JAMESTOWN 27, L.P. AND SUBSIDIARIES
(A LIMITED PARTNERSHIP)

CONSOLIDATED FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2019

JAMESTOWN 27, L.P. AND SUBSIDIARIES
(A LIMITED PARTNERSHIP)

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INDEPENDENT AUDITOR'S REPORT

To the Partners of
JAMESTOWN 27, L.P. and Subsidiaries

We have audited the accompanying consolidated financial statements of JAMESTOWN 27, L.P., a Georgia limited partnership, and Subsidiaries (the "Partnership"), which comprise the consolidated statement of net assets, including the consolidated schedule of investments, as of December 31, 2019, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended, 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 these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 the auditor's 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, the auditor considers internal control relevant to the Partnership'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 Partnership'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 consolidated financial position of JAMESTOWN 27, L.P. and Subsidiaries as of December 31, 2019, and the consolidated results of their operations and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Moore, Colson + Company, P.C.

Atlanta, Georgia
March 31, 2020

JAMESTOWN 27, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF NET ASSETS
DECEMBER 31, 2019

Assets:		
Real estate investments, at fair value:		
Real estate (cost: $348,463,226)	$	360,900,000
Cash and cash equivalents		26,967,765
Restricted cash		74,425
Accrued investment income, net of allowance for doubtful accounts of $87,901		1,271,038
Due from related parties, net		4,119,072
Prepaid expenses		1,494,336
Total assets		394,826,636
Liabilities:		
Mortgage loans payable		152,687,863
Deferred financing costs, net of accumulated amortization of $3,542,626		(108,908)
Mortgage loans payable, net of deferred financing costs		152,578,955
Accrued distributions		4,514,503
Accrued real estate expenses and taxes		597,912
Accrued capital and leasing costs		3,348,845
Accrued interest expense		608,846
Tenant security deposits		490,252
Accrued estimated withholding taxes		12,492,898
Deferred income		1,076,757
Total liabilities		175,708,968
Commitments and contingencies (see Note 9)		
Net assets	$	219,117,668

See notes to consolidated financial statements.

JAMESTOWN 27, L.P. AND SUBSIDIARIES
CONSOLIDATED SCHEDULE OF INVESTMENTS
DECEMBER 31, 2019

Real Estate Investments	Ownership Percentage	City, State	Type	Rentable Square Feet (unaudited)	Cost	Fair Value	Percent of Fair Value
Real Estate:							
JAMESTOWN South Shore Center, L.P. ("Alameda")	99.9%	Alameda, CA	Retail	600,000	$208,848,371	$ 198,600,000	55.0 %
JAMESTOWN 325 Hudson, L.P. ("325 Hudson")	99.9%	New York, NY	Office	216,000	139,614,855	162,300,000	45.0 %
				Total real estate investments	$348,463,226	$ 360,900,000	100.0 %

See notes to consolidated financial statements.

JAMESTOWN 27, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

Revenues:		
Revenue from real estate	$	31,452,814
Equity in income from unconsolidated real estate partnership		1,850,524
Other income		1,285,448
Total revenues		34,588,786
Expenses:		
Real estate operating expenses		10,535,771
Real estate taxes		4,709,699
Interest expense		7,804,994
Asset management fees		792,181
Investment management fee		1,285,515
Fund administrative expenses		68,348
Total expenses		25,196,508
Net investment income		9,392,278
Realized and unrealized gains (losses):		
Realized gain from sale of unconsolidated real estate partnership		114,748,760
Less: Previously recorded unrealized gain on unconsolidated real estate partnership		(55,399,276)
Net realized gain from sale of unconsolidated real estate partnership		59,349,484
Change in unrealized gain on real estate, net		(1,751,779)
Net realized and unrealized gain		57,597,705
Increase in net assets resulting from operations	$	66,989,983

See notes to consolidated financial statements.

JAMESTOWN 27, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Partner	Limited Partners	Total
Beginning balance - December 31, 2018	$ 31,354,555	$ 345,100,781	$ 376,455,336
From operating activities:			
Net investment income	160,318	9,231,960	9,392,278
Net realized and unrealized gain	20,783,141	36,814,564	57,597,705
Increase in net assets resulting from operations	20,943,459	46,046,524	66,989,983
From capital transactions:			
Distributions - preferred return	(160,318)	(5,183,611)	(5,343,929)
Distributions - sale of real estate investment	—	(218,983,722)	(218,983,722)
Decrease in net assets resulting from capital transactions	(160,318)	(224,167,333)	(224,327,651)
Ending balance - December 31, 2019	$ 52,137,696	$ 166,979,972	$ 219,117,668

See notes to consolidated financial statements.

JAMESTOWN 27, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities:		
Increase in net assets resulting from operations	$	66,989,983
Adjustments to reconcile increase in net assets resulting from operations to net cash flows provided by operating activities:		
Net realized and unrealized gain		(57,597,705)
Amortization of deferred financing costs		148,227
Bad debt expense		217,223
Changes in assets and liabilities:		
Accrued investment income		(29,274)
Due from related parties, net		90,868
Prepaid withholding taxes		681,330
Prepaid expenses		93,412
Accrued real estate expenses and taxes		(153,267)
Accrued interest expense		(43,156)
Tenant security deposits		(270,531)
Accrued estimated withholding taxes		(2,570,102)
Deferred income		330,147
Net cash provided by operating activities		7,887,155
Cash flows from investing activities:		
Proceeds from sale of unconsolidated real estate partnership		178,233,398
Additions to real estate		(7,524,594)
Return of capital distributions received from unconsolidated real estate partnership		3,675,715
Net cash provided by investing activities		174,384,519
Cash flows from financing activities:		
Distributions to partners		(242,649,691)
Principal payments on mortgage loans payable		(3,067,036)
Payment of financing costs		(57,340)
Net cash used in financing activities		(245,774,067)
Net decrease in cash, cash equivalents, and restricted cash		(63,502,393)
Cash, cash equivalents and restricted cash, beginning of year		90,544,583
Cash, cash equivalents and restricted cash, end of year	$	27,042,190
Supplemental cash flow information:		
Cash paid for interest	$	(7,699,923)
Supplemental disclosure of noncash operating, investing and financing activities:		
Increase in accrued capital and leasing costs	$	2,019,454
Decrease in accrued capital and leasing costs - related party	$	(47,031)
Decrease in accrued distributions	$	(18,322,040)
Increase in proceeds receivable from sale of unconsolidated partnership	$	4,283,563
Increase in distributions receivable from unconsolidated real estate partnership	$	403,052

See notes to consolidated financial statements.

