a Target, TJ Maxx, Nature's Market and Home Depot. A Trader Joe's and Safeway are located 1.5 miles away, and a bus stop is located at the Property's entrance, providing service to downtown Kent and Kent Station in 15 minutes or less. Downtown Seattle is a 30-minute commute by car or train from Kent. Downtown Kent also has a growing restaurant, nightlife and lifestyle scene, which will continue to attract a professional demographic to the submarket.

Downtown Kent

Knol Apartments Property Details

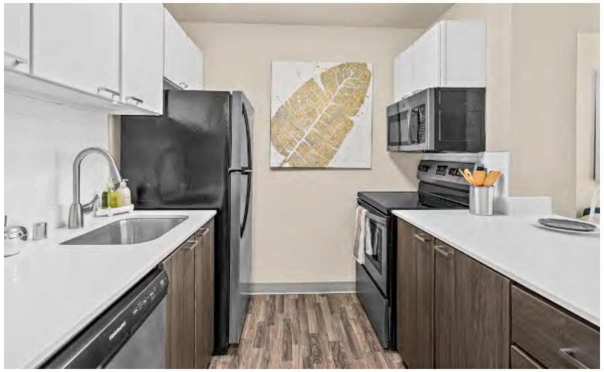
Knol consists of six, three-story residential buildings plus one, two-story leasing and clubhouse structure. The Property is situated on a 9.3-acre site with above average green space, with 215 total units ranging from 440 to 840 square feet: 27 of the units are studios (13%); 121 are one-bedrooms (56%); and, 67 are two-bedrooms (31%).

UNIT AMENITIES

- Stainless steel appliances
- In-unit washer/dryers (excluding studios)
- Hard-surface countertops (select units)
- Vinyl wood plank flooring
- Subway tile backsplash (select units)
- Modern cabinet fronts
- Updated lighting and fixtures
- New windows and sliding glass doors

PROPERTY AMENITIES

- Pool / lounge deck
- Covered BBQ and picnic area
- Bocce ball court
- Playground
- Dog park
- Ample green space



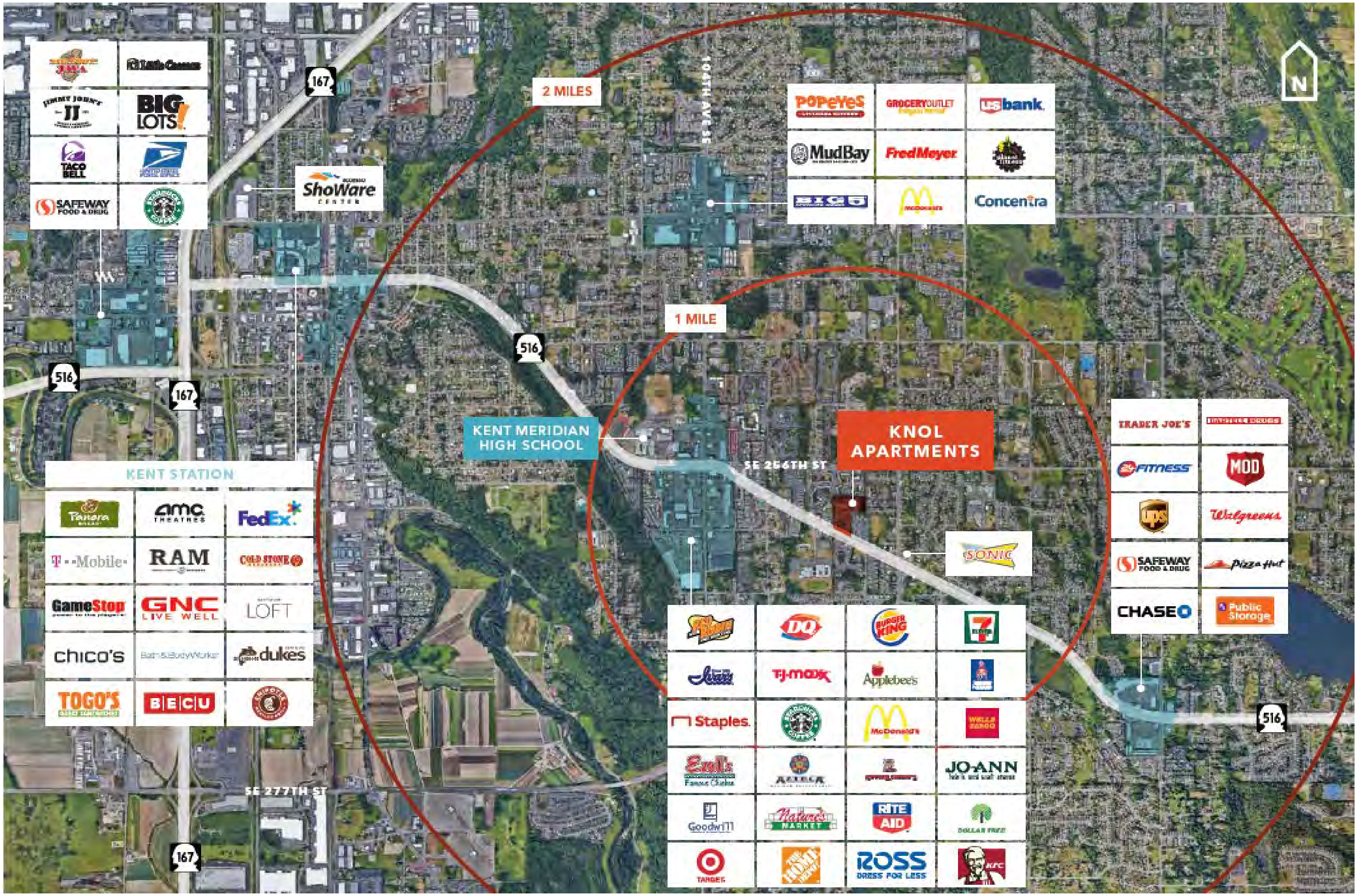
Knol Apartments Capital Improvements

Since 2014, Knol has received $11.25M in property improvements and upgrades. This fully renovated asset is primed for capturing stable cash-flows with minimal additional capex requirements.

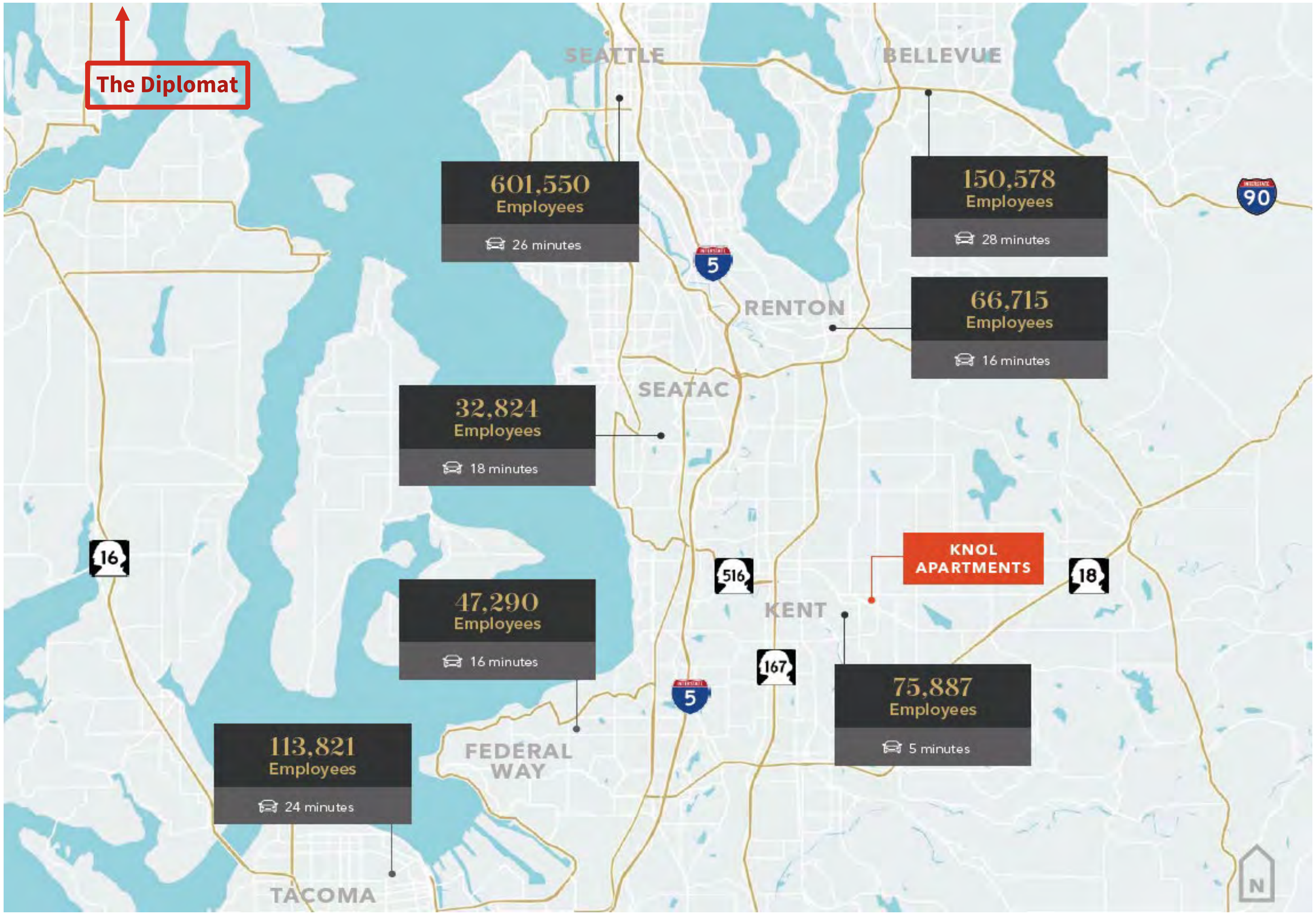
CAPITAL IMPROVEMENT COMPLETED SINCE 2014

- Full roof replacement (2016-2017)
- Clubhouse completely renovated (2019)
- New landscaping throughout (2019)
- New dog park (2019)
- New exterior fence (2019)
- New playground (2018)
- New BBQ area (2019)
- Bocce & Snook courts added (2019)
- New signage throughout (2019)
- Parking lot seal & stripe (2019)
- New pool furniture (2019)
- New windows (2016-2019
- Full exterior paint (2018)
- New fitness room (2019)

Location Aerial



MSA Map


The Diplomat
SEATTLE
601,550
Employees
26 minutes
BELLEVUE
150,578
Employees
28 minutes
90
5
RENTON
66,715
Employees
16 minutes
SEATAC
32,824
Employees
18 minutes
16
516
KNOL
APARTMENTS
18
KENT
47,290
Employees
16 minutes
167
5
75,887
Employees
5 minutes
113,821
Employees
24 minutes
FEDERAL
WAY
TACOMA
N

