IN THIS ISSUE

Pathfinder Partners, LLC

is pleased to announce the final closing of

Pathfinder Partners Opportunity Fund V, L.P.

a Delaware Limited Partnership

A real estate private equity fund focusing on western U.S. multifamily and residential properties

Committed Capital $86,846,000*

PATHFINDER PARTNERS, LLC

Intelligent, Innovative Investing

**Includes capital committed to Pathfinder Partners Opportunity Fund V-A, L.P., an affiliated Fund*

This announcement appears as a matter of record only. January 20, 2016.

CHARTING THE COURSE

The Secret of Life – Just One Thing

By Mitch Siegler, Senior Managing Director

In the 1991 comedy *City Slickers*, aging cowboy Curly Washburn (the late Jack Palance) gave Mitch Robbins (Billy Crystal) some great life advice.

Curly: "Do you know what the secret of life is?" *[holds up one finger]* "This."
Mitch: "Your finger?"
Curly: "One thing. Just one thing. You stick to that and the rest don't mean shit."
Mitch: "But, what is the 'one thing?'"
Curly: "That's what you have to find out."

Successful investing requires careful attention to a great many details – investment thesis, entry point, holding period, changes in market conditions (economic circumstances and capital markets), exit point and strategy – all at the same time. Take your eye off the ball of any one of these and you'll likely not be too pleased with the results. *(Or as Curly might have said, "Don't squat with your spurs on.")*

If Curly were here today, we think he would agree that the holy grail of investing is spotting opportunities to achieve asymmetrical returns – those rare situations where the potential upside exceeds the potential downside. Many people express this in terms of seeking "*downside protection*". At Pathfinder, it's an ongoing and intense search for value – what we and others call "*value investing*," which we generally pursue by adding value (we call this a "*value-add strategy*").

In traditional equity and fixed income investing, a dividend or bond coupon can provide not only income but also downside protection for the investment. Stocks of companies with bullet-proof balance sheets (those that are asset-rich, low in debt or both) or with strong brand positions can also deliver downside protection. In real estate investing, properties in improving cities or neighborhoods and those which haven't been upgraded recently (e.g. those having "value-add" potential) can create an opportunity for the owner to raise rents and "manufacture" higher income, creating the potential for asymmetrical investment returns.

We believe that the only true way to "make money on the buy" or add substantial value to a property is to view it through a different lens than others. Only if your judgments are superior is your performance likely to be above average. As Curly said, trying to find that "one thing".

For Howard Marks, that one thing is second-level thinking. Marks, Chairman and CEO of Oaktree Capital Management, a private equity firm with $100 billion in assets under management, describes first-level thinking as "It's a good company; let's buy the stock."

Second-level thinking says "It's a good company, but everyone thinks it's a great company, and it's not. So the stock's overrated and overpriced; let's sell." In highly efficient markets like stocks and bonds, millions of investors work each day to evaluate each new bit of data and parse every piece of information – as a result, prices immediately reflect the consensus view of the available information. The largest securities markets can be so efficient that it's generally a waste of time for ordinary mortals to hunt for inefficiencies (read "winners") there. It's a little bit easier in mid-cap securities and easier still in small-cap securities or emerging markets – where the institutional ownership is thinner and analyst coverage is spottier. That analogy extends to other asset classes, like real estate, where you can't look in the newspaper (or Google) for the price on a minute-by-minute basis. And, as you venture further from the large properties and gateway cities, opportunities to find inefficiencies and value grows for many of the same reasons.

Marks says "first-level thinkers see what is obvious." To be extraordinarily successful, "you must bring exceptional analytical ability, insight or foresight. But because it's exceptional, few people have it." We believe second-level thinkers know that, to achieve superior results, they must have a different strategy, an edge in either information or analysis, or a combination. Having a nose for mispriced assets or opportunities which are hidden from view is the essence of second-level thinking. Why should the opportunity for a bargain exist in an environment where thousands of investors are champing at the bit to bid up the price of anything that's too cheap? For Pathfinder, a differentiated and focused strategy, one that is continuously improving, is a pretty good summary of second-level thinking.