1. ORGANIZATION AND PURPOSE

JAMESTOWN 27, L.P. (the "Partnership"), a Georgia limited partnership, has multiple subsidiaries for its real estate investments (collectively referred to as the "Fund"). The Partnership was formed in November 2010 for the purpose of acquiring, investing, redeveloping, owning, operating and selling income producing properties with the intention of achieving current income, capital appreciation or both. The Partnership terminates on the earlier of December 31, 2031 or the occurrence of certain events as defined in the Amended and Restated Agreement of Limited Partnership (herein referred to as the Partnership Agreement, inclusive of all subsequent amendments and restatements). JAMESTOWN, L.P., a Georgia limited partnership, is the General Partner.

The stated objectives of the Partnership are as follows:

a. To preserve and protect the partners' investments in the Partnerships;

b. To realize an initial preferred return equal to 1.5% per annum of contributed capital from the date of payment of contributed capital up to December 31, 2011 and 6% per annum thereafter; and

c. To return to the limited partners an amount equal to 110% of their total capital contributions (including such capital contributions) from Net Proceeds of Sale or Refinancing and cash reserves existing at the time the Partnership is liquidated.

The Partnership has two classes of limited partnership units available for subscription, A limited partnership units (A Units) and B limited partnership units (B Units). The Partnership is authorized to issue between 222,365,000 and 600,000,000 A Units and 50,000,000 and 100,000,000 B Units, each having a subscription price of $1.00. On September 30, 2012, the Fund closed for further purchase of A Units. At the close of the fund, 418,595,000 A Units had been issued. As of December 31, 2019 and 2018, 418,523,000 units were outstanding, after considering all units previously redeemed under the terms of the Partnership Agreement. Certain employees of Jamestown US- Immobilien GmbH, an affiliate of the General Partner, invest in the Partnership as limited partners. The contractual terms and requirements of the employee investors are generally consistent with all third-party investors.

B Units are only available for subscription by the General Partner. Once 250,000,000 A Units have been subscribed, the General Partner shall subscribe for at least one additional B Unit for every five A Units up to a maximum of 100,000,000 B Units. B Units will be used to meet the capital needs of the Partnership or its properties, including acquisitions of new properties, expansion of existing properties, and tenant leasing costs and capital projects at the properties. Upon payment in full of the required B Unit contribution, such B Units shall automatically be converted to A Units. At the time of a request for B Units, the amount payable is equal to the adjusted capital contribution of A Units, as defined by the Partnership Agreement. As of December 31, 2019, 83,704,600 B Units had been subscribed and 19,444,444 B Units had been paid for under the provisions of the Partnership Agreement and were outstanding. As of December 31, 2019 and 2018, total units of 437,967,444 were outstanding.

On December 29, 2016, the Fund returned capital totaling $109,491,861 which represented $0.25 per Unit to all owners of A Units as a result of the sale of the property owned by JAMESTOWN 47th Avenue, L.P.

1. ORGANIZATION AND PURPOSE (Continued)

On November 30, 2018, the Fund returned capital totaling $109,491,861 which represented $0.25 per Unit to all owners of A Units as a result of the sale of the property owned by JAMESTOWN Newbury Line, L.P.

On May 24, 2019, the Fund returned capital totaling $218,983,722 which represented $0.50 per Unit to all owners of A Units as a result of the sale of the property owned by JAMESTOWN 450 West 15th Street, L.P.

As of December 31, 2019, the Fund had returned a total of $1.00 per Unit to all owners of A Units.

All capitalized terms not defined herein shall have the meaning ascribed to them in the Partnership Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Partnership is considered an investment company under GAAP.

(b) Basis of Consolidation

The consolidated financial statements of the Fund include the accounts of the Partnership and its real estate partnerships for which it has control over the major operating and financing policies. All significant intercompany accounts and transactions among the Partnership and its subsidiaries have been eliminated in consolidation.

Variable Interest Entities (VIEs) are defined as entities in which equity investors (i) do not have the characteristics of a controlling financial interest, and/or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The entity that consolidates a VIE is known as its primary beneficiary, and is generally the entity with (i) the power to direct the activities that most significantly impact the VIE's economic performance, and (ii) the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE.

The Fund determined that JAMESTOWN 450 West 15th Street, L.P. (Milk Studios) was not considered a VIE, and since neither equity investor had disproportionate power to direct the activities that most significantly impact the entity's performance, the real estate investment was reported under the equity method in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues, expenses, and realized and unrealized gains (losses) during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment.

Management adjusts such estimates when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from those estimates. The most significant estimates and assumptions for the Fund relate to the valuation of the real estate investments and derivative instruments.

Real estate investment values are affected by, among other things, the availability of capital, occupancy rates, rental rates and interest and inflation rates. As a result, determining real estate investment values involves many assumptions. Amounts ultimately realized from each investment may vary significantly from the fair values presented.

(d) Real Estate Investments

Real Estate

Real estate property acquisitions, sales and dispositions are recorded as of the date of closing. Real estate investments are carried at fair value. Costs incurred in connection with the acquisition of the real estate investments have been capitalized.

Expenditures that extend the economic life of the property or directly relate to revenues of future periods, including tenant improvements and leasing commissions, are capitalized. Capitalized amounts are not depreciated or amortized since appraisals take into account the estimated effect of physical depreciation. Expenditures for maintenance and repairs are expensed as incurred.