Knol Underwrite Analysis

Kent, WA

			Jun 20 T3 Income Ann. ($)		Yr. 1 Projection		Yr. 2 Projection		Yr. 3 Projection		YOC	1985
	Price	Equity	Cap Rate	Cash on Cash	Cap Rate	Cash on Cash	Cap Rate	Cash on Cash	Cap Rate	Cash on Cash	$/Unit	$/SF
Purchase Price	44,500,000	15,460,000	4.57%	7.88%	4.68%	7.73%	4.61%	7.78%	4.68%	7.79%	$206,977	$303.11
Acq Cost	47,895,317	18,855,317	4.25%	6.46%	4.35%	6.25%	4.28%	6.35%	4.35%	6.50%	$222,769	$326.24

UNIT MIX & ACTUAL RENTS

Unit Description	Units	Avg Sq Ft	NRSF	Actual Rent Per Unit ($)	Actual Rent Per SF/Mo. ($)	Total Actual Rent/Mo. ($)	Total Actual
Studio Pre Covid	20	440	8,800	1,186	2.70	23,727	284,724
Studio Post Covid	7	440	3,080	1,209	2.75	8,463	101,556
1x1 Pre Covid	98	650	63,700	1,361	2.09	133,334	1,600,008
1x1 Post Covid	23	650	14,950	1,410	2.17	32,428	389,135
2x1 Pre Covid	47	840	39,480	1,615	1.92	75,904	910,848
2x1 Post Covid	20	840	16,800	1,614	1.92	32,275	387,297
Total/Average	215	683	146,810	1,424	2.09	306,131	3,673,568

Summary of Acquisition Costs	
Purchase Price	44,500,000
Plus: Costs	
Closing Costs (excludes COVID)	413,095
Forum Loan Origination Fee	145,200
Non-Recurring Capital (includes COVID reserves)	1,138,080
One Time Year 1 Startup Expenses	134,500
Prorations & Escrows	169,442
Total Acquisition Cost	46,500,317
Third Party Equity	17,460,317
Plus: Profits Interest	1,395,000
Total Equity	18,855,317

	Trailing EGI	Occupancy (Average)
T9 Ann.	2,482,152	68.9%
T6 Ann.	2,820,760	77.7%
T3 Ann.	3,194,496	87.7%
T2 Ann.	3,265,958	89.8%
T1 Ann.	3,357,815	92.3%
Jun-20	279,818	92.3%
May-20	264,508	87.4%
Apr-20	254,298	83.5%
Mar-20	233,879	77.9%
Feb-20	200,449	66.1%
Jan-20	177,429	59.0%
Dec-19	157,185	53.3%
Nov-19	152,465	52.1%
Oct-19	141,584	48.9%
Sep-19	135,048	47.8%
Aug-19	141,330	50.2%
Jul-19	154,477	56.9%

Financing	
Cash to New First	
Loan Amount:	29,040,000
Interest Rate:	2.77%
Amortization:	360
Annual D.S. (Amortizing):	1,426,333
Annual D.S. (Interest-Only)	815,580
Loan to Value:	65.3%
Rate Constant:	4.91%
Loan Term:	12 Yrs
I/O Term:	144 Months
DCR Jun 20 T3 Income Ann. ($):	1.43
DCR Yr.1:	1.46
DCR Yr. 1 I/O:	2.55
DCR Yr. 2:	1.44
DCR Yr. 2 I/O:	2.51
Loan Type:	Fixed
Loan Start Date:	9/1/2020

	Historical		Yr. 1 Projection					Yr. 2 Projection			Yr. 3 Projection		
OPERATING INCOME:	Jun 20 T3 Income Ann. ($)	Per Unit/Mo.($)	($)	% of GPR	Per Unit/Mo ($)	Per SF/ mo ($)	Yr 1. vs Historical	($)	yr/yr % chg	Per Unit/Mo ($)	($)	yr/yr % chg	Per Unit/Mo ($)
Gross Scheduled Rent	3,671,892	1,423	3,673,568	100.00%	1,424	2.09	0.05%	3,740,390	1.82%	1,450	3,856,646	3.11%	1,495
General Vacancy Loss	(450,339)	(175)	(238,782)	-6.50%	(93)	(0.14)	-46.98%	(246,542)	3.25%	6.6%	(234,405)	-4.92%	6.1%
Concession	(12,016)	(5)	(16,055)	-0.44%	(6)	(0.01)	33.62%	(17,732)	10.44%	(7)	(18,362)	3.55%	(7)
Non Rev Units (Model)	(30,907)	(12)	(17,086)	-0.47%	(7)	(0.01)	-44.72%	(17,642)	3.25%	(7)	(18,171)	3.00%	(7)
Non Rev Units (Employee)	(5,222)	(2)	(4,272)	-0.12%	(2)	(0.00)	-18.18%	(4,411)	3.25%	(2)	(4,543)	3.00%	(2)
Collection/ Bad Debt Expense	12,074	5	(58,685)	-1.60%	(23)	(0.03)	-586.03%	(19,935)	-66.03%	(8)	(20,463)	2.65%	(8)
Total Rental Income	3,185,483	1,235	3,338,687	90.88%	1,294	2	4.81%	3,434,128	2.86%	1,331	3,560,702	3.69%	1,380
													-
Parking	7,038	3	7,038	0.19%	3	0	0.00%	7,214	2.50%	3	7,394	2.50%	3
RUBS	130,255	50	138,812	3.78%	54	0	6.57%	142,282	2.50%	55	145,839	2.50%	57
W/D Income	1,284	0	-	0.00%	-	-	-100.00%	-		-	-	-	-
Pet Rent	12,062	5	12,062	0.33%	5	0.01	0.00%	12,364	2.50%	5	12,673	2.50%	5
Misc Other	73,363	28	73,363	2.00%	28	0.04	0.00%	73,363	0.00%	28	77,031	5.00%	30
Total Other Income	224,002	87	231,275	6.30%	90	0.13	3.25%	235,223	1.71%	91	242,938	3.28%	94
EFFECTIVE GROSS INCOME	**3,409,485**	1,322	**3,569,962**		1,384	2.03		**3,669,352**		1,422	**3,803,640**		
				4.71%	297497			2.8%			3.7%		
OPERATING EXPENSES:	Jun 20 T12 Expenses ($)	Per Unit/Yr.	($)	% of E.G.I	Per Unit/Yr.	Per SF/Yr.	Yr 1. vs Historical	($)	yr/yr % chg	Per Unit/Yr.	($)	yr/yr % chg	Per Unit/Yr.
Non-Controllable Expenses													
Management Fees	74,158	345	98,174	2.75%	457	0.67	32.38%	100,907	2.78%	469	104,600	3.66%	487
Electric	10,806	50	11,562	0.32%	54	0.08	7.00%	11,794	2.00%	55	12,029	2.00%	56
Water / Sewer	127,144	591	136,045	3.81%	633	0.93	7.00%	138,765	2.00%	645	141,541	2.00%	658
Trash	46,595	217	49,857	1.40%	232	0.34	7.00%	50,854		237	51,871		241
Misc. Utilities	8,513	40	9,108	0.26%	42	0.06	7.00%	9,291	2.00%	43	9,476	2.00%	44
Property Insurance	84,596	393	88,952	2.49%	414	0.61	5.15%	115,638	30.00%	538	138,765	20.00%	645
General Reserve at Y1	75,250	350	75,250	2.11%	350	0.51	0.00%	76,755	2.00%	357	78,290	2.00%	364
Real Estate Taxes	352,177	1,638	423,448	11.86%	1,970	2.88	20.24%	503,664		2,343	557,477		2,593
Controllable Expenses													
General & Admin	73,622	342	77,889	2.18%	362	0.53	5.80%	79,447	2.00%	370	81,036	2.00%	377
Marketing / Advertising	21,331	99	32,845	0.92%	153	0.22	53.98%	33,502	2.00%	156	34,172	2.00%	159
Repairs & Maint	18,191	85	37,625	1.05%	175	0.26	106.83%	38,378	2.00%	179	39,145	2.00%	182
Contract Svcs	42,419	197	73,530	2.06%	342	0.50	73.34%	75,001	2.00%	349	76,501	2.00%	356
Security	25,500	119	24,080	0.67%	112	0.16	-5.57%	24,562	2.00%	114	25,053	2.00%	117
Make Ready / Turnover	18,672	87	26,875	0.75%	125	0.18	43.93%	30,906	15.00%	144	35,542	15.00%	165
Payroll	396,312	1,843	323,622	9.07%	1,505	2.20	-18.34%	330,095	2.00%	1,535	336,697	2.00%	1,566
SUBTOTAL CONTROLLABLE	**596,046**	**4,760**	**596,466**	16.71%	**2,774**	4.06		**611,889**	**2.6%**	**2,846**	**628,145**	**2.7%**	**2,922**
TOTAL OPERATING EXPENSES	**1,375,285**	**6,397**	**1,488,862**	41.71%	**6,925**	10.14		**1,619,556**			**1,722,195**		
NET OPERATING INCOME	**2,034,200**		**2,081,100**	58.29%	9,680	14.18		**2,049,795**			**2,081,445**		
			2%					-1.5%			1.5%		
Partnership Expense & Insurance Pool			70,558	2.0%	328	0.48		31,440	0.9%		61,511	1.6%	
ADJUSTED NET OPERATING INCOME	**2,034,200**		**2,010,542**					**2,018,355**			**2,019,934**		
			-1%					0.4%			0.1%		
DEBT SERVICE			**815,580**	**Interest Only**				**815,580**	**Interest Only**		**815,580**	**Interest Only**	
CASH FLOW	**2,034,200**		**1,194,962**					**1,202,775**			**1,204,353**		

Kent Rent Growth Story

In the Kent submarket, similar vintage properties have grown rents by an average of 6.8% per year since 2012. Within a 1-mile radius of Knol, rent growth has been 6.6% per year over the same period. However, collections are still uncertain due to COVID, especially after the federal stimulus expires at the end of July. Forum has elected to take a defensive approach in our income growth projections and has underwritten Knol rent growth at 0% in Year 1, despite the Property having grown rents by 2.2% since the end of March.

In addition, the underwritten average annual rent growth of 2.25% over the first 5 years of the hold period is half of the rent growth projected by 3rd party data sites. Outperforming underwritten returns due to higher rent growth is an upside opportunity at Knol and illustrated in the Sensitivity Analysis section within this memorandum.

ANNUAL RENT GROWTH PROJECTIONS

	3 Year History	1 Year	3 Years	5 Years	Rents Return to Pre Covid
Yardi	5.30%	4.74%	6.48%	5.91%	Q1 2021
Costar	4.22%	3.86%	3.65%	2.59%	Q4 2021
Axio	5.30%	(2.13%)	3.89%	N/A	Never drop below pre-COVID
Average	4.94%	2.16%	4.67%	4.25%	
Underwriting		0.00%	2.08%	2.25%	Never drop below pre-COVID

Sensitivity Analysis

Due to the uncertainty of the current economic environment from COVID, Forum has analyzed multiple sensitivities based on a variety of potential scenarios. We are most confident of our returns shown in the "Base Case" scenario but have also provided an Optimistic scenario.

