



Consolidated Financial Statements and Report of Independent Auditors

PLA Residential Fund III, LP

September 30, 2021 and December 31, 2020

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Report of Independent Auditors

To the General Partner of PLA Residential Fund III, LP:

We have audited the accompanying consolidated financial statements of PLA Residential Fund III, LP and its subsidiaries (the 'Fund'), which comprise the consolidated statements of assets, liabilities and partners' capital as of September 30, 2021 and December 31, 2020 and the related consolidated statements of operations, changes in partners' capital and cash flows for the period from January 1 to September 30, 2021 and the year ended on December 31, 2020, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PLA Residential Fund III, LP and its subsidiaries as of September 30, 2021 and December 31, 2020, and the results of its operations and its cash flows for the period from January 1 to September 30, 2021 and the year ended on December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Salles Sainz - Grant Thornton, S.C.

Mexico City, Mexico

November 30, 2021

PLA RESIDENTIAL FUND III, LP
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(Expressed in Mexican Pesos)

ASSETS	Notes	Periods Ended	
		September 30, 2021	December 31, 2020
INVESTMENTS IN SUBSIDIARIES - At estimated fair value: (Cost: 09/30/2021 - \$740,785; 12/31/2020 - \$38,666,554)	4 and 5	\$ 740,785	\$ 1,086,476
CASH AND CASH EQUIVALENTS		92,707,708	107,916,919
OTHER ASSETS		601,694	-
Total assets		94,050,187	109,003,395
LIABILITIES			
ACCRUED EXPENSES AND TAXES		29,503	2,369,500
DUE TO RELATED PARTIES	7 and 8	-	1,699,266
Total liabilities		29,503	4,068,766
PARTNERS' CAPITAL	6	\$ 94,020,684	\$ 104,934,629

The accompanying notes are an integral part of these consolidated financial statements.

PLA RESIDENTIAL FUND III, LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in Mexican Pesos)

	Notes	Nine months ended September 30, 2021	Twelve months ended December 31, 2020
INVESTMENT INCOME:			
Equity in income (loss) of subsidiaries	4 and 5	\$ (10,792,434)	\$ (5,558,545)
Interest on short-term investments		2,611,988	424,361
Other income		2,163,942	-
Total investment income (loss)		(6,016,504)	(5,134,184)
INVESTMENT EXPENSES:			
General and administrative		2,689,445	4,856,589
Total investment expenses		2,689,445	4,856,589
INVESTMENT INCOME (LOSS), BEFORE FEE		(8,705,949)	(9,990,773)
Less: Management fee	7	1,679,656	3,725,065
NET INVESTMENT INCOME (LOSS)		(10,385,605)	(13,715,838)
REALIZED AND UNREALIZED GAIN (LOSS):			
Change in unrealized gain (loss) on investments in subsidiaries	4 and 5	(40,039)	(22,087,374)
Change in unrealized gain (loss) due to foreign currency translation		(126,252)	2,540,585
Realized gain (loss) on investments in subsidiaries	4 and 5	(362,044)	(3,239,664)
Realized gain (loss) due to foreign currency translation		(5)	(634,575)
NET REALIZED AND UNREALIZED GAIN (LOSS)		(528,340)	(23,421,028)
INCREASE (DECREASE) IN PARTNERS' CAPITAL RESULTING FROM OPERATIONS		<u>\$ (10,913,945)</u>	<u>\$ (37,136,866)</u>

The accompanying notes are an integral part of these consolidated financial statements.

PLA RESIDENTIAL FUND III, LP
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
For the nine months ended September 30, 2021 and twelve months ended December 31, 2020
(Expressed in Mexican Pesos)

Investors	% Partnership	Balance at 12.31.2019	Tax distribution - Income Tax	Net realized and unrealized gain (loss)	Net investment income (loss)	Balance at 12.31.2020	Net realized and unrealized gain (loss)	Net investment income (loss)	Balance at 09.30.2021
General Partner:									
PLA Residential Fund III Manager, LLC	0.08%	\$ 121,158	\$ (9,640)	\$ (19,300)	\$ (11,303)	\$ 80,715	\$ (435)	\$ (8,558)	\$ 71,722
Limited Partners	99.92%	153,891,749	(11,931,572)	(23,401,728)	(13,704,535)	104,853,914	(527,905)	(10,377,047)	93,948,962
Total	100.00%	\$ 154,012,907	\$ (11,941,412)	\$ (23,421,028)	\$ (13,715,838)	\$ 104,934,629	\$ (528,340)	\$ (10,385,605)	\$ 94,020,684

The accompanying notes are an integral part of these consolidated financial statements.