Unconsolidated Real Estate Partnership

Investment in the unconsolidated real estate partnership was previously stated at fair value and presented in the consolidated financial statements using the equity method of accounting, as the control of the investment was not held by the Fund. Under the equity method, the investment is initially recorded at the original investment amount, plus additional amounts invested, reduced by distributions received and adjusted for the Fund's share of undistributed earnings or losses (including realized and unrealized gains and losses) from the underlying partnership. The Fund's share in the net assets of the investment in the unconsolidated real estate partnership includes the estimated fair value of the real estate investment, net of the cost of any debt and gives consideration to any preferential return provisions in the applicable partnership agreement. The economic substance of the investment is also taken into consideration in determining the Fund's share of the fair value of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Real Estate Investments (Continued)

Capital contributions to the Fund's investment in the unconsolidated real estate partnership are recorded as of the date the funds are advanced. Distributions of income and return of capital from the Fund's investment in the unconsolidated real estate partnership is recorded as of the date funds are received. In May 2019, the unconsolidated real estate partnership was sold (see Note 5).

(e) Investment Income and Expenses

The majority of the Fund's revenue is earned through the lease of rental space at its underlying properties. These revenues are accounted for as leases under Accounting Standards Codification Topic 840, *Leases* (ASC 840). Other revenues, as a whole, are immaterial to total revenues and are accounted for as revenues from contracts with customers in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606).

The Fund's primary source of revenue is income arising from lease or license agreements which may include base rent, percentage rent, or reimbursements from tenants for real estate taxes, insurance, and other operating expenses. Base rent is recognized when due in accordance with the terms of the respective agreements. The Fund recognizes the reimbursement of expenses from tenants as the related expenses are incurred. Percentage rents are recognized once the thresholds are achieved and the amounts become determinable. In addition, termination fees arise from contractual agreements with tenants and are considered lease modifications. The Fund recognizes the income upon execution of the agreement. Lease revenues are accounted for in accordance with ASC 840 and are included in rental revenue on the accompanying consolidated statement of operations.

Equity in income from the Fund's unconsolidated real estate partnership represents the Fund's share of the unconsolidated real estate partnership's net investment income.

Expenses are recognized when incurred.

(f) Deferred Financing Costs

Deferred financing costs connected with obtaining the mortgage loans payable are amortized over the term of the respective loans and are presented in the consolidated statement of net assets as a direct deduction from the carrying amount of the debt liability. Amortization of deferred financing costs are recorded as a component of interest expense in the accompanying consolidated financial statements.

(g) Fair Value of Assets and Liabilities

The Fund reports the fair value of its real estate investments on the consolidated financial statements. The Fund has elected not to fair value the mortgage loans payable which are presented at cost on the consolidated financial statements and the fair value is disclosed separately (see Notes 3 and 6).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Cash and Cash Equivalents and Restricted Cash

		December 31, 2019
Cash and cash equivalents	$	26,967,765
Restricted cash		74,425
Total cash and cash equivalents and restricted cash shown in the consolidated statement of cash flows	$	27,042,190

The Fund classifies short-term, highly liquid investments with original maturities of approximately 90 days or less and money market accounts as cash equivalents. These investments are stated at cost, which approximates fair value. The Fund invests its cash primarily in deposits and money market funds with commercial banks. At times, cash balances may exceed federally insured amounts. Management believes it mitigates credit risk by depositing cash in and investing through major financial institutions.

Restricted cash consists of tenant security deposits.

(i) Financial Instruments

Accrued investment income, net, due from related parties, net, prepaid expenses, deferred financing costs, net, accrued distributions, accrued real estate expenses and taxes, accrued capital and leasing costs, accrued interest expense, tenant security deposits, accrued estimated withholding taxes, and deferred income, are all short-term in nature; as such, their carrying amounts approximate fair value.

(j) Accrued Investment Income - Allowance for Doubtful Accounts

In the normal course of business, the Fund extends unsecured credit to its tenants. The Fund performs on-going credit evaluations of its tenants and maintains an allowance for doubtful accounts when considered necessary. Accounts receivable are generally due under normal trade terms requiring payment within 30 days from the invoice date. Unpaid accounts receivable do not bear interest.

Bad debts are provided using the allowance for doubtful accounts method based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. The allowance for doubtful accounts was $87,901 as of December 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Income Taxes

No provision for income taxes is required by the Fund since the partners report their respective share of the taxable income or loss of the Fund in determining their individual taxable income.

Section 1446 of the Internal Revenue Code (IRC) requires that a partnership with nonresident partners remit withholding tax payments directly to the Internal Revenue Service. The withholding tax payments are based upon the nonresident partners' allocable share of the Fund's consolidated income that is effectively connected with a U.S. trade or business times the highest marginal applicable income tax rate as determined by the classification of income. The withholding tax payments are creditable against the individual partner's income tax liability and, to the extent the payments exceed the partner's actual income tax liability for the year, the excess will be refunded to the partner upon the filing of a U.S. income tax return. The Fund also remits creditable withholding taxes directly to the state taxing authorities of New York and California.

Under tax regulations in the United States of America, the Fund itself is not subject to federal, state, and local income taxes and, accordingly, such taxes have not been provided for in the accompanying consolidated financial statements. Each partner is responsible for reporting its allocable share of the Fund's income, gains, losses, deductions, and credits. The Fund accounts for income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes* (ASC 740). ASC 740 prescribes a recognition threshold and measurement attribute for recognizing tax return positions in the consolidated financial statements as those which are "more likely than not" to be sustained upon examination by the taxing authority. ASC 740 also provides guidance on derecognition, classification, interest, penalties, accounting for income tax uncertainties in interim periods and the level of disclosures associated with any recorded income tax uncertainties. Management has concluded that it has no material uncertain tax liabilities to be recognized as of December 31, 2019. The Fund files U.S. federal, state and local tax returns. The 2016 through 2019 tax years of the Fund remain subject to examination by U.S. federal, state and local tax authorities.

The Fund's policy is to record tax related interest and penalties as a component of real estate operating expenses in the consolidated statement of operations. For the year ended December 31, 2019, no interest or penalties have been recognized. Net income (loss) allocated to partners on the Fund's income tax returns will differ from the accompanying consolidated financial statement amounts due to differences between GAAP and the federal income tax basis of accounting.