BASE CASE SCENARIO

Most likely expectation for the asset

- **Rent Growth**:
  YR1: 0.00%; YR2: 3.25%; YR3: 3.00%
- **Vacancy, Bad Debt, Concessions**:
  YR1: 8.50%; YR2: 7.50%; YR3: 7.00%

OPTIMISTIC SCENARIO

Assumes COVID recovery is rapid

- **Rent Growth**:
  YR1: 2.16%; YR2: 6.40%; YR3: 5.50%
- **Vacancy, Bad Debt, Concessions**:
  YR1: 7.00%; YR2: 7.00%; YR3: 7.00%

SENSITIVITY ANALYSIS			
	Year 1	Year 2	Year 3
Scenario	**CoC**	**CoC**	**CoC**
Base Case	**6.25%**	**6.35%**	**6.50%**
Optimistic Scenario	6.80%	7.10%	7.50%

Business Plan

The asset will be managed by Pinnacle Property Management, who has a regional office in the Seattle MSA.

- Pinnacle manages another Forum property, The Diplomat Apartments (located 1 hour away), which will provide optimal cost and operational efficiencies.
- This will be Pinnacle's fifth asset with Forum. The company manages over 172,000 units nationally and has a substantial footprint in the Seattle MSA with 13,000 units.

Operations will be enhanced through a long-term ownership focus.

- High occupancy will be captured through demand-based pricing software (LRO).
- There is an opportunity to achieve significant 2nd generation lease rental increases now that renovations have been completed and residents are no longer disturbed.
- Forum will be able to lower expenses related to the asset's previous lease-up needs.

Capital improvements will be addressed as needed to preserve the quality of the asset.

- Apartment decks were not replaced as part of the renovation scope completed by the current owner. Replacements and repairs will be addressed on as needed basis.
- Noteworthy capital projects to be completed in Year 1 include adding smoke detectors to all bedrooms and property-wide tree trimming.

MARKET OVERVIEW

Market Overview- Seattle & Kent Valley

Seattle maintains its position as one of the most highly advanced and diversified gateway economies in the country. Kent, WA is located 20 miles south of downtown Seattle in what is known as the Kent Valley. Kent Valley is a global aerospace and advanced manufacturing hub fueled by its accessible location to major city hubs, airports and transportation routes in the Pacific Northwest. Knol's location in the Seattle MSA aligns with Forum's high growth, primary markets strategy, intentionally growing our existing presence.

POPULATION

The Seattle-Tacoma-Bellevue MSA's population was 4.0 million in 2019 and population growth in 2019 was nearly 2.5x the national growth rate. The town of Kent has a population of 132,000 (as of 2019) and has experienced even greater growth in this cycle. Population growth in the submarket was approximately 40% from 2010-2018, nearly 3x the metro average. Population within a 3-mile radius of Knol is expected to grow by another 8.4% over the next 5 years.

ECONOMIC OUTLOOK

Seattle MSA employment growth has outpaced the national average since 2010, but the economy has shifted due to the COVID pandemic. Seattle was the first major epicenter for the virus and remains vigilant, with some nonessential businesses still shut down. However, restaurants are now allowed to host patrons for indoor dining. April unemployment was 17.0% in the MSA, a jump from 3.0% unemployment in February, pre-COVID. However, unemployment claims have slowed in recent weeks, a positive signal that the recovery has commenced.

The largest economic sector in the area remains trade, transportation and utilities, with roughly 100,000 jobs added over the past decade. Boeing remains the largest non-government employer in the region, primarily in a manufacturing capacity. The company announced in April that it would cut 15% of jobs, which is a significant blow to the region. However, only 2 residents at Knol work at Boeing and 3 residents work in the aerospace industry overall which implies the Property is well-insulated from any recent changes from Boeing.

The three largest industries in Kent are Manufacturing (22K jobs), Services (16K) and Retail Trade (14K jobs). Beyond Boeing, other major employers include Mikron Industries, REI, Sysco, Alaska Airline and Starbucks (major distribution plant in Kent). Despite a COVID-fueled economic blip, Seattle and Kent are well-positioned to continue the positive trajectory set by their extreme economic gains seen throughout the previous cycle. The economic diversity in the metro, an attractive workforce and coastal location primed for connectivity are all key reasons Seattle will continue to perform well.

MSA SUMMARY

4.0 Million Residents

$90,417 Median Household Income

17% Unemployment Rate

2,158,900 Labor Force

DIVERSIFIED EMPLOYMENT BASE

Trade, Transportation and Utilities (356,900 jobs)

Professional and Business Services (280,700 jobs)

Government (271,500 jobs)

Education and Health Services (246,300 jobs)

Manufacturing (168,300 jobs)

Information (129,400 jobs)

Sources: Broker, CoStar Seattle Market Report, Bureau of Labor Statistics, U.S. Census

Apartment Overview- Seattle & Kent

SEATTLE FUNDAMENTALS

Seattle multifamily outperformed the national average in the previous economic cycle thanks to its strong economy over the past decade. In addition, a lack of affordability keeps residents committing to renting apartments. This is because Seattle experienced some of the strongest single-family home price appreciation of any metro in the previous cycle. Vacancy remains low despite COVID at 5.9% in the metro in Q2 2020. Rent growth slowed significantly in Q2 and was only 0.5% year- over-year. Metro vacancy is expected to increase to 7.6% by Q4 2021 and then decrease to 6.7% by 2024. Rents are projected to decrease over the next year due to COVID, bottoming out at 9% below Q4 2019 rents. However a quick recovery is expected with rents returning to pre-COVID levels by Q1 2022.

On the supply side, Seattle was the leader of all U.S. cities for the most new developments from 2016-2019, and in 2020 second to only Los Angeles. Many of the projects under constructions are slated to deliver during the current downturn, which will have negative implications for lease-ups and rent growth. Most of the new supply is concentrated in the Seattle urban core, although some suburban markets, including Kent, are seeing new supply concentrated along the light rail lines.

KENT SUBMARKET FUNDAMENTALS

Kent is a great fit for Forum's missing middle strategy, as the area attracts a renter by necessity demographic and has experienced explosive growth during the past cycle. The Kent submarket has benefited from above-average population and income growth since 2010, which has resulted in higher rents that now are comparable to many areas of Seattle proper. Rent growth has slowed due to COVID and was only 0.3% year-over-year in Q2 2020, compared to 4.9% growth this time last year. Rent growth in the submarket is projected to follow the metro trends, decreasing over the next 4 quarters and before returning to pre-COVID levels by Q1 2022. Vacancy in the submarket was 7.0% in Q2 2020 and it is projected to hover between 7.0% and 8.3% through the end of 2021, before decreasing below 7.0% through 2024. Despite a submarket slowdown, Knol has continued to perform well. Rent growth has been 1.4% since COVID started and the property successfully completed a post-renovation lease-up with minimal concessions and now sits at 94% occupancy.

Development activity has been relatively light over the past few years. Only 565 units are expected to deliver in the submarket in the next 12 months. Knol's rents are 20% or more below new development in the area. These projects are concentrated in downtown Kent and along the future light rail line, a positive sign that speaks to the momentum of the submarket.

VACANCY RATE: **5.9% (7.0% in submarket)**

YOY ASKING RENT GROWTH: **0.5% (0.3% in submarket)**

UNITS IN MARKET: **340,679 (13,009 in submarket)**

UNDER CONSTRUCTION UNITS: **21,374 (565 in submarket)**

Sources: CoStar Seattle Market Report

Market Snapshot – Seattle

Forum utilizes a market analysis tool that regularly looks at 11 different key metrics in order to determine where the 52 largest U.S. metros rank when it comes to economic health and multifamily fundamentals.

Seattle ranks #1 out of 52, based on the factors opposite:

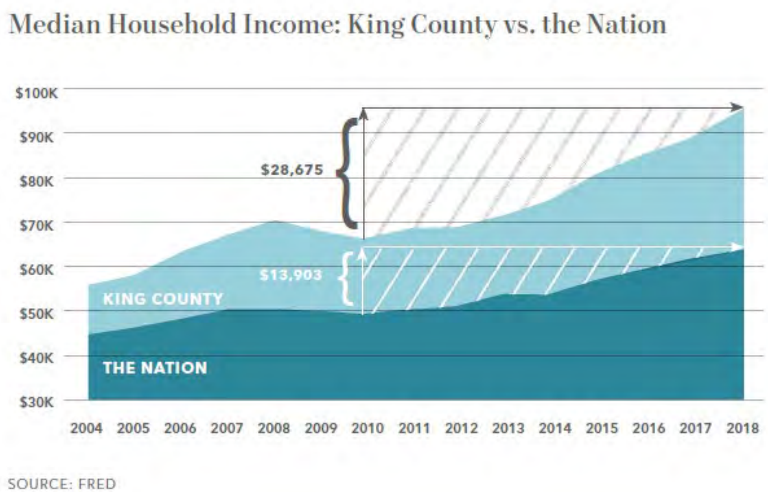
GROUP	METRIC	ACTUAL	RANK
Growth Dynamics	3-Year Historic Pop Growth	1.4%	14
	3-Year Future Pop Growth	1.2%	15
	3-Year Projected Net Migration	143,224	8
	3-Year Historic Net Migration	159,438	6
Political Environment	Overall Tax Burden	19	22
	MF Restrictions Index	8	5
Metro Economy	3-Year Historic Job Growth	2.6%	16
	3-Year Future Job Growth	0.8%	15
	Metro Innovation Index	16	6
Labor Market	3-Year Historic Income Growth	5.5%	3
	3-Year Future Income Growth	2.9%	17
	Educational Attainment Index	8	4
Quality of Life	Best Places to Live Index	9	6
Housing Affordability	Home Value Escalation	56.8%	6
	Current Affordability	0	41
	3-Year Historic Affordability Change	1.1%	10
	Home Ownership Premium	484	6
Rental Market	3-Year Historic Rent Growth	3.7%	9
	3-Year Future Rent Growth	1.0%	11
	3-Year Historic Occupancy	0.94	14
	3-Year Projected Occupancy	0.93	7
Long Term Under Supply	# Pop Growth / New Units (3-Year Forward)	6	32
	New Jobs / New Units (3-Year Forward)	45.0%	42
	10-Yr. HHGrowth - Permits	41,350	9
Rising Asset Values	10-Year Cap Rate Compression	31.20%	2
	3-Year Cap Rate Compression	6.47%	13
Operating Expenses	OpEx / Revenue	36.2%	4
	NOI Index 3-Yr.	15.3%	14
	NOI Index 10-Yr.	89.8%	2
	Property Tax Burden	27	33
Volatility	Recovery Time Period	20	29
	Cap Rate Volatility	-20.2%	19
	Magnitude	-11.3%	49

Seattle is Positioned for a Faster Recovery

Economic diversity, growing median household income and less dependency on COVID-impacted industries are all lessening the economic blow of COVID.

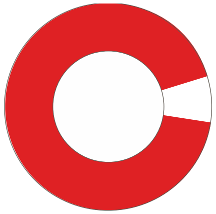
MEDIAN HOUSEHOLD INCOME GROWTH

King County (Seattle MSA) saw median household income growth of 43% from 2010 to 2018, with median income approaching $100K. This means more money in renters' pockets to withstand a short period of economic hardship.