Now, while the consensus view in markets is not always correct, Pathfinder's space – small balance real estate – is fragmented and not as efficient as the market for large properties or those in gateway cities – and nowhere near as efficient as the market for stocks and bonds. It's that inefficiency that creates the potential opportunity (certainly not guaranteed but more of a possibility in a more inefficient environment) to buy an asset for less than its true value. Since you can never count on some yahoo coming along who will buy your asset from you for more than it's worth, the most reliable way to make money in the long-term is to buy assets for a discount to their true (or potential) value. Buying at a discount to potential value and then creating value – or having the asset's price move toward its true value – isn't dependent on blind luck, good fortune or that yahoo coming along – it just requires that your value creation impact the asset's cash flow or that other buyers in the market eventually come around to your point of view about the good things happening in that city or neighborhood or property type.

Sure, buying a property that hasn't been upgraded, or in a neighborhood that hasn't yet gentrified or with litigation or other "hair" appears at first blush to be risky. But if you've done your homework and have true conviction about the investment, those risks are meaningfully mitigated. And, as a bonus, you've bought the property more cheaply than if there wasn't "hair" – so there's downside protection and the possibility for much greater (asymmetrical) returns if you're correct. Low price can reduce risk and increase returns while high price can often increase risk and lower return. *(Or, as Curly might have said, "Never ask a barber if you need a haircut.")*

We've observed that many large institutional investors must, by necessity, impose constraints on their activities, which can sometimes impede second-level thinking. Mega-firms need to write mega-checks so they're essentially precluded from making smaller investments (thresholds are $25 million for many groups and for some $50 or even $100 million; similarly, many firms won't buy apartment complexes with fewer than 100 units, opening the door to others for a less crowded field in the world of 75- to 99-unit apartments). And, in environments where opportunity exceeds available capital as in 2009-2012, it's easy to be choosy and exclude troubled geographies from the target map (the Inland Empire, Las Vegas and even Phoenix were red-lined by many firms until recently).

Capitalization also impacts the competitive landscape – as the majority of banks won't lend on partially-sold (aka "fractured") condominium projects or properties with unresolved environmental issues or construction defect litigation. So, many equity investors are unable to invest in these types of properties since their returns are predicated on a certain proportion of debt in the capital stack. Second-level thinkers exploit these opportunities, resolve these issues and often are able to do so in an environment with less competition. Many of the best bargains at any point in time are found among the things other investors can't or won't do. It's counter-intuitive but the safest and potentially most profitable thing to buy is something no one else likes. Given time, its popularity (and price), will tend to go up. See what others don't. *(Or, to paraphrase that great American philosopher and ballplayer, Yogi Berra – who Curly certainly would have liked – "Nobody ever goes to that restaurant anymore – it's too crowded.")*

Which brings us back to second-level thinking – here are a few strategies for improving your second-level thinking:

Rule #1 – Be humble. Examine both sides of the argument or investment stance. Seek out opinions that vary from your own. Consider that you could be wrong – it demonstrates intellectual honesty and the self-awareness that comes from having made (and learned from) your mistakes.

Rule #2 – Think about investment decisions in terms of probabilities, never absolutes. Things are rarely black and white – generally, they're grey.

Rule #3 – Consider psychology and anticipate the expectations of others – markets often rise and fall more based on expectations than about fundamentals, especially in the short- to intermediate-term. It's not always about things getting better or worse – sometimes it's about change, the pace of change, a bit less bubbly or a little less terrible.

Rule #4 – Maintain focus and remain disciplined. Evaluate your decisions not based on their outcomes but rather by the process (ideally, one that is disciplined, comprehensive and systematic) which you took to make them.

Rule #5 – Always consider the difference between price and value. Any security or property can make for a good investment at one price and a poor one at another.