(l) Risks and Uncertainties

In the normal course of business, the Fund encounters economic risk, including interest rate risk, credit risk, and market risk. Interest rate risk is the result of movements in the underlying variable component of the mortgage financing rates. Credit risk is the risk of default on the Fund's real estate investments that results from an underlying tenant's inability or unwillingness to make contractually required payments. Market risk reflects changes in the valuation of real estate investments held by the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Risks and Uncertainties (Continued)

In July 2017, the Financial Conduct Authority (FCA) that regulates LIBOR announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee (ARRC) which identified the Secured Overnight Financing Rate (SOFR) as its preferred alternative to USD-LIBOR in derivatives and other financial contracts. The Fund is not able to predict when LIBOR will cease to be available or when there will be sufficient liquidity in the SOFR markets. Any changes adopted by FCA or other governing bodies in the method used for determining LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR. If that were to occur, the Fund’s interest payments could change. In addition, uncertainty about the extent and manner of future changes may result in interest rates and/or payments that are higher or lower than if LIBOR were to remain available in its current form.

The Fund has material contracts that are indexed to LIBOR and is monitoring and evaluating the related risk, which includes interest expense on mortgage loans payable. This risk arises in connection with transitioning contracts to a new alternative rate, including any resulting value transfer that may occur. The value of mortgage loans payable tied to LIBOR could also be impacted if LIBOR is limited or discontinued. For some instruments, the method of transitioning to an alternative rate may be challenging, as they may require negotiation with the respective counterparty.

If a contract is not transitioned to an alternative rate and LIBOR is discontinued, the impact to the Fund is likely to vary by contract. If LIBOR is discontinued or if the methods of calculating LIBOR change from their current form, interest rates on the Fund’s current or future indebtedness may be adversely affected.

While the Fund expects LIBOR to be available in substantially its current form until the end of 2021, it is possible that LIBOR will become unavailable prior to that point. This could result, for example, if sufficient banks decline to make submissions to the LIBOR administrator. In that case, the risks associated with the transition to an alternative reference rate will be accelerated and magnified.

(m) Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, establishing ASC 606. ASU 2014-09, as amended by subsequent ASUs on the topic, changes the criteria for the recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Lease contracts are specifically excluded from the scope of ASC 606; however, disposals of real estate assets are subject to the derecognition requirements included in ASC 606. ASC 606 was effective for the Fund on January 1, 2019 and was adopted using the modified retrospective approach. There was no cumulative-effect adjustment to beginning net assets on January 1, 2019. The adoption of this standard did not have a material impact on the timing or amounts of revenue recognized (see note 2e).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Recently Issued Accounting Standards (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02), which is expected to result in lessees recognizing most leased assets on the balance sheet. Lessor accounting will remain substantially similar to the current accounting; however, certain refinements were made to conform the standard with the recently issued revenue recognition guidance in ASU 2014-09. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted and a number of practical expedients may also be elected. Management is currently evaluating the impact of adopting this new accounting standards update on the Fund's consolidated financial statements.

In August 2018, the FASB issued ASU 2018–13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* (ASU 2018-13), which amended guidance on the disclosure requirements for fair value measurement. The amended guidance added, eliminated and modified disclosures for investments measured at fair value. ASU 2018-13 will be effective January 1, 2020. Early adoption is permitted. Management is currently evaluating the impact of adopting this new accounting standards update on the Fund's consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

The Fund’s real estate investments and derivative instruments are reported at fair value in accordance with ASC 820, *Fair Value Measurements* (ASC 820). ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that the market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Fund. Unobservable inputs are inputs that reflect the Fund’s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. ASC 820 establishes a three- tier hierarchy to classify fair value measurements. The hierarchy is broken down based on the reliability of inputs as follows:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market, and significant professional judgment is used in determining the fair value assigned to such assets and liabilities.

3. FAIR VALUE MEASUREMENTS (Continued)

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including the type of instrument, whether the instrument is new and not yet established in the marketplace, and other characteristics particular to the transaction. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Investments in real estate and investments in unconsolidated real estate partnerships are generally classified within Level 3 of the fair value hierarchy. These fair value measurements are based primarily upon judgmental estimates and are based on the current economic and competitive environment, characteristics of the investment, credit, interest, and other factors. Therefore, fair value cannot be determined with precision, cannot be substantiated by comparison to quoted prices in active markets, and may not be realized in a current sale or immediate settlement of the asset and/or liability. Additionally, there are inherent uncertainties in any fair value measurement technique, and changes in the underlying assumptions used, including discount rates, liquidity risks, and estimates of future cash flows, could significantly affect the fair value measurement amounts.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified between the levels. There were no reclassifications between levels in 2019.

The following is a description of the valuation techniques used for assets and liabilities measured at fair value:

Real Estate

The fair values of real estate investments have been determined giving consideration to the income, cost and sales comparison approaches of estimating property value. The income approach estimates an income stream for a property (typically 10 years) and discounts this income plus a reversion (presumed sale) into a present value at a risk adjusted rate. Yield rates and growth assumptions utilized in this approach are derived from market transactions as well as other financial and industry data. The cost approach estimates the replacement cost of the building less physical depreciation plus the land value. Generally, this approach provides a check on the value derived using the income approach. The sales comparison approach compares recent transactions to the property value. Adjustments are made for dissimilarities which typically provide a range of value. Generally, the income approach carries the most weight in the value reconciliation.

3. FAIR VALUE MEASUREMENTS (Continued)

Real Estate (Continued)

As of December 31, 2019, the fair value of each property was determined using a valuation process that gives consideration to the approaches listed above, as well as other external sources. These sources of market data are used in the valuation process to ensure that the valuation is reasonable. Transaction costs that the Fund will incur when 325 Hudson is sold are not included in the December 31, 2019 fair value measurements, rather they will be recorded in the year that the transaction occurs. Alameda was valued using the gross sales price less the estimated sales expenses, as the property was sold in February 2020 (see Note 11). The Fund's real estate investments are classified within Level 3 of the valuation hierarchy.