COLLECTIONS HOLDING STRONG

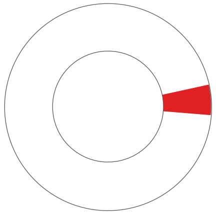
Despite early predictions of upwards of 30% of residents not paying rent because of COVID, the Seattle apartment market has outperformed all predictions. Average collections are currently 93.2%.



93%
collected

NO APPEARANCE OF THE USUAL SIGNS OF ECONOMIC STRESS

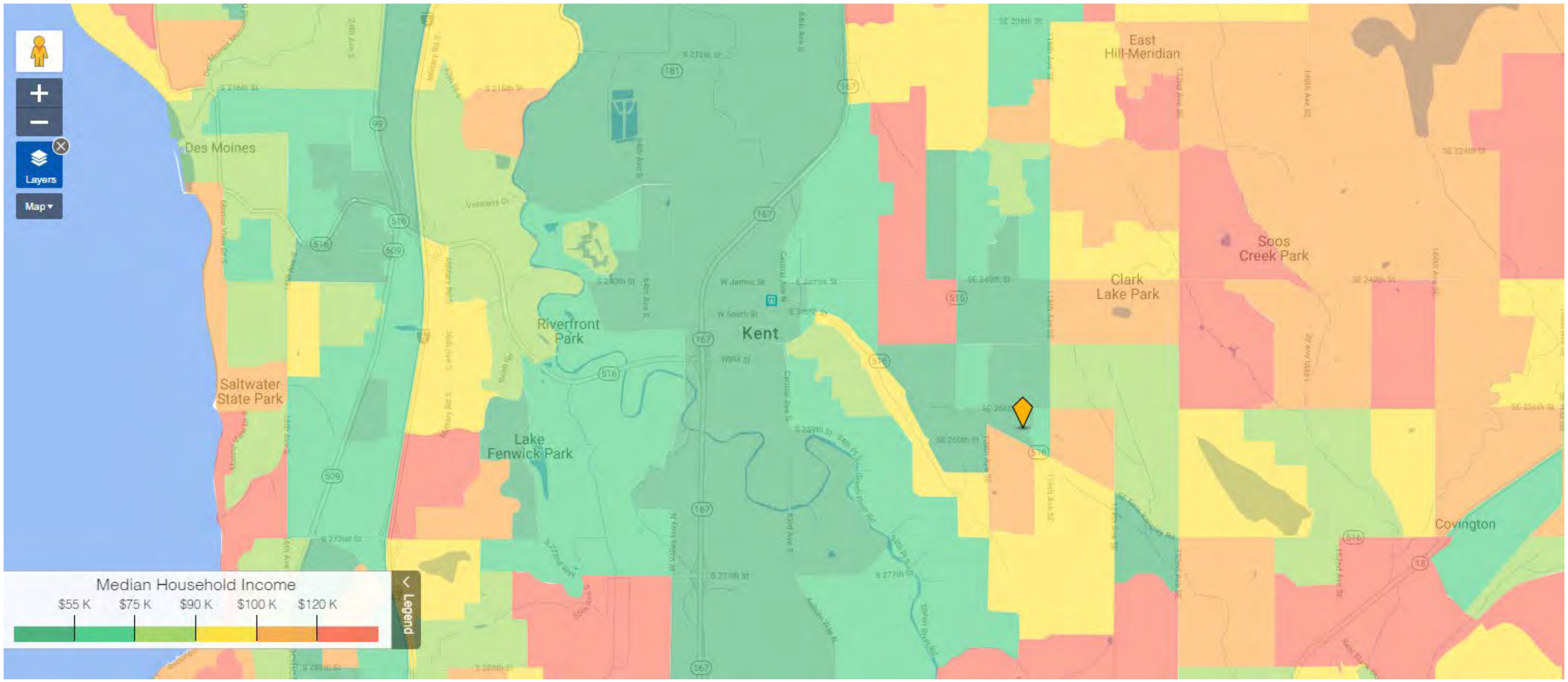
Single-family mortgage delinquency is one of the tell-tale signs of a struggling economy. The state of Washington has the 2nd lowest rate of single-family mortgage delinquency in the U.S. as of May.



4.9%
single family
home delinquency

Area Demographics

Blue-collar jobs still make up the majority of employment in Kent with apartment demand coming from the “missing middle”. However, there has been strong growth in higher-paying industries. Per the map below, Kent is in the path of progress and is being squeezed by more affluent demographics to the east and west (highlighted in orange and red). As more and more Seattle residents get priced out of living in Seattle proper, Kent will become increasingly desirable due to its location on the light-rail line into Seattle.



Demographics within 1 mile of Knol:

- $65,600 median household income
- $348,000 median home value.

New Supply

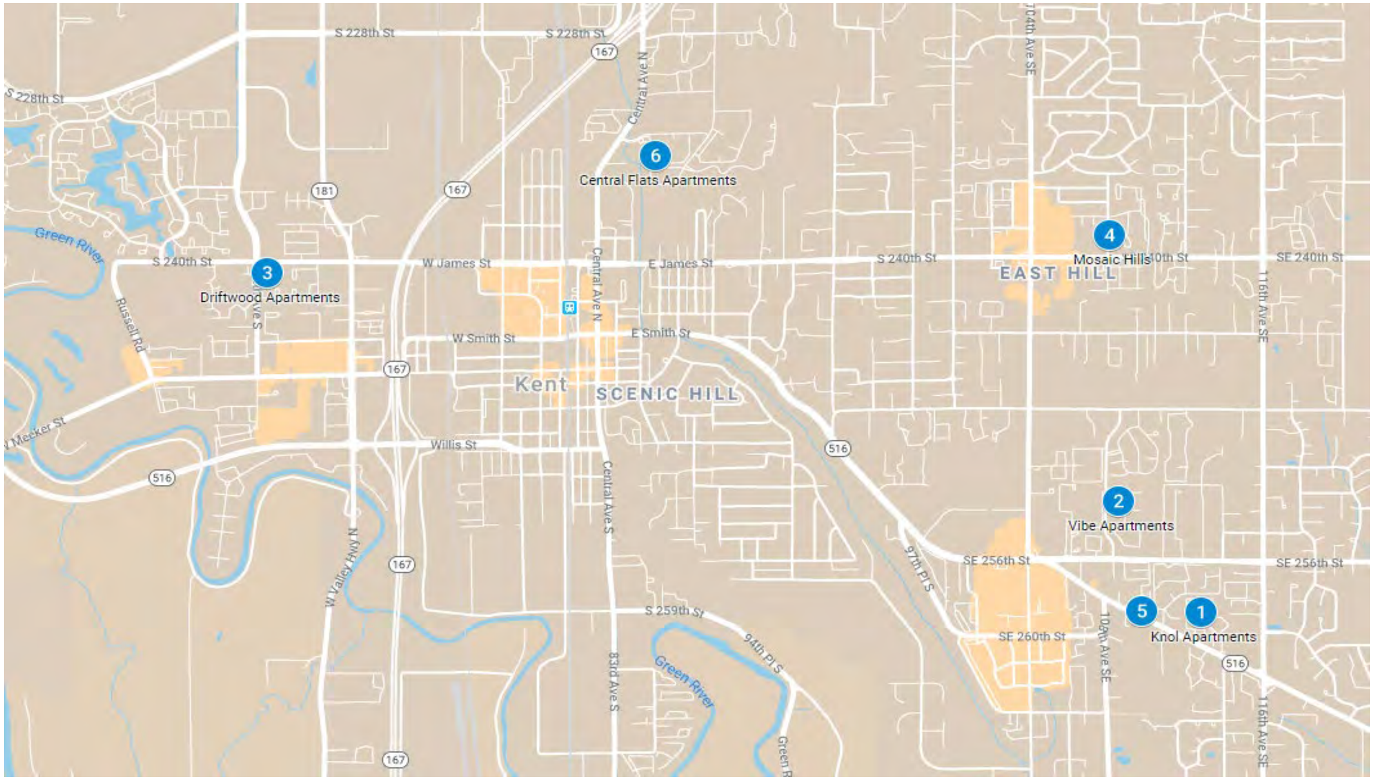
New construction in this area has primarily centered around Kent Station, a stop on the Sounder Commuter Rail that provides easy access to downtown Seattle and Tacoma. All new construction in the pipeline is midrise dense product and won't directly compete with Knol. The Property's infill location in a dense suburban submarket makes finding land hard for developers and anything that does manage to get out of the ground will be well above the Property's price range.

MAP #	PROPERTY NAME	UNITS	STATUS	DEVELOPER	TYPE	FIRST UNITS DELIVER
2	Auburn Town Center	226	Under Construction	Pillar Properties	Midrise	Q1 2021
3	Ethos II	204	Under Construction	HAL Real Estate Inc	Midrise	Q1 2022
4	Midtown 64	308	Under Construction	Goodman Real Estate Group	Midrise	Q3 2020

Source: Axiometrics

Rent Comparables

MAP #	PROPERTY	YOC	AVG SF	AVG ASKING RENT	AVG ASKING RENT/SF	TOTAL UNITS	OCCUPANY	DISTANCE TO SUBJECT	OWNER
5	Driftwood	1979	700	$1,524	$2.18	382	93.2%	3.00 miles	Goodman Real Estate / Pinnacle
2	Vibe	1988	812	$1,623	$2.00	329	93.0%	0.45 miles	Goodman Real Estate / Self Managed
3	Driftwood	1979	700	$1,524	$2.18	382	93.2%	3.00 miles	Goodman Real Estate / Pinnacle
4	Mosaic Hills	1979	834	$1,521	$1.82	366	95.0%	1.28 miles	Rise Properties Trust / Thrive Communities Inc
5	Cityzen Commons	1980	821	$1,513	$1.84	177	92.0%	0.19 miles	The Jacobson Company / Avenue5
6	Central Flats	1986	768	$1,469	$1.91	576	92.2%	2.37 miles	Grand Peaks / Self Managed
1	**Knol Apartments**	**1985**	**683**	**$1,424**	**$2.09**	**215**	**96.0%**		**Goodman Real Estate / Self Managed**



Rent Comparables

#1

Knol Apartments

#2

Vibe

#3

Driftwood

#4

Mosaic Hills

#5

Cityzen Commons

#6

Central Flats

Rent Comparables – by Bedroom Type

Studio

PROPERTY	YEAR BUILT	AVG SF	AVG ASKING RENT	AVG ASKING RENT/SF
Driftwood	1979	400	$1,370	$3.43
Knol Apartments	**1985**	**440**	**$1,192**	**$2.71**

One Bedroom / One Bath

PROPERTY	YEAR BUILT	AVG SF	AVG ASKING RENT	AVG ASKING RENT/SF
Driftwood	1979	715	$1,490	$2.08
Vibe	1988	645	$1,402	$2.17
Cityzen Commons	1980	674	$1,375	$2.04
Knol Apartments	**1985**	**650**	**$1,370**	**$2.11**
Mosaic Hills	1979	670	$1,325	$1.98
Central Flats	1986	543	$1,311	$2.41

Two Bedroom / One Bath

PROPERTY	YEAR BUILT	AVG SF	AVG ASKING RENT	AVG ASKING RENT/SF
Driftwood	1979	864	$1,700	$1.97
Vibe	1988	813	$1,658	$2.04
Knol Apartments	**1985**	**840**	**$1,615**	**$1.92**
Mosaic Hills	1979	804	$1,575	$1.96
Cityzen Commons	1980	855	$1,545	$1.81
Central Flats	1986	780	$1,431	$1.83

Sales Comparables

Knol is being purchased at an attractive basis compared to like-kind, unrenovated properties in the submarket. Forum was able to procure discounted pricing compared to properties sold just last year due to the timing of COVID-related uncertainty in the marketplace.