PLA RESIDENTIAL FUND III, LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Mexican Pesos)

	Nine months ended September 30, 2021	Twelve months ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net investment income (loss)	\$ (10,385,605)	\$ (13,715,838)
Adjustments to reconcile net investment income (loss) to net cash flows provided by (used in) operating activities :		
Equity in (income) loss of subsidiaries	10,792,434	5,558,545
(Increase) decrease in:		
Other assets	(601,694)	(82,465)
Increase (decrease) in:		
Accrued expenses and taxes	(2,466,254)	(2,383,270)
Due to related parties	(1,699,266)	886,652
Net cash flows provided by (used in) operating activities	<u>(4,360,385)</u>	<u>(9,736,376)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Contributions to subsidiaries	(10,887,479)	(18,724)
Capital return from subsidiaries	38,653	91,362,242
Net cash flows provided by (used in) investing activities	<u>(10,848,826)</u>	<u>91,343,518</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(15,209,211)	81,607,142
CASH AND CASH EQUIVALENTS - Beginning of period	<u>107,916,919</u>	<u>26,309,777</u>
CASH AND CASH EQUIVALENTS - End of period	<u><u>\$ 92,707,708</u></u>	<u><u>\$ 107,916,919</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

PLA RESIDENTIAL FUND III, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and December 31, 2020
(Expressed in Mexican Pesos, except otherwise stated)

NOTE 1: Organization

PLA Residential Fund III, LP (“the Fund”), was established on September 28, 2007 (initial closing) and began operations on January 4, 2008 as a limited partnership organized under the laws of the State of Delaware. PGIM, Inc. (“PGIM”), an indirectly wholly owned subsidiary of Prudential Financial, Inc. (“PFI”), participates in the Fund as the sole general partner through PLA Residential Fund III Manager, LLC (“the General Partner”). PGIM Real Estate (“PGIM RE”) is the real estate advisory unit of PGIM. PGIM RE provides investment advisory services to the Fund pursuant to the terms of the investment advisory agreement.

The Fund invests in real estate together with the PLA Residential Fund III Green, LP and PLA Residential Fund III Red, LP (“the Parallel Funds”). The Fund’s ownership interests in each of direct and indirect subsidiaries are:

		Fund's share	
Subsidiaries		September 30, 2021	December 31, 2020
Direct ownership			
PLA Residential Fund III Yellow, S.A. de C.V.	a and b	100.00%	100.00%
PLA Residential Fund III Yellow Blocker 1, LLC	b	100.00%	100.00%
Indirect ownership			
PLA Residential Fund III Aggregating Vehicle, LP	a	55.89%	55.89%

- a. PLA Residential Fund III Yellow, S.A. de C.V. (“the Yellow S.A. de C.V.”) and PLA Residential Fund III Yellow Blocker 1, LLC (“the Yellow Blocker1, LLC”) along with the Parallel Funds invest in real estate through PLA Residential Fund III Aggregating Vehicle, LP (“the Aggregating Ontario LP”).
- b. The Yellow S.A. de C.V. along with Parallel Funds invested in PLA Usos Mixtos Blocker S.R.L., which was a company created for property management activities related to apartments for rent portfolio. On January 29, 2020 PLA Usos Mixtos Blocker S.R.L was dissolved.

The Fund’s term ended at the seventh anniversary (February 25, 2015) of the final closing date, provided that it may be extended for up to two additional one-year terms after such date at the General Partner’s discretion and may be extended beyond such additional two one-year terms only upon the approval by the Fund’s limited partners holding at least a majority of the total commitments to the Fund. The General Partner has exercised its right to extend the term of the Fund by two additional one-year periods.

On February 25, 2017, the two-year extension on the Fund’s term has expired and the Fund is currently in a winding down process which consists of selling all remaining real estate properties and assets with the objective of returning the investment to the partners of the Fund.