Unconsolidated Real Estate Partnership

The unconsolidated real estate partnership was previously stated at the fair value of the Fund's ownership interest of the underlying partnership. The Fund's ownership interest was valued based on the fair value of the underlying real estate, any related mortgage loan payable, and other factors, such as ownership percentage, ownership rights, distribution provision and capital call obligations. The underlying assets and liabilities were valued using the same methods the Fund uses for those assets and liabilities it holds directly. The Fund's investment in the unconsolidated real estate partnership is classified within Level 3 of the valuation hierarchy. In May 2019, the Partnership sold the unconsolidated real estate partnership, Milk Studios (see Note 5).

Mortgage Loans Payable

The Fund carries its mortgage loans payable at cost as permitted by the Fair Value Option under ASC subtopic 825-10. The Fund's debt valuation methodology, for disclosure purposes, focuses on transactions between market participants using an investor's cost of equity capital based on current market conditions.

The fair value disclosure of the mortgage loans payable is determined by discounting the difference between the contractual loan payments and estimated market loan payments at an equity discount rate based on asset appraisals that reflect how a typical third-party investor would value the cash flows. Market loan payments are derived from overall market lending rates, debt origination and assumption transactions in the market, and property specific factors, including loan to value and cap rate changes. The significant unobservable inputs used in the fair value measurement of the Fund's mortgage loans payable are the selection of certain market interest rates and implied equity discount rates. Management reviews the valuation of the mortgage loans payable annually. The difference in the calculated fair value and the balance outstanding is the market valuation adjustment.

3. FAIR VALUE MEASUREMENTS (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following fair value hierarchy table presents information about the Fund's assets and liabilities measured at fair value on a recurring basis as of December 31, 2019:

	Significant Unobservable Inputs (Level 3)	Total as of December 31, 2019
Assets:		
Real estate, at fair value	$ 360,900,000	$ 360,900,000
Total assets	$ 360,900,000	$ 360,900,000

The following table presents additional information about Level 3 assets measured at fair value on a recurring basis as of December 31, 2019:

	Real Estate	**Unconsolidated Real Estate Partnership**	**Total Level 3 Assets**
Beginning balance - December 31, 2018	$ 353,154,762	$ 127,246,244	$ 480,401,006
Additions to real estate	9,497,017	—	9,497,017
Proceeds from sale of unconsolidated real estate partnership		(182,516,961)	(182,516,961)
Equity in income from unconsolidated real estate partnership	—	1,850,524	1,850,524
Distributions received from unconsolidated real estate partnership:			
Return on capital	—	(1,850,524)	(1,850,524)
Return of capital	—	(4,078,767)	(4,078,767)
Net realized gain from sale of unconsolidated real estate partnership	—	59,349,484	59,349,484
Change in unrealized gain on real estate, net	(1,751,779)	—	(1,751,779)
Ending balance - December 31, 2019	$ 360,900,000	$ —	$ 360,900,000
Change in unrealized gain, net relating to assets held at December 31, 2019	$ (1,751,779)	$ —	$ (1,751,779)

3. FAIR VALUE MEASUREMENTS (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis (Continued)

The following table shows quantitative information about unobservable inputs related to the Level 3 fair value measurements as of December 31, 2019:

Type	Asset Class	Valuation Technique	Unobservable Inputs	Weighted Average
Real estate	Office	Discounted Cash Flow	Discount rate	6.25%
			Terminal capitalization rate	5.50%
Mortgage loan payable	Office	Discounted Cash Flow	Market interest rate	3.19%
			Implied equity discount rate	7.53%

Alameda has been valued using the gross sales price net of estimated sales expenses (see Note 11). The mortgage loan payable for Alameda has an assumed fair value equal to the principal balance outstanding as the loan was paid off in connection with the sale of Alameda (see Note 11). No unobservable inputs have been applied to these instruments.

Significant increases (decreases) in any of the inputs in isolation would result in a significantly lower (higher) fair value, respectively.

As of December 31, 2019, approximately 45% and 55% of the Fund's investments at fair value, were located in the East and West regions of the United States, respectively, as defined by the National Council of Real Estate Investment Fiduciaries.

4. REAL ESTATE

The Fund's real estate as of December 31, 2019 is comprised of the following:

Real Estate	Cost	Fair Value
Retail	$ 208,848,371	$ 198,600,000
Office	139,614,855	162,300,000
Total real estate	$ 348,463,226	$ 360,900,000

4. REAL ESTATE (Continued)

The aggregate minimum future rentals, scheduled to be received on real estate investments, for noncancelable operating leases in effect as of December 31, 2019, are as follows:

Years Ending December 31,	Amounts Due
2020	$ 25,059,578
2021	24,245,021
2022	21,443,054
2023	19,264,137
2024	16,786,481
Thereafter	99,008,686
Total future minimum lease payments	$ 205,806,957

The Fund is also entitled to additional rents, which are not included above, which are primarily based upon escalations of real estate taxes and operating expenses over base period amounts. These are included as revenue from real estate in the accompanying consolidated financial statements.

On certain leases, the Fund is entitled to receive additional rents, which are also not included above, equal to a percentage of the tenants' annual gross sales over the minimum amounts specified in the lease agreements. For the year ended December 31, 2019, the Fund earned $344,276 in percentage rents from the tenants which are included as revenue from real estate in the accompanying consolidated financial statements.

On February 20, 2020, the Partnership sold Alameda (see Note 11).

5. UNCONSOLIDATED REAL ESTATE PARTNERSHIP

On May 22, 2019, the Partnership sold Milk Studios, to a third party for a gross sales price of $591,800,000. The net sales proceeds totaled $404,290,677 after repayment of the mortgage loan in the amount of $166,651,624 and sales expenses, prorations, and capital credits in the amount of $20,857,699. The Partnership's 47% share of the net sales proceeds of $190,015,341 was reduced by the disposition fee paid to the General Partner, in the amount of $7,498,380 (see Note 8), and, in accordance with the purchase and sale agreement, $4,283,563 of the net sales proceeds were held in escrow until released in March 2020 (see Note 11). As of December 31, 2019, $4,686,615, is owed to the Partnership, which represents the escrow and remaining net assets of Milk Studios (see Note 8). The realized gain from the sale was $59,349,484 and is included in realized gain from sale of unconsolidated real estate partnership in the accompanying consolidated financial statements.