Property Name	Units	Vintage / Reno	Sale Date	Sale Price	Sale Price/Unit	Buyer	Seller	Distance from Property	Comments
Indigo Springs	302	1991	Sep-19	$78,750,000	$260,762	Decron Properties	Kennedy Wilson Properties	4.0 miles	
Waterford at the Lakes	344	1989 / 2014	Jun-19	$83,200,000	$241,860	Rise/Aegon	Nuveen	4.0 miles	Bought for value-add but was partially renovated in 2014.
Grammercy Apartments	382	1985 / 2017	Dec-18	$87,150,000	$228,141	Bridge Investment Group	Fairfield Residential	5.4 miles	This deal was partially renovated in 2017.
Alvista Lake Meridian	175	1989	Dec-19	$39,600,000	$226,286	Hanover Real Estate	Royal First Property	2.4 miles	
The Becket	260	1989 / 2017	Jun-18	$58,700,000	$225,769	MIG Real Estate	Abacus Capital Group	6.9 miles	
Mosaic Hills	366	1980 / 2009	Nov-19	$81,000,000	$221,311	Rise/Aegon	MG Properties	1.3 miles	Bought for value-add but was partially renovated in 2009.
Bryson Square	198	1988 / 2018	Jun-19	$43,250,000	$218,434	Rise/Aegon	Private Individual	1.1 miles	Bought for value-add but was partially renovated in 2018.
Alvista 240	186	1987	Dec-19	$39,400,000	$211,828	Hanover Real Estate	Royal First Property	1.2 miles	
Knol Apartments	**215**	**1985 / 2018**	**TBD**	**$44,500,000**	**$206,977**	**Forum Real Estate Group**	**Goodman Group**		
Pines at Canyon Station	168	1980	Sep-19	$34,500,000	$205,357	Latigo Management Inc	RedHill Realty	1.1 miles	
Average				$65,018,490	$227,292				

TERMS OF THE OFFERING

Terms of the Offering

Property	Knol Apartments – 11239 SE 260th St, Kent, WA 98030
Ownership	In order to accommodate a 1031 exchange on behalf of two Forum sponsored entities, ownership in Knol Apartments will be held as tenants in common ("TIC"). The three TIC entities taking undivided ownership of the Property are FREG Viera Westchase, LLP, FREG Viera Bayside Associates, LLC and FREG Knol Associates, LLC. The TIC members will be bound by an agreement that appoints Forum Management Inc. as the "TIC Manager"; limits transferability of any interest within the TIC; and establishes distributions among the TIC members. Darren Fisk and/or Fisk Investments LLC will own a minimum of 5% of each TIC.
Capitalization	$2,837,734 to be contributed by the partners of FREG Knol Associates, LLC either in the form of cash or contingent profits interest.
Investment	A minimum investment of $100,000 is recommended
Investor Contributions	Investor commitment on or before August 5, 2020 Investor subscription documents sent August 5, 2020 Completed investor subscription documents and contributions due August 21, 2020 Closing date on August 28, 2020
Manager	Forum Management, Inc., a Colorado corporation
Duration of Investment	Forum expects to hold the Property through loan maturity, at which time Forum may sell or refinance
Total Acquisition Cost	The total acquisition cost including fees, reserves, and closing costs is $47,895,317
Loans	Forum is buying Knol Apartments Free & Clear of any existing debt. We are in the process of obtaining new agency financing through CBRE. We have received preliminary loan terms from CBRE for a $29,040,000 loan amount (65.3% loan-to-value), 12-year term, full term interest-only period and a 2.77% interest rate.
Acquisition Reimbursement	At closing, Forum Management Inc. will receive a one-time reimbursement for due diligence costs of $75,000.
Property Management	Forum will pay Pinnacle 2.75% of gross revenues for the 3rd party management of Knol Apartments. Forum will **no longer** be entering into a Master Property Management Agreement, as Forum's role is as the asset manager, and therefore the TIC entities will enter into a Property Management Agreement directly with Pinnacle.
Asset Management	The TIC entities will enter into an Asset Management Agreement with Forum and Forum will receive the following percentages of the Gross Revenues collected each month: 1.0% base fee, 2.0% for a net investor return equal to or greater than an 8% cash-on-cash return, and 3.0% for a net investor return equal to or greater than a 9.5% cash-on-cash return. The fees and economics of this structure are equal to previous Forum transactions.
Annual Per Door Reimbursement	Owner shall pay to Manager an annual expense reimbursement of $50 per unit.

Terms of the Offering

Combined Closing Costs and Working Capital

Loan Fees & Costs	$337,700
Third-Party Fees	$53,000
Non-Recurring Reserves	$526,395
COVID Lender Reserves (to be transferred to Non-Recurring Reserves in Yr. 2)	$611,685
Escrows	$169,442
Start-Up Costs	$134,500
Title & Transfer	$92,595
Acquisition Reimbursement	$75,000
TOTAL	**$2,000,317**

Contingent Profit Interest Award ("CPI") Forum shall include CPI valued in total at $1,395,000, which will receive distributions on a pari passu basis with capital contributions but is subordinate to investors interest and minimum return on a sale. Forum will assign their respective CPI to certain individuals who shall become Members and who are entitled to share in any quarterly profit distributions based on their respective CPI percentages. The Members owning a CPI will only be paid at sale of the Property if Members contributing cash receive their original capital back.

Equity Profits Interest Award ("EPI") Only after Capital Members and CPI Members have received through quarterly distributions, refinance proceeds, or sale proceeds an amount equal to their Capital Contribution and CPI Awards and the minimum return of an average 7% annualized cash-on-cash return, EPI will participate in 20% of the distributable proceeds.

Voting Member Members who have made a Capital Contribution and Members holding CPI shall have all voting rights afforded Members under the Operating Agreement. Members holding EPI are not entitled to vote their EPI, and EPI percentages shall not be included in calculating any Member's voting percentage.

Removal of Manager Any Manager may be removed, with or without cause, by vote of the Members holding aggregated voting percentages equal to or greater than 75% of the voting percentages of the voting members entitled to vote on said issue.

Terms of the Offering

Capital Contributions	In addition to its initial investment, the Members may be required to contribute additional amounts to the Company upon request by the Manager. Failure to make such additional contributions could result in the dilution of such defaulting Member's Membership Interest.
Withdrawals	Generally a Member will not be able to withdraw any of its investment from the Company or demand that the Property be sold. Each Member must be able to hold their Membership interests for an indefinite period of time. In certain cases, the Manager may allow Members to offer up their interests for sale.
Transfers	Members will generally be unable to transfer their Membership Interest to any third-party except as otherwise agreed to and approved by the Manager.
Drag Along Sales	In the event that Members holding more than 50% of the voting percentages approve a transaction in which all membership interests of the Company shall be sold or transferred to a third party, all Members will be required to participate in such sale or transfer.
Qualification of Each Member	Members will generally be restricted to Persons who (i) have a pre-existing personal or business relationship with the Manager; or by reason of their business or financial experience can be reasonably assumed to have the capacity to protect their own interest in connection with this investment; or (ii) have individual income exceeding $200,000 in each of the two most recent years or joint income with a spouse exceeding $300,000 for those years, and have a reasonable expectation of the same income level in the current year; or (iii) have a net worth in excess of $1,000,000, either individually or joint with their spouse at the time of the investment. The Manager may decline an investment by a Member due to the Manager's opinion that such Member is not financially suited for investment in the Company.
Professional Services	Ms. Edie Suhr with the law firm of Fisher & Suhr, PC will be retained as counsel for Knol Apartments. Additionally, Stan Lazar at Sheppard Schwartz & Harris, LLC will be hired for the preparation of the annual tax returns for the Company.
Investment Information	Each Member is entitled to receive materials relating to the purchase of the Property, including: the purchase and sale agreement, survey, appraisal, Operating Agreement, and other documents.

SPONSOR INFORMATION

Who We Are

Strategic partners in real estate.

Forum Investment Group – with affiliate entities Forum Real Estate Group and Forum Capital Advisors* – is a private real estate investment firm with expertise and an emphasis on **multifamily housing**. We focus on generating **current income and long-term value creation** by accessing unique acquisition, development and debt investment opportunities across real estate cycles.

Since 2007, we have invested more than $2 billion in real estate and built a successful track record of high-performance investments, earning the trust of our investors and partners.

WE ARE LEADERS AND EXPERTS IN MULTIFAMILY REAL ESTATE INVESTING:

- ACQUISITION
- DEVELOPMENT
- REAL ESTATE DEBT

Total investment figure represents Forum Real Estate Group's total, historical direct real estate portfolio since inception and includes multifamily, commercial/land projects under construction and sold as of July 15, 2020, and Forum Capital Advisor's total real estate debt investments as of June 30, 2020.

* Forum Capital Advisors, LLC is a Registered Investment Adviser.

Who We Are **By The Numbers**

Total Historical Portfolio Performance[1]

$2B AUM

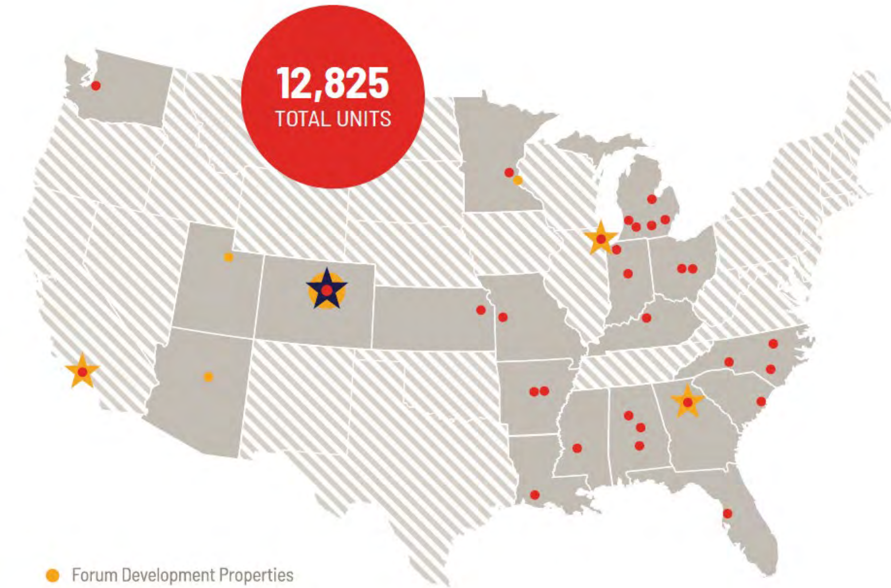
61 PROPERTIES

19 STATES

$602M	CAPITAL RAISED
23.2%	TOTAL ANNUALIZED RETURN - REALIZED & UNREALIZED
$529M	TOTAL INVESTOR DISTRIBUTIONS
2.1X	DSCR

Note: Figures represent Forum Real Estate Group's total historical direct real estate portfolio and includes multifamily acquisitions, developments, commercial/land projects under construction, and sold assets as of July 15, 2020.