NOTE 2: Summary of Significant Accounting Policies

A. Basis of presentation

The accompanying consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) that are applicable to real estate investment companies. It is the Fund’s policy to consolidate those entities in which it has a controlling interest. All significant inter-company balances and transactions have been eliminated in the consolidation. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The Fund has evaluated subsequent events through November 30, 2021, the date these financial statements were available to be issued.

PLA RESIDENTIAL FUND III, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and December 31, 2020
(Expressed in Mexican Pesos, except otherwise stated)

NOTE 2: Summary of Significant Accounting Policies (continued)

A. Basis of presentation (continued)

Capitalized terms used herein without definition shall have the meanings assigned to them in the Fund's Limited Partnership Agreement ("the LP Agreement").

B. Management's use of estimates in the financial statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from fair estimates.

C. Accounting pronouncements adopted

In August 2018, the Financial Accounting Standards Board ("FASB") issued updated guidance in Accounting Standards Update ("ASU") 2018-13 *Fair Value Measurements* (Topic 820) to improve the effectiveness of information in the notes to the financial statements by removing, modifying and adding required disclosures. The amendments in this update apply to all entities that are required, under existing GAAP, to make disclosures about recurring or nonrecurring fair value measurements. The new guidance is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Fund adopted this guidance effective January 1, 2020 and applied it retrospectively, which did not have a material impact on the Fund's consolidated financial statements.

D. Investments in subsidiaries

Investments in subsidiaries are carried at fair value. In estimating the fair value of subsidiaries, management considers the net assets values as reported by those subsidiaries, which value their investments at fair value in accordance with FASB guidance on fair value measurements and disclosures.

The fair values of underlying investments of the subsidiaries are based on the conventional approaches to value, all of which require the exercise of subjective judgment. The three approaches are: (1) current cost of reproducing the real estate less deterioration and functional and economic obsolescence; (2) discounting a series of income streams and reversion at a specific yield or by directly capitalizing a single year income estimate by an appropriate factor; and (3) value indicated by recent sales of comparable real estate in the market. In the reconciliation of these three approaches, the independent appraiser uses one or a combination of them, to come up with the approximate value for the type of real estate in the market.

E. Cash and cash equivalents

Cash and cash equivalents are comprised of all short-term investments and investments in money market funds with a maximum maturity of three months from the date of acquisition. Cash equivalents consist of overnight investments and are carried at cost, plus accrued interest, which approximates fair value. In the normal course of business, the Fund maintains cash and cash equivalents in financial institutions, which at times may exceed federally insured limits. The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. The Fund monitors the financial condition of such financial institutions to minimize credit risk exposure.

F. Other Assets

Other assets are comprised of prepaid income tax distributed from the Aggregating Ontario LP. These prepaid income taxes are offset against any income tax liability determined at the time its annual income tax returns is presented.

PLA RESIDENTIAL FUND III, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and December 31, 2020
(Expressed in Mexican Pesos, except otherwise stated)

NOTE 2: Summary of Significant Accounting Policies (continued)

G. Equity in income (loss) of subsidiaries

Equity in income (loss) of subsidiaries represents the Fund's share in income (loss) of its subsidiaries and their affiliates as provided for under the terms of the entities agreements. Frequency of distribution of income is determined by formal agreements or by the General Partner of the subsidiaries.

H. Income taxes

The Fund is a limited partnership. All Mexican federal income tax liabilities are passed through to the partners of the Fund. Accordingly, the accompanying financial statements do not include any provision for federal income taxes. Payments of Mexican federal income taxes applicable to those partners are reflected as distributions.

I. Realized and unrealized gains and losses

Purchases and sales of investments are accounted for on a settlement date basis as of the date on which the transactions close. Realized gains and losses are recorded at the time an investment is sold. The Fund recognizes a realized gain to the extent that the sales price exceeds the cost of the investment being sold. A realized loss is recognized when the cost exceeds the sales price of the investment being sold. Unrealized gains and losses on investments are recorded as a result of changes in fair value.

J. Foreign currency transactions and translation

Foreign currency denominated transactions are translated into the functional currency of the Fund (Mexican Pesos) using the prevailing exchange rates at the dates of the transactions (spot exchange rate). Assets and liabilities denominated in a currency other than the Fund's functional currency are translated using the exchange rate prevailing at the date of the Consolidated Statements of Assets and Liabilities. Realized and unrealized gains (losses) arising from translation are included in the Consolidated Statements of Operations.