5. UNCONSOLIDATED REAL ESTATE PARTNERSHIP (Continued)

The following is the condensed statement of operations of the Milk Studios partnership for the year ended December 31, 2019:

Condensed Statement of Operations

Revenues	$	10,562,854
Expenses		6,625,542
Net investment income		3,937,312
Realized gain:		
Realized gain from sale of real estate		259,191,992
Less: Previously recorded unrealized gain on real estate		(122,172,856)
Net realized gain from sale of real estate		137,019,136
Increase in net assets resulting from operations	$	140,956,448
Fund's equity in increase in net assets resulting from operations	$	61,200,008

Contributions, distributions and allocations of profits and losses from the unconsolidated real estate partnership were funded, distributed and allocated to the partners in accordance with the provisions of the partnership agreement and in proportion to their respective ownership percentages.

The Partnership's share of the increase in net assets resulting from operations include related party transactions, as the General Partner may retain one or more of its affiliates (Affiliate) to perform services for the unconsolidated real estate partnerships, including property management, leasing, construction management, sustainability consulting and other services. The Affiliate may receive fees and cost reimbursements, including expenses related to employee time and travel, related to the services. For the year ended December 31, 2019, the Partnership's share of fees and cost reimbursements earned by the Affiliate were approximately $276,000.

6. MORTGAGE LOANS PAYABLE

Mortgage loans payable as of December 31, 2019 consist of the following:

Loan Collateral	Interest Rate	Scheduled Maturity	Principal Outstanding December 31, 2019	Fair Value December 31, 2019(3)
Alameda(1)	5.31%	March 5, 2021	$ 99,100,696	$ 99,100,696
325 Hudson(1)	LIBOR + 2.00% (2)	February 1, 2020 (4)	53,587,167	53,587,167
			$ 152,687,863	$ 152,687,863

(1) Amortizing loan.

(2) 1-month LIBOR was 1.76% as of December 31, 2019.

(3) The Fund carries its mortgage loans payable at cost as permitted by the Fair Value Option ASC subtopic 825-10. This information is provided as it relates to the disclosure of fair value of the mortgage loans payable.

(4) In February 2020, the scheduled maturity was extended to February 1, 2021. Further, management plans to refinance or pay off the mortgage loan payable upon the fully extended maturity date of February 1, 2021.

The Alameda mortgage loan payable may be prepaid subject to certain fees or penalties in accordance with the loan agreement. The 325 Hudson mortgage loan payable may be prepaid without penalty. For the year ended December 31, 2019, the Fund incurred financing costs of $57,340 and amortization of financing costs of $148,227, which is included as a component of deferred financing costs, net of accumulated amortization and interest expense, respectively, in the accompanying consolidated financial statements. For the year ended December 31, 2019, the Fund incurred interest expense related to the mortgage loans payable of $7,656,767.

The loan agreements contain certain financial and nonfinancial covenants. As of December 31, 2019, the Fund was in compliance with all covenants.

The mortgage loans payable contain guarantees provided by the Partnership (see Note 9).

Scheduled annual payments of principal on mortgage loans payable as of December 31, 2019 are as follows:

Years Ending December 31,	Principal Due
2020	$ 3,156,012
2021	149,531,851
Thereafter	—
Total future minimum principal payments	$ 152,687,863

On February 20, 2020, the Alameda mortgage loan payable was repaid in conjunction with the sale of the property (see Note 11).

7. PARTNERSHIP AGREEMENT

The Partnership Agreement contains provisions relating to capital contributions, redemptions, distributions of cash flow, distribution of proceeds from capital transactions and allocation of profits and losses.

Allocation of Profits and Losses

Net income of the Partnership is to be allocated to the partners as follows:

a) First, to the General Partner, until the cumulative net income to the General Partner is equal to the cumulative subordinated General Partner distribution of cash flow, any specially allocated interest and the amount necessary to offset any allocated losses, as defined by the Partnership Agreement.

b) Second, to the limited partners, equal to the sum of the cumulative initial preferred return, the cumulative 6% preferred return, 10% of limited partners' cumulative capital contributions and the amount necessary to offset any allocated losses, as defined by the Partnership Agreement.

c) Third, to the partners, pro rata, 75% to the limited partners and 25% to the General Partner.

Net loss of the Partnership is to be allocated to the partners as follows:

a) First, to the partners to offset any net income previously allocated, pro rata, 75% to the limited partners and 25% to the General Partner under the tranche described above.

b) Second, to the limited partners, to cause the cumulative net losses to each limited partner to equal such limited partner's capital contributions.

c) Third, to the limited partners, in proportion to and to the extent necessary to offset any income allocated to such partner equal to 10% of such partner's cumulative capital contributions, cumulative 6% preferred return, and cumulative initial preferred return, in that order.

d) Fourth, to the General Partner.

Distributions of Operating and Capital Cash Flows

Cash flow, as defined by the Partnership Agreement, is to be distributed to the A Unit limited partners and the General Partner annually on June 15th of the following year commencing on June 15, 2012 in the following priority:

a) First, to the limited partners, until the cumulative distributions to each limited partner are equal to such limited partner's initial preferred return. The initial preferred return shall be a non-compounding per annum rate equal to $.0150 per unit from the time of payment of the subscription amounts until December 31, 2011. The total initial preferred return was $803,859.

7. PARTNERSHIP AGREEMENT (Continued)

Distributions of Operating and Capital Cash Flows (Continued)

b) Second, to the limited partners, until the cumulative distributions to each limited partner are equal to such limited partner's preferred return. The preferred return shall be a non-compounding per annum rate equal to $0.060 per unit from the time of payment of the subscription amounts until January 1, 2012. The 2019 prorated distribution totaling $5,183,611 was paid in May 2019.

c) Third, to the General Partner, until the cumulative distributions to the General Partner are equal to 3.093% of the total of all distributions paid to the limited partners. As of December 31, 2019, the General Partner was paid $5,124,951 under this provision.

d) Fourth, to the partners, pro rata, 75% to the limited partners and 25% to the General Partner. To date, no amounts have been paid under this provision.