[1] See Disclaimer for important disclosures around the returns presented herein. Past performance is no guarantee of future results. As with any investment, there is risk of loss.



- Forum Development Properties
- Forum-Sponsored Properties
- Forum Headquarters - Denver, CO
- Forum Satellite Offices - Atlanta, GA, Chicago, IL, Los Angeles, CA

Total Annualized Return – Realized & Unrealized[1]

FORUM SIGNATURE COMMUNITIES 25.5%	FORUM PREMIER COMMUNITIES 22.5%	FORUM ESSENTIAL COMMUNITIES 22.0%
CORE	CORE +	MIDDLE-MARKET
Luxury, Highly Amenitized	Market-Rate, Modest Amenities	Attainable, Workforce Housing
Renter by Choice	Renter by Choice / Necessity	Renter by Necessity
Cash Flow & Value Creation	Cash Flow & Value Creation	Consistent Cash Flow
Long-Term Debt & High DSCR	Long-Term Debt & High DSCR	Long-Term Debt & High DSCR

Diversified Investment Options

Our investment strategy includes various options for a diversified real estate portfolio.

FORUM SIGNATURE COMMUNITIES

CORE

- Luxury, Highly Amenitized
- Renter by Choice
- Cash Flow & Value Creation
- Long-Term Debt & High DSCR

FORUM PREMIER COMMUNITIES

CORE +

- Market-Rate, Modest Amenities
- Renter by Choice / Necessity
- Cash Flow & Value Creation
- Long-Term Debt & High DSCR

FORUM ESSENTIAL COMMUNITIES

MIDDLE-MARKET

- Attainable, Workforce Housing
- Renter by Necessity
- Consistent Cash Flow
- Long-Term Debt & High DSCR

Executive Leadership & Investment Committee

Darren Fisk | *Founder & CEO – Forum Investment Group*

Over 20 years of experience in real estate and finance with nearly 10 years at Johnson Capital Group where he generated more than $3.5 billion in loan originations.

Chris Furman | *Managing Partner – Forum Capital Advisors*

Over 26 years of financial industry experience in equity, corporate and private debt, with 23 years at Janus Henderson Investors.

Marc Swerdlow | *President & General Counsel – Forum Investment Group*

Over 30 years of real estate industry experience including 4 years at Magellan Investment Partners and 13 years at Waterton Associates.

Kevin Foltz | *Managing Partner - Real Estate – Forum Investment Group*

Over 20 years of real estate development, construction, and management experience including Continuum Partners and Swinerton Builders.

Matt Murphy | *Chief Operating Officer – Forum Investment Group*

Over 30 years of experience in real estate finance, accounting and operations, including 15 years at DCT Industrial Trust.

The right experience, working for you.

Nick Thompson | *Senior Managing Director – Forum Capital Advisors*

Over 20 years of experience in investment management with institutional and high net work clients, including prior roles at Westfield Capital, Janus Capital Group and PIMCO Advisors.

Luke Davis | *Managing Director – Real Estate – Forum Investment Group*

Over 20 years of real estate experience in underwriting, acquisitions, redevelopment and asset management, with prior roles at Triton Investment Company, Western Capital Partners LLC, Equity Residential Properties, and Greystar Real Estate Partners; ***Investment Committee Member***.

John Kolstoe | *Managing Director – Finance – Forum Investment Group*

Over 15 years of experience in corporate finance, forecasting, planning, modeling and business strategy, including prior roles at Century Communities, Inc. and UDR, Inc.; ***Investment Committee Member.***

Rich Wilson | *Managing Director – Development – Forum Investment Group*

Over 18 years of real estate industry experience in design, underwriting, entitlements and development management, including previous positions at Arcadia Land Company and HNTB as a landscape architect and urban designer; ***Investment Committee Member.***

Peter Partipilo | *Senior Director – Investments – Forum Investment Group*

Over 15 years of experience in sourcing and acquisitions, including prior acquisitions roles at Aegon Asset Management, Ryan Companies, and American Realty Advisors.

Brad Weinig | *Senior Director – Workforce Housing – Forum Investment Group*

Over 15 years of experience in affordable housing finance, policy, and development, including prior roles Herman & Kittle Properties and Enterprise Community Partners.

The right experience, working for you.

Cecil Morgan | *Senior Asset Manager – Forum Investment Group*

Over 15 years of experience in asset management, acquisitions, and investment analysis, previous asset management roles at Hamilton Point Investments and Trimont Real Estate Advisors.

Andria Puckett | *Asset Manager – Forum Investment Group*

Over 15 years of community and regional property management experience with prior positions at Embrey Partners, Pinnacle Property Management, Alliance Residential, Greystar and Waterton Residential.

Peter Faulhaber | *Asset Manager – Forum Investment Group*

Over 6 years of real estate industry experience in market research, analysis, and financial modeling, including prior positions at The Excelsior Group and NorthMarq.

Taylor Benjamin | *Senior Analyst – Forum Investment Group*

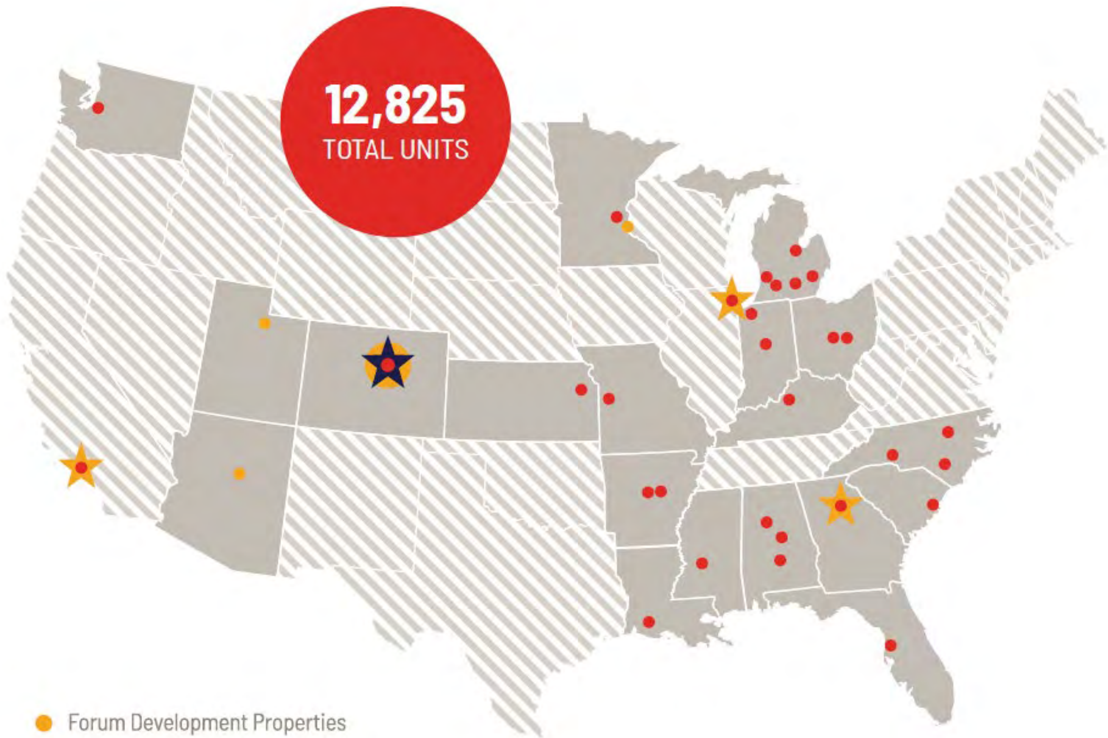
Over 4 years of real estate industry experience, in underwriting, asset positioning, financing and market research, including prior positions at Bank of America and CBRE.

Brian Danielson | *Analyst – Forum Investment Group*

Over 3 years of experience with financial analysis and reporting, including prior roles at CoBiz and Alden Torch Financial; holds Series 7 and 63 licenses.

FORUM ACQUISITION HISTORY

Backed by nationwide reach – and results.



- Forum Development Properties
- Forum-Sponsored Properties
- Forum Headquarters - Denver, CO
- Forum Satellite Offices - Atlanta, GA, Chicago, IL, Los Angeles, CA

$2B
REAL ESTATE INVESTED / AUM

23.2%
ANNUALIZED RETURN (REALIZED + UNREALIZED)[1]

Note: Figures represent Forum Real Estate Group's total historical direct real estate portfolio and includes multifamily acquisitions, developments, commercial/land projects under construction, and sold assets as of July 15, 2020.

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Forum Real Estate Group: Track Record[1]