NOTE 3: Disclosure of Supplemental Cash Flow and Non-Cash Investing and Financing Activities

During the year ended December 31, 2020, the Aggregating Ontario LP, through its subsidiary Super Mexican Master Trust ("the SMMT"), made estimated federal income tax payments of \$1,294,740, on behalf of the Fund's partners in lieu of distribution. These advances of federal income taxes can be applied towards future tax liabilities of the partners of the Fund in México.

During the year ended December 31, 2020, the Fund distributed tax credits related to the definitive federal income taxes filed by the Yellow Blocker1, LLC and the Yellow S.A. de C.V. on behalf of the Partners and General Partner resulting in a non-cash activity of \$11,941,412. Please refer to the Statements of Changes in Partners' Capital for further detail on the mentioned allocations.

During the period between January 1 and September 30, 2021, the non-cash investing and financing activities were nil.

NOTE 4: Fair Value Measurements

The FASB authoritative guidance on fair value measurements and disclosures establishes a fair value measurement framework, provides a single definition of fair value and requires expanded disclosure summarizing fair value measurements. This guidance provides a three-level hierarchy based on the inputs used in the valuation process. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

PLA RESIDENTIAL FUND III, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and December 31, 2020
(Expressed in Mexican Pesos, except otherwise stated)

NOTE 4: Fair Value Measurements (continued)

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the entity for identical assets or liabilities. These generally provide the most reliable evidence and should be used to measure fair value whenever available.

Level 2 – Fair value is based on inputs, other than Level 1 inputs, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data.

Level 3 – Fair value is based on significant unobservable inputs for the asset or liability. These inputs reflect the entity's own assumptions about how market participants would price the asset or liability.

Investments measured at NAV as a practical expedient for fair value are not categorized within the fair value hierarchy. Refer to Note 2D for discussion of the valuation methodology.

The table below summarizes the assets measured at fair value on a recurring basis and their respective fair value hierarchy.

Table 1

Fair value measurements at September 30, 2021 using						
<u>Assets:</u>	<u>Cost/Principal Balance</u>	<u>Amounts measured at fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments measured at net asset value</u>
Total Investments in subsidiaries	\$ 740,785	\$ 740,785	\$ -	\$ -	\$ -	\$ 740,785
Fair value measurements at December 31, 2020 using						
<u>Assets:</u>	<u>Cost/Principal Balance</u>	<u>Amounts measured at fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments measured at net asset value</u>
Total Investments in subsidiaries	\$ 38,666,554	\$ 1,086,476	\$ -	\$ -	\$ -	\$ 1,086,476

PLA RESIDENTIAL FUND III, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and December 31, 2020
(Expressed in Mexican Pesos, except otherwise stated)

NOTE 5: Investments in subsidiaries

Investments in subsidiaries are the Fund's equity in net assets as reflected in the Aggregating Ontario LP and PLA Usos Mixtos Blocker S. de R.L. de C.V. financial statements. The condensed Aggregating Ontario LP and PLA Usos Mixtos Blocker S. de R.L. de C.V. financial position and results from operations are summarized as follows:

Aggregating Ontario LP

STATEMENTS OF FINANCIAL POSITION	Periods Ended	
	September 30, 2021	December 31, 2020
ASSETS		
Real Estate Investment - At estimated fair value (Cost 09/30/2021 - \$0; 12/31/2020 - \$67,078,648)	\$ -	\$ 811,856
Other assets	1,325,447	1,509,921
Total Assets	1,325,447	2,321,777
LIABILITIES		
Other liabilities	-	377,805
Total Liabilities	-	377,805
Total Net Assets	1,325,447	1,943,972
Fund's share of the net assets*	\$ 740,785	\$ 1,086,476

STATEMENTS OF OPERATIONS	Periods Ended	
	September 30, 2021	December 31, 2020
INVESTMENT INCOME		
Total Investment income	\$ 17,502	\$ 8,787,552
INVESTMENT EXPENSES		
Total Investment expense	19,327,814	18,690,519
NET INVESTMENT INCOME (LOSS)	(19,310,312)	(9,902,967)
NET REALIZED AND UNREALIZED GAIN (LOSS)	(719,429)	(45,315,866)
INCREASE (DECREASE IN NET ASSETS RESULTING FROM OPERATIONS)	(20,029,741)	(55,218,833)
Fund's share of net investment income (loss)	(10,792,434)	(5,334,769)
Fund's share of net realized and unrealized gain (loss)	(402,083)	(25,327,038)
Fund's share of the increase (decreased) in net assets resulting from operations attributable to partners' controlling interest	\$ (11,194,517)	\$ (30,661,807)