Net proceeds from a sale or refinancing are to be distributed in a priority specified in the Partnership Agreement. For the year ended December 31, 2019, the owners of A Units received a distribution of $218,983,722 related to the sale of Milk Studios.

As of December 31, 2019, $4,514,503 remained payable to the investors related to the current and prior year distributions. The amount that remained payable was primarily related to investors with unsettled estates, and the distributions will be paid once the heirs are confirmed. This balance is included in the accrued distributions in the accompanying consolidated financial statements.

On March 6, 2020, the owners of A Units and the General Partner received a distribution of net sales proceeds related to the sale of Alameda (see Note 11).

8. RELATED PARTY TRANSACTIONS

General Partner Syndication Fees

Syndication fees equal to 6% of capital contributions made to the Partnership were paid to the General Partner. These fees are for the cost of equity acquisition, including all sales commissions payable to third parties, marketing costs, sales coordination costs, prospectus preparation and reviews and costs associated with obtaining fund ratings. From the inception of the Fund through December 31, 2019, syndication fees included as a reduction of net assets totaled $24,060,388.

In addition, syndication fees equal to 4% of capital contributions made to the Partnership were paid to the General Partner for reimbursement of expenses incurred in evaluating and pursuing investment opportunities for the Partnership, due diligence costs incurred in connection with prospective investments not acquired by the Partnership, organizational expenses, prospectus printing costs, and fees paid to escrow agents. From the inception of the Fund through December 31, 2019, syndication fees expensed as fund administration expenses total $16,040,256. No syndication expense was incurred during 2019.

8. RELATED PARTY TRANSACTIONS (Continued)

Profit Participation Fee

An affiliate of the 325 Hudson partnership (not related to the General Partner) is entitled to earn a profit participation fee of 20% of 325 Hudson's distributable cash flow over a 15.9% and up to a 21.9% leveraged IRR and 30% of 325 Hudson's distributable cash flow over a 21.9% leveraged IRR. As of December 31, 2019, the required thresholds were not met, therefore the fee was not accrued by the Fund.

Investment Management Fee

As provided by the Partnership Agreement, the General Partner will receive interest income earned by the Fund, which includes interest income allocated from property partnerships, for the management of the following affairs of the Fund: the costs of the annual audits of the Fund's financial statements, the preparation of the tax returns of the Fund in the United States and Germany, and communications of the affairs of the Fund to the limited partners. The cost of these affairs will be borne by the General Partner or an affiliate and paid from the interest income of the Fund. For the year ended December 31, 2019, the Fund incurred an investment management fee of $1,285,515. As of December 31, 2019, $171,194 remained payable to the General Partner and is included in due to related parties, net in the accompanying consolidated financial statements.

Asset Management Fee

As provided for in the Partnership Agreement, the General Partner is entitled to an annual fee, payable monthly, equal to 0.38% of limited partner invested equity for the supervision of the properties and the management of the affairs of the Fund. The fee shall increase by 3% each year. For the year ended December 31, 2019, the Fund incurred an asset management fee of $792,181.

Disposition Fees

As provided for in the Partnership Agreement, the General Partner is entitled to a disposition fee of 3% of the sales price less the broker fee. For the year ended December 31, 2019, the Fund incurred a disposition fee of $7,498,380 related to the sale of Milk Studios which is included as a component of the net realized gain from sale of unconsolidated real estate partnership in the accompanying consolidated financial statements.

Due from Affiliates

As of December 31, 2019, the General Partner owed the Partnership $46,651 related to audit fees and withholding tax reimbursements and the balance is included in due from related parties, net in the accompanying consolidated financial statements.

As of December 31, 2019, Milk Studios owed the Partnership $4,686,615 related to the net sales proceeds held in escrow at the title company and the remaining net assets to be distributed (see Note 5), which is included in due from related parties, net in the accompanying consolidated financial statements. On March 10, 2020, the escrow was released (see Note 11).

8. RELATED PARTY TRANSACTIONS (Continued)

Due to Affiliate

As of December 31, 2019, $941 remained payable to an affiliate of the General Partner for a miscellaneous reimbursement which is included in due from related parties, net in the accompanying financial statements.

Real Estate Investment Level Services

The General Partner may retain an Affiliate to perform services for the Fund’s real estate investments, including property management, leasing, construction management, sustainability consulting, and other services. During the year, a review of all Affiliate fees and expenses is completed to ensure the billing of Affiliate fees and expenses is in accordance with the Partnership Agreement. To the extent any differences are identified, an adjustment billing is processed.

An Affiliate serves as the property management company for the real estate investments and are entitled to receive a monthly management fee and cost reimbursements, as defined by the respective property management agreements. For the year ended December 31, 2019, the affiliate received property management fees and cost reimbursements totaling approximately $2,630,000. These amounts are included in real estate operating expenses in the accompanying consolidated financial statements.

The following amounts are either capitalized into the cost basis of the real estate or included in real estate operating expenses in the accompanying consolidated financial statements.

An Affiliate receives construction management and development fees and cost reimbursements in connection with building or tenant improvements. For the year ended December 31, 2019, the Affiliate received construction management and development fees and cost reimbursements, including expenses related to employee time and travel, totaling approximately $710,000.

An Affiliate provides legal services for certain real estate investments and the Partnership. For the year ended December 31, 2019, the Affiliate received cost reimbursements, including expenses related to employee time and travel, totaling approximately $44,000.

An Affiliate provides services to certain real estate investments, including aesthetics evaluation, design consulting, brand development, public relations coordination, and event coordination. For the year ended December 31, 2019, the Affiliate received cost reimbursements, including expenses related to employee time and travel, totaling approximately $433,000.

An Affiliate provides tax services for certain real estate investments. For the year ended December 31, 2019, the Affiliate received cost reimbursements, including expenses related to employee time, totaling approximately $12,000.