PORTFOLIO SUMMARY as of 07/15/2020	State	Units/Size	Purchase Date	Acquisition Cost ($)	Capital Raised ($)	Total Investor Distributions (1)	Total Annualized Distribution (%) - Net to Investors	Market / Sale Value ($)(2)	Unrealized Equity Appreciation	Total Annualized Return - Realized & Unrealized	Debt Coverage Ratio
Signature Collection											
The Local	AZ	286	6/6/2017	98,910,671	30,465,671	304,657	0.3%	117,500,000	12,089,329	13.1%	1.6
Epoque Golden	CO	120	9/15/2017	46,882,550	19,282,550	-	IN LEASE-UP				
Lofts on College	CO	13	11/9/2010	8,477,752	2,768,148	5,380,600	27.6%	12,000,000	SOLD	27.6%	
Lofts on the Hill	CO	13	4/12/2010	7,624,815	2,490,000	5,107,826	18.4%	11,325,000	SOLD	18.4%	
Residences at Kent Place	CO	300	7/8/2013	88,802,262	43,222,262	73,334,671	17.4%	127,400,000	SOLD	17.4%	
Two Nine North	CO	238	3/1/2010	64,249,570	7,465,000	26,422,552	57.5%	93,500,000	SOLD	57.5%	
The Logan	CO	57	1/1/2012	9,944,559	2,886,000	6,456,711	45.6%	15,500,000	SOLD	45.6%	
Veranda Highpointe	CO	362	4/7/2012	61,790,000	29,875,000	64,322,129	31.3%	105,000,000	SOLD	31.3%	
Solhaus	MN	75	9/30/2010	12,388,391	3,540,000	7,347,329	14.9%	14,737,050	SOLD	14.9%	
Solhaus Tower	MN	75	12/1/2011	11,963,613	3,506,000	6,214,180	12.8%	12,262,950	SOLD	12.8%	
Talo	MN	303	12/27/2016	76,595,000	31,860,525	13,476,968	11.9%	92,000,000	4,905,000	16.3%	1.7
Hyve Apartments	UT	301	9/6/2019	59,243,000	25,637,000	-	UNDER CONSTRUCTION				
SUB-TOTAL Signature Collection	**12**	**2,143**		**546,872,183**	**202,998,156**	**208,367,623**	**23.8%**	**601,225,000**	**16,994,329**	**25.5%**	**1.6**
Premier Collection											
Veranda at Westchase (fka Viera at Westchase)	FL	390	3/24/2015	56,312,000	16,750,000	34,372,986	20.1%	70,450,000	SOLD	20.1%	
Trivium(fka Buchtel Plaza)	CO	100	10/9/2015	12,970,000	4,000,000	8,381,766	45.9%	18,400,000	SOLD	45.9%	
Fairlane Town Center	MI	200	12/15/2017	42,135,000	11,175,000	2,154,680	7.5%	39,187,375	(1,722,625)	1.5%	1.7
SUB-TOTAL Premier	**3**	**690**		**111,417,000**	**31,925,000**	**44,909,432**	**24.5%**	**128,037,375**	**(1,722,625)**	**22.5%**	**1.7**
Essential Collection											
Inverness Cliffs Apartments	AL	400	8/29/2014	43,230,000	11,741,000	21,517,372	16.7%	49,850,000	SOLD	16.7%	
Birchwood (fka Woodside Glenn)	AL	184	11/2/2015	7,962,000	2,362,000	1,506,021	13.6%	12,150,000	3,597,500	46.0%	2.1
The Mark Apartments and Turtle Place Apartments	AL	232	12/10/2014	12,080,345	3,460,345	4,500,033	23.2%	18,020,000	3,256,665	40.1%	1.5
Town Park Apartment Homes	AL	270	4/30/2013	11,113,000	3,261,000	6,945,116	52.7%	15,025,000	SOLD	52.7%	
Colony Woods	AL	414	6/28/2016	45,950,000	12,150,000	4,692,562	9.5%	55,780,000	9,830,000	29.5%	2.0
Tuscany at Midtown	AL	234	10/24/2016	12,825,000	4,200,000	1,716,313	11.0%	14,500,000	1,675,000	21.7%	2.8
Corner Stone I&II	AL	226	7/10/2018	15,200,000	4,200,000	784,000	9.3%	17,850,000	2,650,000	40.6%	2.1
McCain Park Apartments	AR	320	10/22/2013	20,550,000	6,630,000	5,445,626	-2.9%	18,862,500	SOLD	-2.9%	
Vantage Point Apartments	AR	228	6/5/2012	12,473,133	3,760,000	3,029,500	-7.1%	11,000,000	SOLD	-7.1%	
Viera Bayside	FL	208	10/12/2016	22,067,000	6,475,000	15,538,181	38.0%	30,800,000	SOLD	38.0%	
Parkway Grand	GA	313	9/14/2017	33,945,000	8,825,000	2,208,425	8.8%	38,820,000	4,875,000	28.3%	1.9
Central High Apartments and Stephenson Mill Apartments	IN	144	2/26/2013	7,377,992	3,075,000	6,863,141	30.2%	11,673,988	245,996	31.3%	2.4
Canyon Club Apartments	IN	206	6/27/2016	25,847,438	7,567,438	2,746,673	9.2%	29,084,731	3,237,293	20.1%	2.2
Stonewater Park	KY	236	11/21/2016	21,880,000	5,680,000	1,999,833	9.7%	24,544,000	2,664,000	22.5%	2.1
Enclave at Breckenridge	KY	376	1/5/2017	36,395,000	9,195,000	3,028,375	9.3%	39,856,000	3,461,000	20.0%	1.9
Village 1	KS	144	6/29/2018	10,605,000	3,085,000	314,625	5.0%	10,421,470	126,470	7.0%	1.4
Evergreen at River Oaks	LA	312	10/9/2017	51,650,000	19,800,000	3,857,709	7.0%	34,593,093	(15,531,907)	-21.3%	1.9
The Retreat at Farmington Hills	MI	424	7/31/2012	21,825,000	7,650,000	22,818,655	38.4%	38,200,000	SOLD	38.4%	
Sky Gate Apartments (fka Hunters West Apartments)	MI	426	9/30/2013	13,910,000	7,145,000	10,353,140	17.2%	15,500,000	SOLD	17.2%	
Township Square	MI	283	1/13/2015	18,816,486	5,991,486	3,200,659	9.7%	20,618,596	1,802,110	15.2%	2.1
Township Court	MI	143	5/6/2016	9,292,617	2,955,617	1,256,072	10.1%	8,762,024	(250,593)	8.1%	2.4
Coolidge Place Townhomes	MI	186	6/6/2016	20,305,000	5,505,000	5,439,628	24.1%	24,500,000	1,442,500	30.4%	2.3
Lakes of Holland	MI	97	8/29/2016	11,750,000	3,550,000	1,355,656	9.9%	14,700,000	2,950,000	31.3%	2.3
The View	MI	304	9/27/2018	30,360,000	8,760,000	1,382,438	8.8%	36,274,832	5,914,832	46.3%	2.2
The Vista	MI	188	9/27/2018	22,300,000	6,450,000	963,469	8.3%	23,165,616	865,616	15.8%	2.0
Seasons Park Apartments (fka Buena Vista Apartments)	MN	422	7/30/2013	28,045,000	7,625,000	16,379,425	28.0%	36,000,000	SOLD	28.0%	
Province of Briarcliff	MO	120	9/14/2017	18,905,000	4,825,000	1,158,303	8.5%	19,137,364	232,364	10.2%	1.8
Windsor Lake and Spring Lake Apartments	MS	528	10/5/2015	50,941,286	13,021,286	5,419,080	8.7%	54,000,000	3,058,714	13.6%	1.6
The Park at Moss Creek	MS	393	5/26/2016	26,925,000	8,250,000	2,784,844	8.2%	28,940,000	2,015,000	14.1%	1.9
Van Mark Apartments	MS	300	6/30/2017	31,120,000	8,400,000	2,724,750	10.7%	35,420,000	4,300,000	27.5%	2.2
Treybrooke at the Park	NC	200	10/26/2017	29,275,000	7,475,000	1,707,182	8.4%	38,100,000	8,825,000	51.8%	1.7
Woods Edge	NC	120	11/6/2017	14,755,000	4,115,000	930,162	8.4%	16,020,682	1,265,682	19.8%	1.9
Briarwood	NC	274	8/24/2018	15,405,000	6,500,000	926,250	7.5%	14,745,000	(210,000)	5.8%	2.3
Cross Creek Cove	NC	265	8/24/2018	17,040,000	7,125,000	1,015,313	7.5%	17,787,500	747,500	13.1%	2.5
Ardsley Ridge Townhomes and Apartments	OH	238	4/9/2013	11,699,000	3,845,000	11,382,513	35.1%	19,100,000	SOLD	35.1%	
River Pointe Apartments	OH	160	10/30/2012	6,105,873	2,450,000	3,303,210	12.0%	5,750,000	SOLD	12.0%	
Vinings at Carolina Bays	SC	264	9/27/2016	37,535,000	12,825,000	4,272,329	8.8%	40,000,000	2,465,000	13.8%	2.2
The Diplomat	WA	210	12/13/2019	49,852,000	18,312,917	520,852	4.8%	49,852,000	-	4.8%	1.7
SUB-TOTAL Essential Collection	**39**	**9,992**		**877,313,170**	**268,043,089**	**185,987,434**	**13.8%**	**989,404,397**	**55,510,743**	**22.0%**	**2.1**
Business											
Crystal Valley West(3)	CO	5.5 Acres	09/2018	3,500,000	3,500,000			3,500,000	-		
Monaco and Evans(3)	CO	13 Acres	09/2019	14,098,886	6,796,886			14,098,886	-		
Pearl Place	CO	200k NRSF	07/2013	93,245,979	13,764,369	43,838,930	90.3%	158,000,000	SOLD	90.3%	
ParkDIA	CO	55 Acres/7.5k Stalls	10/2013	35,682,792	16,060,000	28,960,267	13.8%	59,500,000	SOLD	13.8%	
Promenade At Castle Rock	CO	0 Acres/1mm NRSF	10/2014	212,543,987	28,912,990	13,750,000	8.2%	212,543,987	-	8.2%	
Western Foods Center	CO	199K NRSF	03/2019	26,950,000	12,250,000	1,126,942	7.1%	26,950,000	-	7.1%	2.8
DUBC	CO	329K NRSF	05/2018	36,320,000	17,820,000	2,056,416	5.3%	43,431,127	7,111,127	23.8%	2.8
SUB-TOTAL Commercial / Land	**7**			**422,341,644**	**99,104,245**	**89,732,555**	**24.9%**	**518,024,000**	**7,111,127**	**28.6%**	**2.8**
TOTAL ASSETS	**61**	**12,825**		**1,957,943,998**	**602,070,490**	**528,997,045**	**17.2%**	**2,236,690,772**	**77,893,575**	**23.2%**	**2.1**

(1) Includes quarterly, refinance and sales proceeds distributions
(2) Market value is the acquisition price if within the first year of ownership, or an estimated value based on internal and external analyses
(3) Land parcel

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Investor Reporting Initiatives

Closing Documents	Sources and Uses, Closing Statement, Deed and Investor Confirmation Letter
Quarterly Report Distribution	Operation Summary, Balance Sheet and Income Statement
Tax Reporting	Form 1065 (Schedule K-1) prepared and delivered by March 15th of each year
Quarterly Investor Summary	Summary of an Investor's ownership interests, distributions returned and return calculations
Quarterly Investor Newsletter	Assessment of the current real estate market, outlook for new investment and an overall update on Forum's real estate portfolio
Direct Deposit Via ACH	Direct account-to-account electronic transactions
Annual Net Asset Values	Internally-generated annual valuations for each asset

Certain Risk Factors

Investment in the Company is designed only for sophisticated persons and involves a substantial degree of risk of and exposure to loss of capital. No guarantee or representation is made that the Company's investment program will be successful, that the Company will achieve targeted returns, or that there will be any return of capital invested. Prospective investors should carefully consider the risk factors involved in an investment in the Company, discussed below and elsewhere in this Memorandum, and should consult their own legal, tax and financial advisers with respect to such risks. The risk factors discussed below are not meant to be an exhaustive listing of all potential risks associated with an investment in the Company.

Risks related to the Company's Business Plan

General Investment Risks The types of investments that the Company anticipates making involve a high degree of risk. In general, the regulatory, financial and operational risks confronting real estate can be significant. The economic success of an investment in the Company will largely depend upon the results of the operations of the Project, which will be subject to those risks typically associated with investment in real estate and operating companies. Fluctuations in occupancy rates and operating expenses, which can depend on events and factors beyond the control of the Company, can adversely affect operating results or render the ultimate sale of the Project difficult or unattractive. Such factors include, but are not limited to, vacancy rates in the local areas of the Project; adverse changes in local population trends; supply and demand for services provided by the Project; competition from similar enterprises; interest rates and real estate tax rates; governmental rules, regulations and fiscal policies, including the effects of inflation and enactment of unfavorable real estate and similar laws; changes in real estate tax rates and other operating expenses; environmental or zoning laws; uninsured losses; and other risks. While the targeted returns from each Project should reflect the perceived level of risk in any investment situation, there can be no assurance that the Company will be adequately compensated for all risks taken. A loss of the investor's entire investment is possible.