* This is the Fund's indirect share in the Aggregating Ontario LP's net asset and increase (decrease) in the net assets resulting from operations, through the Yellow S.A. de C.V. and Yellow Blocker1, LLC.

PLA RESIDENTIAL FUND III, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and December 31, 2020
(Expressed in Mexican Pesos, except otherwise stated)

NOTE 5: Investments in subsidiaries (continued)

PLA Usos Mixtos Blocker S. de R.L. de C.V.

STATEMENTS OF FINANCIAL POSITION

Assets

Cash and cas equivalents
 Oher assets
 Total Assets

Year Ended
December 31, 2020

\$ -
 -
 -

Liabilities

Accounts payable
 Total Liabilities

-
 -

Total Net Assets

-

Fund's Share of the net assets

\$ -

STATEMENTS OF OPERATIONS

INVESTMEN INCOME

Interest Income
 Total Investment income

Year Ended
December 31, 2020

\$ -
 -

INVESTMENT EXPENSES

General and administrative
 Total Investment expense

(44,506)

NET INVESTMENT INCOME (LOSS)

(44,506)

NET REALIZED AND UNREALIZED GAIN (LOSS)

(44,506)

INCREASE (DECREASE IN NET ASSETS RESULTING FROM OPERATIONS)

(44,506)

Fund's share of net investment income (loss)

(23,776)

**Fund's share of the increase (decreased) in net assets resulting from
 operations and CTA effect**

\$ (23,776)

* This was the Fund's indirect share in the PLA Usos Mixtos Blocker S. de R.L. de C.V.'s net assets through the Yellow S.A. de C.V. As part of the winding down process the PLA Usos Mixtos Blocker S. de R.L. de C.V was successfully dissolved on January 29, 2020.

NOTE 6: Partner's Capital

Total capital committed to the Fund is US\$ 485,400,000, (equivalent to \$6,220,707,129) which was fully contributed as of September 30, 2021.

The Fund invests indirectly in the Aggregating Ontario LP. The Fund also invested directly in the Chilean LP and indirectly in the PLA Usos Mixtos Blocker S. de R.L. de C.V until their liquidation. All investment proceeds from their subsidiaries after accounting for any costs, expenses and reserves of the Fund, shall be allocated as follows:

PLA RESIDENTIAL FUND III, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and December 31, 2020
(Expressed in Mexican Pesos, except otherwise stated)

NOTE 6: Partner's Capital (continued)

- (a) First, 100% to the partners pro rata according to their respective capital contributions (measured in Mexican Pesos) until the unpaid preferred return of 12% of capital contribution of each partner is reduced to zero;
- (b) Second, 100% to the partners pro rata according to their respective capital contributions (measured in Mexican Pesos) until each partner has received distributions pursuant to this item equal to such partner's aggregate capital contributions;
- (c) Third, (i) 50% to the partners and (ii) 50% to an affiliate of PGIM ("the Carried Interest Beneficiary") until the Carried Interest Beneficiary has received cumulative distributions pursuant to this clause (c) equal to (20%) of the total amount distributed to the partners under clause (a) and this clause (c);
- (d) Fourth, thereafter (i) 20% to the Carried Interest Beneficiary and (ii) 80% to the partners;

As of September 30, 2021 and December 31, 2020, no investment proceeds was allocated to the Carried Interest Beneficiary pursuant to (c) and (d) above.

NOTE 7: Management Fees

According to the LP Agreement, the Fund shall pay the General Partner an annual management fee for services relating to the management of the Fund's assets. The management fee is calculated as follows:

With respect to funded commitment, 1.5% per annum on each limited partner's funded commitments. The portion of the management fee payable on funded commitments will be payable throughout the term of the Fund. With respect to unfunded commitments, the fees are calculated as follows:

- i. 1% per annum on that portion of each limited partner's unfunded commitments up to and including US\$50,000,000;
- ii. 0.75% per annum on that portion of each limited partner's unfunded commitments greater than US\$50,000,000 up to and including US\$100,000,000;
- iii. 0.50% per annum on that portion of each limited partner's unfunded commitments greater than US\$100,000,000 up to and including US\$150,000,000, and;
- iv. 0.00% on that portion of each limited partner's unfunded commitments exceeding US\$150,000,000.