Rule #6 – Remember Rule #1. Be humble. Never become too confident in your own abilities. (Or, as Mark Twain – another fella Curly would have enjoyed – said: "It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so.")

Best wishes, pardner, for a wonderful 2016.

Mitch Siegler is Senior Managing Director of Pathfinder Partners, LLC. Prior to co-founding Pathfinder in 2006, Mitch founded and served as CEO of several companies and was a partner with an investment banking and venture capital firm. Reach him at msiegler@pathfinderfunds.com.

GUEST FEATURE

2015's Top 10 Songs Provide Key Economic and Investing Guidance for 2016

By Brent Rivard, Managing Director

Happy New Year! As a dad with three kids, 6-11, our family spends a lot of time listening to popular music (Radio Disney, Hits One on Sirius, etc.). But let's face it, I can't blame my love for pop music on my kids...I was more excited for the Taylor Swift concert this summer than anybody else in my family!

With the successful closing last month of Pathfinder Partners' fifth opportunity fund, 2016 will be a strong year for acquisitions and I just knew that *2015's 10 Biggest Songs*, according to *Instagram* (http://usat.ly/1XH1udw), would provide some key guidance for the year ahead. Here it is:

#10 – 100, The Game feat. Drake

Pathfinder has acquired nearly 90 properties since inception. Based on our continued strong pipeline of opportunities and our recent capital raise, I see acquisition number **100** in our future this year. Our "under the radar" acquisition strategy continues to drive a strong pipeline of mid-sized real estate investments and creates a diversified portfolio for our investors.

#9 – Thinking Out Loud, Ed Sheeran

I believe one of the key attributes to our track record and success is our four partner's deep and diverse backgrounds as we analyze investment opportunities and develop business plans for each asset. Each of us is constantly **thinking out loud** as we discuss and analyze our portfolio, market conditions and acquisition opportunities. Even a good strategy can always be better.

#8 – Worth It, Fifth Harmony

We're big believers in value investing. In today's market, investor returns are hard to come by. By having a business plan to manufacture value, you can make sure each real estate acquisition is **worth it**.

#7 – Focus, Ariana Grande

We maintain tight **focus** on multi-family and residential acquisitions in the markets that we've developed strong reputations and relationships in – primarily Denver, Phoenix, Seattle, Portland and southern California. We're constantly thinking about how to further tighten our focus and refine our approach as market conditions change.

#6 – Bad Blood, Taylor Swift

One of the drivers of our strong pipeline has been assets sold by fatigued owners because of partnership disputes. Whenever there is **bad blood** between partners, and they are looking for a certain sale of their property, our strong reputation as a reliable buyer will bring those opportunities to us. (As a side note – this song was played in the Rivard household 4,862 times in 2015 – it really should have been #1.)

#5 – Blank Space, Taylor Swift

We expect to see plenty of development opportunities in 2016 as the shortage of housing drives new supply. We'll be focusing on urban infill opportunities, which we believe provide superior risk/return characteristics for residential development. If there's a **blank space** in urban neighborhoods, Pathfinder will be looking to build some housing.

#4 – She's Kinda Hot, 5 Seconds to Summer

After underwriting scores of deals for nearly a decade in Las Vegas, we made our first acquisition in 2015 with the Sky Condominiums project. We're currently under contract on our second Vegas acquisition and recently placed a new Phoenix project under contract, our first residential acquisition in Phoenix since 2013. We believe both of these **kinda hot** (let's face it, really hot) markets will present attractive opportunities in 2016 as they continue to recover because of solid population and job growth.

#3 – Hello, Adele

Our successful acquisition strategy has been driven by our strong local relationships. We work hard to maintain these relationships by spending significant time in each of our target markets, making sure we are saying **hello** to the brokers, owners, operating partners and property management firms on a regular basis. (Although released late in 2015 – this song would have been #2 in the Rivard household with 2,544 plays – it's playing upstairs as I type this!)