An Affiliate provides services to certain real estate investments for sustainability consulting. For the year ended December 31, 2019, the Affiliate received cost reimbursements, including expenses related to third party fees, employee time and travel, totaling approximately $15,000.

8. RELATED PARTY TRANSACTIONS (Continued)

Real Estate Investment Level Services (Continued)

An Affiliate provides leasing services to certain real estate investments. For the year ended December 31, 2019, the Affiliate earned commissions and received cost reimbursements, including expenses related to travel, totaling approximately $290,000.

In addition, an Affiliate was reimbursed for other administrative expenses for certain real estate investments and the Partnership. For the year ended December 31, 2019, the Affiliate was reimbursed approximately $138,000.

As of December 31, 2019, $442,059 remained payable to various affiliates related to these services and is included in due from related parties, net in the accompanying consolidated financial statements.

9. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Fund may be subject to various litigation and in some instances the amount sought may be substantial. Although the outcome of such claims, litigation, and disputes cannot be predicted with certainty, in the opinion of management based on facts known at this time, the resolution of such matters are not anticipated to have a material adverse effect on the consolidated financial position or results of operations of the Fund.

The Partnership is contingently liable for a guaranty of non-recourse carve-out stipulations of the Alameda mortgage loan payable. Under the guaranty, the Partnership would be liable for the obligation as defined, in addition to all interest, legal fees, and collection costs incurred enforcing any right granted per the guaranty. In conjunction with the sale of the property and repayment of the mortgage loan payable, the Partnership was released from the guaranty (see Note 11).

The Partnership is contingently liable for a guaranty of non-recourse carve-out stipulations and a repayment guaranty of up to $6,000,000 in the event of an actual loss incurred by the lender of the 325 Hudson mortgage loan payable. Under the guarantees, the Partnership would be liable for the obligations as defined, in addition to all interest, legal fees, and collection costs incurred enforcing any right granted per the guarantees. As of February 2020, the Partnership was released from the guaranty in connection with the loan amendment (see Note 11).

As of December 31, 2019, the Partnership has additional outstanding unrecorded obligations to fund tenant improvements totaling approximately $215,000. Of this amount, $52,860 was settled in conjunction with the Alameda sale (see Note 11) and the remaining balance related to 325 Hudson will be paid in accordance with the tenant’s lease agreement.

10. FINANCIAL HIGHLIGHTS

The following are certain financial highlights of the Fund for the year ended December 31, 2019:

Investment management expenses:		
Asset management fee[(1)]		0.38 %
Investment management fee[(2)]		—
		0.38 %
Net investment income ratio[(3)]		4.34 %
Total return, before investment management expenses[(3)]		31.97 %
Total return, after investment management expenses[(3)]		21.29 %
Limited Partner distributions for 2019[(4)]		6.00 %
Limited Partner Adjusted Net Asset Value (NAV) per Unit as of December 31, 2019[(5)]	$	0.36

(1) Asset management fees are paid to the General Partner based on limited partner invested equity (see Note 8). Asset management fees calculated on time weighted net assets of $216,260,737 as required by GAAP, are 0.37%.

(2) All interest income earned by the Fund is paid to the General Partner in the form of an investment management fee (see Note 8). Investment management fees calculated on time weighted net assets of $216,260,737 as required by GAAP, are 0.59%.

(3) The net investment income ratio is calculated using total net investment income (loss) for the year ended December 31, 2019 over the December 31, 2018 net asset value less any time weighted redemptions made during the current year less any time weighted distributions made during the current year. The total return is calculated using the increase (decrease) in net assets resulting from operations for the year ended December 31, 2019 before and after investment management expenses over the December 31, 2018 net asset value less any time weighted redemptions made during the current year less any time weighted distributions made during the current year.

(4) Distributions relating to 2019 were prorated through May 24, 2019, and paid in May 2019.

(5) This non-GAAP measure is calculated by subtracting the General Partner's share of the December 31, 2019 Net Assets and the Limited Partners' share of disposition fees and estimated transaction costs from the December 31, 2019 Net Assets per the Consolidated Statement of Net Assets, divided by the total outstanding units as of December 31, 2019.

11. SUBSEQUENT EVENTS

In accordance with accounting standards, the Fund has evaluated events and transactions occurring from January 1, 2020 through March 31, 2020, the date the consolidated financial statements were available for issuance. Management has concluded that there were no significant events requiring recognition and/or disclosure in the consolidated financial statements other than those disclosed herein and below.

On February 1, 2020, the 325 Hudson loan agreements were amended to extend the maturity date to February 1, 2021, release the Partnership from its guarantor obligations and include the General Partner as the new guarantor.

On February 20, 2020, the Partnership sold Alameda for a gross sales price of $208,500,000, repaid the mortgage loan payable of $99,423,119 and incurred sales expenses of approximately $9,300,000, which includes a disposition fee paid to the General Partner.

On March 6, 2020, the Partnership distributed $74,454,465 to the limited partners related to the sale of Alameda, which represents $0.17 per Unit, as well as the corresponding distribution of net sales proceeds to the General Partner, in accordance with the Partnership Agreement, in the amount of $25,119,163.

On March 10, 2020, the escrow related to the Milk Studios sale, in the amount of $4,283,563 plus total interest income of $72,709, of which $58,035 was earned as of December 31,2019, was released to the Partnership (see Note 5).

Recently, a pandemic of a novel strain of coronavirus (COVID-19) emerged globally. Although it is not possible to reliably estimate the length or severity of this pandemic and hence its financial impact, the Fund could be materially and possibly adversely affected by the risks, or the public perception of the risks, related to the recent pandemic of COVID-19. In addition, there have been calls from federal, state and local authorities regarding shelter in place orders which could negatively impact the Fund’s business. The Fund holds an asset in New York, which, as of the date of this report, is subject to state and/or local governmental orders to shelter in place and similar restrictions, which limit the use of the Fund's asset. The extent of the impact of COVID-19 on the Fund’s operational and financial performance will depend on future developments, including the duration and spread of the pandemic.