On November 4, 2015, the Fund's LP Agreement was amended and according to the provisions of the amended LP Agreement, the Fund shall pay the General Partner an annual management fee equal to 1.5% per annum on each limited partner's funded commitments through December 31, 2014.

Beginning January 1, 2015, the Fund shall pay the General Partner an annual management fee equal to:

- (a) 1.32% per annum on each limited partner's funded commitments with respect to the first and second quarters of 2015;
- (b) 0.75% per annum on each limited partner's funded commitments with respect to the third and fourth quarters of 2015.

On January 1, 2016 the Agreement was restated and according to the restated Fund's limited partnership agreement, the Fund shall pay the General Partner an annual management fee equal to the lesser of (i) 0.75% per annum on each limited partner's funded commitments and (ii) 1.5% per annum on each limited partner's share of the Partnership's NAV as of December 31 of the prior fiscal year.

PLA RESIDENTIAL FUND III, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and December 31, 2020
(Expressed in Mexican Pesos, except otherwise stated)

NOTE 7: Management Fees (continued)

During the first quarter of 2019, management communicated to the Fund's partners a Management Fee reduction, with an effective date of January 1, 2019, whereby the Manager shall now receive a per annum fee of US\$167,668.

The management fee commenced to be charged on the initial closing date, which was September 28, 2007 and shall cease to be charged upon the completion of the Fund's liquidation.

The total management fee for the nine months ended September 30, 2021 and twelve months ended December 31, 2020 was \$1,679,956 and \$3,725,065, respectively (equivalent to US\$83,145 and US\$167,668 respectively).

NOTE 8: Related Parties

According to the Fund's LP Agreement, the Fund shall bear and be charged with all expenses of its activities and operations. To the extent any Operating Expenses, as defined in the Fund's LP Agreement, are incurred or paid by the General Partner, the Investment Manager or their affiliates, such Operating Expenses shall be reimbursed by the Fund. For the nine months ended September 30, 2021 and twelve months December 31, 2020, the Fund incurred expenses of \$0 and \$162,663 respectively (equivalent to approximately US\$0 and US\$7,345 respectively), related to the oversight of real estate investments.

Balances with related parties are summarized as follows:

Accrued Expenses and Taxes	September 30, 2021	December 31, 2020
PLA Residential Fund III Manager, LLC	\$ -	\$ 1,699,266

NOTE 9: Commitments, Contingences and Risks

On November 16, 2018, the Mexican tax administration service ("Servicio de Administración Tributaria") issued a notice assessing an income tax liability to the Fund of \$168,007,537. The Fund has engaged legal counsel to challenge this resolution, which considers the likelihood of an unfavorable decision to the Fund as remote.

On December 10, 2018, the Mexican tax administration service ("Servicio de Administración Tributaria") issued a notice assessing an income tax liability to the Fund of \$148,261,072. The Fund has engaged legal counsel to challenge this resolution, which considers the likelihood of an unfavorable decision to the Fund as remote.

In an event of an unfavorable outcome for the Fund in any of the assessments mentioned above, the capital accounts of the affected investors would be diluted through a deemed tax distribution in the amount of the income tax liability. As of September 30, 2021, there are no new developments or significant events regarding this legal claim process.

Apart from the issue disclosed above, there are various legal actions relating to the properties in the Fund in the ordinary course of business. In the opinion of the Fund's management, the outcome of such matters will not have a material effect on the Fund's financial condition or results of operations.

PLA RESIDENTIAL FUND III, LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and December 31, 2020
(Expressed in Mexican Pesos, except otherwise stated)

NOTE 10: Financial Highlights

The following represents financial highlights attributable to the limited partners. Ratios to limited partners' capital and internal rate of return ("IRR") are calculated for the limited partners as a whole.