#2 – Good For You, Selena Gomez

The continued lack of residential supply, combined with strong employment growth in our target markets, is **good for you**, homeowners and property investors. We believe that we'll see strong occupancy levels along with slower, but sustained growth in rents and housing prices which, together with a value-add strategy, should continue to drive investment returns.

#1 – What Do You Mean, Justin Bieber

What do you mean acquisition opportunities have slowed down? As we raised Pathfinder Fund V in 2015, we heard that other real estate investment firms have seen a slow-down in opportunities. Pathfinder acquired seven new properties in 2015 and placed an additional three under contract to close in early 2016. We believe our value-add investment strategy combined with bringing an institutional level approach to smaller real estate opportunities will continue to drive a strong pipeline in 2016.

Wow – does it seem like I had to stretch on a few of those?? If you knew all ten of those songs – shoot me an email. I'd like to know who our "cool" readers are.

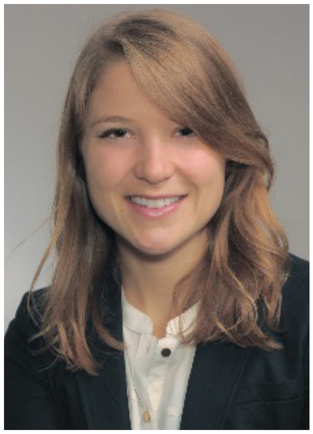
Happy new year all.

Brent Rivard is Managing Director, CFO and COO of Pathfinder Partners, LLC. Prior to joining Pathfinder in 2008, Brent was the President of a national wealth management firm and CFO/COO of a one of southern California's leading privately-held commercial real estate brokerage firms. He can be reached at brivar@pathfinderfunds.com.

GUEST FEATURE

Pearls of Wisdom

By Matt Quinn and Briana Wright



Over the past decade, we have learned plenty from our operating partners, property managers and market experts about the intricacies of their cities and preferences of their residents. We've picked the brains of some of our business partners and summarized their views below.

What real estate trends are popular in your city and how might this change or evolve over the next several years?

RC (Las Vegas): "There's a huge movement toward more modern design elements in residential developments. I'm seeing trends like modernization of kitchens, more lighting, fewer doors and windows and cool glass panels. Cleaner lines and grayscales are coming back. Standard pools, grottos and rock formations are becoming a thing of the past as everyone wants sleeker, modern pools. I'm seeing more linear fireplaces and movement away from the 'old world' feel of heavy dark wood and towards more grays, soft golds and browns."

JP (Portland): "For new development, our city is focusing on urban areas and redevelopment of under-utilized urban locations and that tends to mean significant density changes. In Portland it's common to tear down single family houses to build mid-rises. We're also seeing parking eliminated altogether from urban developments as people increasingly use alternative forms of transportation. Our city plan encourages this type of development and because of our unique urban growth boundary, it's really the only viable development activity taking place because we are – for the most part – out of vacant developable land.

What real estate development trends currently excite you?

MK (San Diego): "In the past several years, it's been more cost-effective to build new in San Diego than it has been to buy an older property and renovate. I would much rather own new than have to address deferred maintenance and other issues with older properties. Brand new rental properties come with warranties and the ability to bill back utility expenses to tenants through sub-metering and can command higher rents."

Mike Kootchick (MK)
Developer /
Property Manager
Lanshire Housing Partners
S.O.S. Property Management
San Diego, CA

Tim Craft (TC)
Developer / Investor
Craft Companies, LLC
Denver, CO

Randy Char (RC)
Broker / Investor
Char Luxury
Las Vegas, NV

CAMBRIDGE real estate services

Jeff Passadore (JP)
Property Manager /
Investor
Cambridge Real Estate Services
Portland, OR

JP (Portland): "It's exciting to see urban neighborhoods revitalized with new and more diverse populations and retail and commercial services. A really well-conceived urban redevelopment can energize an entire neighborhood and we've seen that happen in several neighborhoods that were previously stagnating. It tends to refocus people on the quality of schools and the other amenities in the neighborhood. We're seeing private development lead to a public park being renovated because suddenly there's more attention being devoted to a neighborhood as families move in."