Reliance on the Manager The Company's success will depend on the Manager's ability to implement and manage the Company's investment program and related investments. Investors will be relying on the Manager to structure and implement the Company's business plan consistent with the Company's objectives and policies and to conduct the business of the Company as contemplated by this Memorandum. The investors will not make decisions with respect to the management, disposition or other realization of the Project, or other decisions regarding the Company's business and affairs. The Manager has complete discretion to make decisions based on the Principals' analysis and judgment. The Company's performance could be materially adversely affected if any of the key principals of the Manager were to die, become ill or disabled, or otherwise cease to be involved in the active management of the Company's portfolio.

Investments in Mature Project Investments in more mature real estate properties in the expansion or profitable stage may also involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity for facility construction and expansion, operational expenses, acquisition of other businesses, or expansion into new markets. These activities, by definition, involve a significant amount of change in a company and could give rise to significant problems in management of these activities. To the extent that any investment is made in a property with a leveraged capital structure or any property borrows or enters into other financing transactions requiring periodic payments, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by the Company in such company could be significantly reduced or even eliminated.

Limited Representations and Warranties/Release of Sellers The Project may be acquired with only limited representations and warranties from the sellers regarding matters affecting the condition, use and ownership of the Project. In addition, the right to sue the sellers with respect to a breach of a representation or warranty may expire within a relatively short period of time after the close of escrow on the purchase of the Project. In certain cases, the Manager may also agree to release the sellers from certain claims, costs and liabilities in the purchase agreements between the Manager and the sellers. As a result, if defects in a Project or other matters adversely affecting a Project are discovered, the Company may not be able to pursue a claim for damages against the seller of the Project.

Financial Projections Financial information concerning the Project may only be available through certain sources, including the sellers of the property themselves. There may be no consistent means, however, of confirming the accuracy of such information. The Project may have little or no previous credit histories. The inaccuracy of certain assumptions and general economic conditions, which are unpredictable, can have a materially adverse impact on the reliability of any financial projections concerning the Project. There can be no assurance that any financial projections can be accurately projected, and actual results may vary significantly from any such financial projections.

Certain Risk Factors

Risks related to the Company's Business Plan

Market Uncertainties Even if the Project's development efforts are successful, its ultimate success will depend upon market acceptance of their offerings. No assurance can be given that the market for these services will be sufficient for operations to achieve profitability in the near future. There also can be no assurance that performance or operating errors and deficiencies will not be found; or, if found, that they will be able to successfully correct such performance or operating errors and deficiencies in a timely manner or at all. Competitors may also introduce concepts with comparable price and performance characteristics that may result in reduced future market acceptance for their products and decreasing sales and lower gross margins which could have a material adverse effect on the business, financial condition and results of operations of the Company and the Project.

No Assurance of Additional Capital For Investments Even if a Project is successful in generating revenues, it may require additional financing to continue product and services development, expansion, marketing and other operational activities. Moreover, its cash requirements may vary materially due to changing relationships with strategic partners, changes in the focus and direction of its programs, competitive and technological advances of competitors, and other factors. Additional financing may not be available when needed or on acceptable terms. If additional financing is not available, a Project may need to delay, scale back or eliminate certain of its product or service development, marketing or other activities, or even be forced to cease operations and liquidate.

Uninsured Losses/ Unlimited Liability There are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, wars and terrorism, which are either uninsurable or not economically insurable. Should such a disaster occur or cause the destruction of a Project, the Company could lose a portion of its invested capital in that property. Although the Company is expected to obtain insurance with respect to the properties to cover casualty losses and general liability, no other insurance is expected to be available to cover losses from ongoing operations. In addition, there can be no assurance that particular risks that are currently insurable will continue to be insurable on an economical basis or that current levels of coverage will continue to be available. If a loss occurs that is partially or completely uninsured, the Company may lose all or part of its investment. The Company may be liable for any uninsured or underinsured personal injury, death or property damage claims. Liability in such cases may be unlimited but investors will not be personally liable.

Limitations on Ability to Exit Investments The Manager expects to exit from the Investments through private sales (including acquisitions of its Project by third parties) and, rarely, public offerings. At any particular time, one or both of these avenues may not be open to the Company, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time. The Company may also make investments that may not be advantageously disposed of prior to the date that the Company will be wound-up and dissolved, either by expiration of the Company's term or otherwise. The Company may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Contingent Liabilities on Disposition of Investments In connection with the disposition of a Project, the Company may be required to make representations about the Company's business and financial affairs typical of those made in connection with the sale of a business. The Company may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the Manager may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

Dependence on Key Employees The Company and its Project are substantially dependent upon the experience and knowledge of their management teams and other third parties engaged by the Company, as well as the Principals and the Manager's other investment professionals. The loss to the Company or the Project of any such persons would be detrimental to the development of the Company and the Project.

General Economic and Market Conditions The success of the Company's activities may be materially affected by general economic and market conditions, including interest rates, inflation rates, economic uncertainty, availability of credit, financial market volatility, changes in laws and national and international political circumstances. The availability, unavailability or hindered operation of external credit markets, equity markets and other economic systems which the Company may depend upon to achieve its objectives may have a significant negative impact on the Company's operations and profitability. There can be no assurance that such markets and economic systems will be available or will be available as anticipated or needed for the Company to operate successfully. These factors may adversely impact the performance and growth prospects for a Project's ability to execute on their business plans.

Certain Risk Factors

Risks related to the Company's Business Plan

Absence of Liquidity The Project will generally be a private, illiquid holding. As such, there will be no public markets for the securities held by the Company and no readily available liquidity mechanism at any particular time for any of the investments held by the Company. In addition, the realization of value from any investments will not be possible or known with any certainty until the Manager elects to sell the Project and subsequently distribute the proceeds to its investors or to distribute securities to investors in lieu of cash. Consequently, the investors will bear the economic risks of their investment for the term of the Company with no certainty of return.

No Assurance of Returns There can be no assurance that the investors will receive distributions from the Company in an amount equal to their investment in the Company as investments in Project are speculative and can result in the partial or total loss of capital. The Company may invest in companies that are experiencing or are expected to experience financial difficulties, which will require additional equity capital to be successful. Investment in the Project may involve a high degree of risk. The Project may face intense competition, including competition from companies with greater financial resources, more extensive development, a larger geographic presence, marketing and service capabilities and a larger number of qualified managerial personnel. Since the Company may only make a limited number of investments and since many of the Company's investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors.

Risks Related to the Financing of Project

Leverage The Project will typically be subject to leverage. The actual loan-to-purchase price ratio of each Project will vary. It is anticipated, however, that the loan-to-purchase price ratios for the Project will typically be around 80%, and the loan-to-value ratios for the Company's Projects which are encumbered will not exceed 80% as of the date of any borrowing. As a result of the use of leverage, a decrease in revenues of the Project may materially and adversely affect the Project's cash flow. No assurance can be given that future cash flow will be sufficient to make the debt service payments on any borrowed funds and to cover all operating expenses. If the Project's revenues are insufficient to pay debt service and operating costs, the Company and, if applicable, other owners of the Project, will be required to utilize working capital or seek additional funds. There can be no assurance that additional funds will be available to the Company, if needed. In the event the owners of the Project are unable to pay debt service, the Project could be foreclosed and the Company could lose all of its invested capital in the Project.

Availability of Financing and Market Conditions Market fluctuations in real estate, construction, and business loans may affect the availability and cost of loans needed for the Project. Credit availability has been restricted in the past and may become so in the future. Restrictions upon the availability of financing or high interest rates on such loans will adversely affect the Project and the ability to sell the Project. The Company does not have any commitments for loans to acquire any Project and there is no assurance that such loans will be available. Likewise, prevailing market conditions at the time the Company seeks to refinance a loan may make a refinancing difficult or costly to obtain. It is anticipated that the lenders will restrict the ability to obtain subordinate financing for the Project.

Interest Rates Interest paid by the Company on its debt obligations will reduce cash available for distributions. Interest rates are currently low compared to prior periods. If the Company incurs variable-rate debt, increases in interest rates would increase its interest costs, which could reduce the Company's return on its investments. If the Company needs to repay existing debt during periods of rising interest rates, it could be required to liquidate one or more of its properties at times which may not permit realization of the maximum return on such investments.

Risks Related to the Structure of the Company

Lack of Control Investors will have no right to participate in the management of the Company or in the conduct of its business. Applicable law generally provides that any investor who participates in the control of the Company's business may be adjudged liable to creditors of and claimants against the Company as if such investor were a Manager. For this reason, the investors are not permitted to have any role in the conduct of the Company's business.

Limitations on the Manager's Liability Under the Operating Agreement, the Manager is not liable to the Company nor to the investors for any claims or losses caused by acts performed by it or for any failure to act, except those directly attributable to the Manager's own fraud, gross negligence, or willful misconduct, and under certain circumstances, the Manager will be entitled to indemnification from the Company. As a result, investors may have a more limited right of action in certain cases than they would in the absence of such provisions.

Certain Risk Factors

Risks Related to the Structure of the Company

Lack of Operating History Prior to the Initial Closing, the Company has no operating history upon which prospective investors may evaluate its performance. The Company's investment program should be evaluated on the basis that there can be no assurance that the Manager's assessment of the prospects of investments will prove accurate or that the Company will achieve its investment objective. Past performance of the Principals is not necessarily indicative of future results.

Lack of Registration The Interests offered pursuant to this Memorandum have not been registered under the Securities Act nor the securities laws of any state nor will they be so registered by reason of specific exemptions under the provisions of the Securities Act and laws which depend, in part, upon the investment intent of each investor in the Company. Investors will be required to represent that they are purchasing an Interest for their own accounts and not with a view toward resale or distribution. The Company has no plans or obligations to register the Interests. Accordingly, the Interests may not be transferred without the Manager's consent and in the absence of an opinion of counsel to the Company that the transfer will not involve a violation of the registration requirements of the Securities Act. This ordinarily means that transfers will be restricted to instances of death, gift, or passage by operation of law. These restrictions on transfer are in addition to those found in the Company Agreement.

The foregoing risks do not purport to be a complete explanation of all the risks involved in acquiring an Interest. The Manager may discover information after this Memorandum has been distributed that alters the investment opportunity and may, in its sole discretion, elect to terminate the investment opportunity or related transaction regardless of whether any funds or documents have been delivered by you. Upon any such termination, any such funds or documents that may have been delivered by you will be returned and the Manager may amend or modify, in its discretion, any operating agreement or other entity documents as necessary to reflect any adjustment or redemption related to the same. All prospective investors must take appropriate measures to verify all of the information set forth herein and are urged to read this entire Memorandum and its Exhibits, the Company Agreement and the Subscription Agreement, before making a determination whether to invest in the Company.

PARTNER WITH US

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