Internal rate of return is calculated based on the internal rate of return methodology net of fees and incentive allocations. Internal rate of return is computed on a cumulative, since inception basis using annual compounding and the actual dates of cash inflows received by and outflows paid to the partners, and including ending NAV of each measurement date.

- (a) Average net assets are calculated based on a weighted average:
Beginning net assets + time weighted contributions – time weighted distributions.

NOTE 11: SUBSEQUENT EVENT

As part of the Fund's liquidation strategy, on October 12, 2021, the Fund returned capital to the Partners in the amount of \$5,834,262 (equivalent to US\$284,182).

On October 20, 2021 the Partners executed an assignment of limited partnership interest agreement where their interest participation in the Fund, including all its underlying subsidiaries, was transferred to a third-party liquidator ("Liquidator"). As a result, the Partners' rights and obligations on the Fund and its subsidiaries, which together at the time of the transaction had a book value of \$88,185,133, were effectively transferred to the Liquidator, becoming the sole owner of these entities. In this transaction, the Partners paid to the Liquidator the amount of \$86,872,156, which was already included as a cash reserve in the book value of the transferred subsidiaries.

PLA RESIDENTIAL FUND III, LP
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NOTE 11: SUBSEQUENT EVENT (continued)

After the execution of the transaction, the Partners' capital position is as follows:

Investors	% Partnership	Balance at 12.31.2020	Net realized and unrealized gain (loss)	Net investment income (loss)	Balance at 09.30.2021	Capital Return	Net investment income (loss)	Net realized and unrealized gain (loss)	Transfer of interest participation	Balance at 10.21.2021
General Partner:										
PLA Residential Fund III Manager, LLC	0.08%	\$ 80,715	\$ (435)	\$ (8,558)	\$ 71,722	\$ (4,808)	\$ (1)	\$ (1)	\$ (66,912)	\$ -
Limited Partners:										
The Royal Mail Pension Plan	9.85%	10,382,924	(54,423)	(1,069,799)	9,258,702	(600,974)	(39)	(87)	(8,657,602)	-
The BT Pension Scheme	15.31%	16,080,942	(81,635)	(1,604,697)	14,394,610	(901,463)	(61)	(136)	(13,492,950)	-
Teacher Retirement System of Texas	33.41%	34,781,780	(163,268)	(3,209,397)	31,409,115	(1,802,925)	(134)	(297)	(29,605,759)	-
West Midlands Metropolitan Authorities Pension Fund	3.94%	4,153,144	(21,770)	(427,921)	3,703,453	(240,389)	(16)	(35)	(3,463,013)	-
Commonwealth of Pennsylvania State Employee's Retirement System	4.92%	5,191,447	(27,212)	(534,899)	4,629,336	(300,488)	(20)	(44)	(4,328,784)	-
Retirement Program Plan for Employees of Certain Employers at the US Department of Energy Facilities at Oak Ridge Tennessee*	1.19%	1,243,242	(6,066)	(119,238)	1,117,938	(66,984)	(6)	(11)	(1,050,937)	-
Pension Plan for Employees at ORNL*	0.78%	832,685	(4,818)	(94,719)	733,148	(53,211)	(3)	(7)	(679,927)	-
Union Pacific Master Retirement System	0.99%	1,038,978	(5,444)	(106,980)	926,554	(60,098)	(4)	(9)	(866,443)	-
New York State Teacher's Retirement System	9.85%	10,382,924	(54,423)	(1,069,799)	9,258,702	(600,974)	(39)	(87)	(8,657,602)	-
Project Shore JV I, LLC	9.85%	10,382,924	(54,423)	(1,069,799)	9,258,702	(600,974)	(39)	(87)	(8,657,602)	-
Arizona State Retirement System	9.85%	10,382,924	(54,423)	(1,069,799)	9,258,702	(600,974)	(39)	(87)	(8,657,602)	-
Total Limited Partners	99.92%	104,853,914	(527,905)	(10,377,047)	93,948,962	(5,829,454)	(400)	(887)	(88,118,221)	-
Liquidator - Tolaqui S.A. de C.V.		-	-	-	-	-	-	-	88,185,133	88,185,133
Total	100.00%	\$ 104,934,629	\$ (528,340)	\$ (10,385,605)	\$ 94,020,684	\$ (5,834,262)	\$ (401)	\$ (888)	\$ -	\$ 88,185,133