RC (Las Vegas): "We're seeing more nontraditional homes that have more of a loft and 'green' home feel. In the luxury market, people are not as concerned with square footage, but are more concerned with design and functionality. It's becoming less about who can build the biggest home and more about who can provide the best lifestyle. If you're a wine collector, you want to display your wine in glass cases instead of hiding it behind closed doors. Vegas has a lot of exciting things happening including The Summit development which will raise the high-end $5 million+ market."

What do you believe will be the profitable real estate investment strategies for 2016-2017?

TC (Denver): "We like for-sale detached residential as well as select office space. We think that apartments are late in the lifecycle and condominiums are difficult to build, a lot of that is driven by onerous construction defect laws in Colorado. Even with the downturn in oil and gas, these businesses take up a relatively small portion of the office market in Colorado. Even if they vacated 100% of their space in downtown Denver, that would only increase the vacancy meter by 10-12%. With substantial growth in the other industries, we see more pressure on the already tight office market."

JP (Portland): "The profitable strategies are going to hinge on the ability to understand a given market on a micro basis. I think the idea of understanding a city as a whole or understanding a suburb of a city worked before, but our profitable executions today will literally depend on being in the right block in a gentrifying neighborhood and being able to find a micro-market that you can make the most out of. Land costs have reached the point where reuse and adapting existing buildings to appeal to a different demographic is more profitable."

RC (Las Vegas): "Cities that haven't been so overheated but have had a slower recovery have the greatest potential in the next two years. Places like Vegas have less risk."
In which submarkets do you see the greatest opportunities for growth?

MK (San Diego): "I try to be a trailblazer. I tend to invest in markets that have traditionally not held much interest from others. Submarkets in the outlying areas of San Diego like South Bay and East County, San Ysidro and San Marcos have some great investment opportunities as opposed to the coastal and central submarkets, which are very built out. I see the greatest opportunities in markets that are overlooked or haven't been completely overrun with developments."

TC (Denver): "Any place where you can find affordable for-sale product or deliver affordable for-sale product. Generally, that takes you to the southeast and north sides of Denver. On the western side you have – not unlike California – a hard stop, which causes prices to increase and on top of that, it's largely built out. Another factor that comes into play there is water, a major issue in Colorado. Water prices in northern Colorado have jumped dramatically over the last 7-10 years. For the right to build a for-sale unit in northern Colorado, you're typically at $25,000 just for the water-right, which means affordability in that corridor is getting squeezed."

RC (Las Vegas): "I think the greatest opportunity in Vegas is in quality master planned communities, again because of lifestyle. High-rises, too, which are selling far below replacement cost. We still have people moving to Vegas as a tax haven, so they're not necessarily looking for another home with a big backyard, but something a little easier, something that affords them the ability to enjoy the lifestyle more."

Can you share a golden nugget of your personal real estate wisdom?

MK (San Diego): "Stick to what you know and are good at and don't be afraid to hire experts for things you don't know. And don't be afraid to admit you don't know everything."

TC (Denver): "Embed ourselves within communities where we have projects. So, learn everything from the politics of the staff and commissioners, make sure we know the neighbors, the neighborhood associations and really 'dork-out' and read the law on the district and study the land. We do our best to get to know the communities we invest in better than our competitors."

JP (Portland): "Find the type of real estate that the end user is going to want. We can spend all kinds of time developing pro formas and our own opinions but we have to make sure we don't forget who the end user is and make sure that user is excited about our next project."

RC (Las Vegas): "My goal is always to fully understand how people live rather than merely trying to understand their requirements of living."

Matt Quinn is a Vice President and focusing on asset management activities. Prior to joining Pathfinder in 2009, Matt worked with a San Diego-based firm which consulted on mergers and acquisitions and with the wealth management division of a California regional bank. He can be reached at mquinn@pathfinderfunds.com.

Briana Wright is an Associate in Pathfinder's Asset Management department. She can be reached at bwright@pathfinderfunds.com.

ZEITGEIST – SIGN OF THE TIMES

Top-Performing Cities of 2015

The Milken Institute recently released its 2015 annual report identifying the nation's top-performing cities based on factors like job creation, wage gains and tech growth. Overall, 2015's macroeconomic story featured strong consumer spending, increased real estate development and an economic softening for cities whose economies are highly dependent on energy. We've included the list of the top 10 cities and highlighted some of the interesting results below:

Freezing But On Fire: Fargo, ND maintained the #1 position among small cities for the second year in a row due to its strong, diversified economy. *(Editor's Note: Good for Fargo! But we're still not leaving San Diego, which moved up three spots from 22 to 19 in the large cities category)*

Four Reasons We're Optimistic about 2016

1. Good Signs for the Daily Grind – In 2015, job gains in the U.S. topped 2.65 million. According to the *Bureau of Labor Statistics*, the last time more jobs were created in a two-year period was at the height of the dot-com boom from 1998-1999.

TOP PERFORMING CITIES OF 2015

Metropolitan statistical area (MSA)	2015 Rank	2014 Rank	Change
San Jose-Sunnyvale-Santa Clara, CA	1	4	+3
San Francisco-Redwood City-South San Francisco, CA	2	1	-1
Provo-Orem, UT	3	3	0
Austin-Round Rock, TX	4	2	-2
Dallas-Plano-Irving, TX	5	9	+4
Raleigh, NC	6	5	-1
Seattle-Bellevue-Everett, WA	7	11	+4
Portland-Vancouver-Hillsboro, OR-WA	8	16	+8
Greeley, CO	9	14	+5
San Luis Obispo-Paso Robles-Arroyo Grande, CA	10	24	+14

Source: Milken Institute

Western Dominance: Of the top ten cities, seven are located in the western U.S as the West continues to dominate in job growth and technology-related services. California secured six of the top 25 spaces, the most of any state.

Biggest Gainers/Losers: Las Vegas, boosted by an expansion of gambling and tourism, is among the top 25 biggest gainers moving from 144 in 2014 to 86 in 2015. Los Angeles, suffering from a decline in international trade, is among the biggest decliners dropping from 42 to 77.

2. The Renters are Coming! The Renters are Coming! – According to *Zillow*, the U.S. saw a 1.8 million increase in renter households in 2015 and renters paid almost $20 billion more in rent than in 2014, a whopping $535 billion for the year.

3. A Rising Tide of Confidence Lifts All Prices – According to the most recent S&P/Case-Shiller U.S.

National Home Price Index released in December, home prices rose 5.2% year-over-year as of October 2015. Average prices rose in all 20 major markets tracked by the Index, indicating a wellspring of confidence in the U.S. economy.

4. The U.S. Housing Market Raises the Roof – On December 30, Freddie Mac released its *Multi-Indicator Market Index* ("MiMi"), which measures the stability of the nation's housing market. The MiMi value now stands at 81.9, indicating a strong and stable housing market and a 6.3% improvement year-over-year.

Interest Rate and Capitalization Rate Correlation

As we all have heard, the Federal Reserve raised interest rates 25 basis points in December, marking the first increase since June 2006. Interest rates are still historically low and an uptick in interest rates does not always mean an increase in capitalization rates (aka "cap rate" – the industry standard for valuing real estate by dividing net operating income by the sales price) and corresponding decrease in real estate values. We, too, lose sleep over interest rate increases. Looking ahead, we expect the impact of interest rates to be muted as to cap rates since part of the increases are already baked in the cake by virtue of historically high interest rate/cap rate spreads. Other significant drivers such as employment and population growth trends, transaction activity and supply and demand also play a major role in cap rates and real estate values.

TRAILBLAZING: 2800 WALNUT ST. REDEVELOPMENT

Urban Adaptive Reuse in Gentrifying RiNo District of Downtown Denver

Existing Building

Rendering

Urban adaptive reuse is a redevelopment process that involves converting an existing, typically older and economically obsolete building into a new, repurposed establishment while retaining some of the original structural elements and features. Investors are increasingly attracted to adaptive reuse opportunities because of a growing preference for urban live/work environments, an increase in incentives from City governments and an increase in demand by tenants for historic buildings with unique architectural elements. So, when Pathfinder learned of the opportunity to acquire 2800 Walnut St.– a 47,000 square foot building in Denver's River North ("RiNo") district (and the former home of the Gold Star Meat production facility) – we were very interested.

The RiNo district has been in the midst of a renaissance, transitioning over the past several years from an industrial area to a vibrant mixed-use community. For decades, RiNo was isolated from the rest of Denver by a tangle of railyards and viaducts, which kept it off the radar screen of mainstream developers. But times have changed, the railroad yards and viaducts have been largely eliminated and RiNo is now beloved for its central location and mix of authentic industrial architectural elements and hip, urban feel. The area has been experiencing a major influx of new businesses and residents and has now become one of the Denver's hottest districts.

Our 2800 Walnut property contains several unique architectural features including a brickwork façade, bow-truss roof systems, 30´ ceilings and a large exterior loading dock area that we plan to convert to outdoor restaurant seating and plaza area. Our business plan is to capitalize on RiNo's surging growth and repurpose the building – emphasizing the project's unique architectural features – into three distinct concept spaces featuring creative office, small restaurant/retail uses and potentially a brewery or distillery. Since acquiring the property in October 2015, we have commenced the demolition work and signed our first lease for about 25% of the building with an Italian furniture retailer.

"A community's history is often the catalyst for its revitalization," says Pathfinder's Lorne Polger. "In undertaking an adaptive reuse project, it's important to start with a solid vision for the property that incorporates high regard for the building and neighborhood's history." Pathfinder's ultimate vision for the property is to create a thriving multi-use establishment that will buzz with energy and continue to stand out as a "gold star" project.

NOTABLES AND QUOTABLES

Moving Forward

"You are never too old to set another goal or dream another dream."

- C.S. Lewis, *British Novelist*

"We keep moving forward, opening new doors and doing new things, because we're curious and curiosity keeps leading us down new paths."

- Walt Disney

"I am the master of my fate and the captain of my destiny."

- Nelson Mandela

"We know what we are, but know not what we may be."

- William Shakespeare

"Twenty years from now you will be more disappointed by the things that you didn't do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover."

- Mark Twain

"The best way to predict your future is to create it."

- Abraham Lincoln

"The first step towards getting somewhere is to decide that you are not going to stay where you are."

- J.P. Morgan

IMPORTANT DISCLOSURES

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Investing involves risk of loss and you should be prepared to bear investment loss, including loss of original investment. Real estate investments are subject to the risks generally inherent to the ownership of real property and loans, including: uncertainty of cash flow to meet fixed and other obligations; uncertainty in capital markets as it relates to both procurements of equity and debt; adverse changes in local market conditions, population trends, neighborhood values, community conditions, general economic conditions, local employment conditions, interest rates, and real estate tax rates; changes in fiscal policies; changes in applicable laws and regulations (including tax laws); uninsured losses; delays in foreclosure; borrower bankruptcy and related legal expenses; and other risks that are beyond the control of the General Partner. There can be no assurance of profitable operations because the cost of owning the properties may exceed the income produced, particularly since certain expenses related to real estate and its ownership, such as property taxes, utility costs, maintenance costs and insurance, tend to increase over time and are largely beyond the control of the owner. Moreover, although insurance is expected to be obtained to cover most casualty losses and general liability arising from the properties, no insurance will be available to cover cash deficits from ongoing operations.

Please add msiegler@pathfinderfunds.com to your address book to ensure you keep receiving our notifications.