

BERKSHIRE MULTIFAMILY VALUE FUND II, L.P.

*Confidential*Berkshire Multifamily Value Fund II, L.P.
\$600,000,000
Limited Partnership Interests

This confidential private placement memorandum (this "**Memorandum**") has been prepared solely for, and is being delivered on a confidential basis to, prospective investors considering the purchase of limited partnership interests (the "**Interests**") in Berkshire Multifamily Value Fund II, L.P. (the "**Fund**"). Any reproduction or distribution of this Memorandum, in whole or in part, or the disclosure of its contents, without the prior written consent of Berkshire Multifamily Value Fund GP II, L.L.C., the general partner of the Fund (the "**General Partner**") is prohibited and all recipients agree they will keep confidential all information contained herein and not already in the public domain and will use this Memorandum for the sole purpose of evaluating a possible investment in the Fund. By accepting this Memorandum, each prospective investor agrees to the foregoing.

Prospective investors should make their own investigation of the investment described herein, including the merits and risks involved and the legality and tax consequences of such an investment. Each prospective investor should make its own inquiries and consult its advisors as to the Fund and this offering and as to legal, tax and related matters concerning an investment in the Interests.

Prior to closing, each of the General Partner and Berkshire Property Advisors, L.L.C. (along with The Berkshire Group, "**Berkshire**"), will give potential investors the opportunity to ask questions and receive answers and additional information from it and its representatives concerning the offering and other relevant matters. None of the Fund, Berkshire, the General Partner or Monument Group, Inc. ("**Monument**" or the "**Placement Agent**"), as Placement Agent is making any representation or warranty to an investor regarding the legality of an investment in the Fund by such investor or about the income and other tax consequences to them of such an investment. For answers to those questions, potential investors should consult their personal legal counsel and tax advisors.

The Interests offered hereby have not been approved or disapproved by any securities regulatory authority of any state or by the United States Securities and Exchange Commission, nor has any such authority or commission passed on the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

The Interests have not been and will not be registered under the Securities Act of 1933, as amended (the "**Act**"), or any state securities laws or the laws of any foreign jurisdiction. The Interests will be offered and sold under the exemption provided by Section 4(2) of the Act and Regulation D promulgated thereunder and other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made. The Fund will not be registered as an investment company under the Investment Company Act of 1940 (the "**Investment Company Act**"). Consequently, investors will not be afforded the protections of the Investment Company Act.

The Interests are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Act and other applicable securities laws pursuant to registration or exemption therefrom. In addition, such Interests may not be sold, transferred, assigned or hypothecated, in whole or in part, except as provided in the limited partnership agreement referred to herein. Accordingly, investors should be aware that they will be required to bear the financial risks of an investment in the Interests for an indefinite period of time. There will be no public market for the Interests, and there is no obligation on the part of any person to register the Interests under the Act or any state securities laws. Investment in the Interests involves certain significant investment risks, including loss of an investor's entire value of investment or other amount of capital.

The Interests are offered subject to prior sale, and subject to the right of the General Partner to reject any subscription in whole or in part. In considering the prior performance information contained herein, prospective investors should bear in mind that past performance is not indicative of future results, and there can be no assurance that the Fund will achieve comparable results.

This Memorandum was prepared by representatives of the Fund and is being furnished by Monument solely for use by prospective investors in connection with this offering. The Placement Agent expressly disclaims any representation or warranty regarding involvement in or responsibility for any forward-looking statements contained in this Memorandum.

This Memorandum is qualified in its entirety by reference to the limited partnership agreement of the Fund and the subscription agreement related thereto. No person has been authorized in connection with this offering to give any information or to make any representations other than as contained in this Memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Fund or Monument. Statements in this Memorandum are made as of the date hereof unless stated otherwise herein, and neither the delivery of this Memorandum at any time, nor any sale hereunder, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to such date.

This Memorandum does not constitute an offer or solicitation in any state or other jurisdiction to any person or entity to which it is unlawful to make such offer or solicitation in such state or jurisdiction. Additional disclosure with respect to an investment in the Fund by certain U.S. and non-U.S. investors is set forth at the back of this Memorandum. Prior to the final closing of the Fund, the General Partner and its affiliates reserve the right to modify any of the terms of the offering and the Interests described herein.

Certain information contained herein concerning economic trends and performance are based on or derived from information provided by independent third-party sources. The Fund believes that such information is accurate and that the sources from which it has been obtained are reliable. The Fund cannot guarantee the accuracy of such information, however, and has not independently verified the assumptions on which such information is based. Monument Group, Inc. has not independently verified the information contained herein or the information otherwise made available by the Fund or the General Partner and makes no representations or warranties as to the accuracy or completeness of such information.

Notwithstanding anything to the contrary in the foregoing, each prospective investor (and each employee, representative, or other agent of such prospective investor) may disclose to any and all persons, without limitation of any kind, the tax structure and tax treatment of the Fund and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax structure and tax treatment; provided, however, that such disclosure shall not include the name (or other identifying information not relevant to the tax structure or tax treatment) of any person and shall not include information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Any discussion herein regarding U.S. federal income tax matters is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code of 1986, as amended. Any such discussion herein was written to support the marketing or promotion of the transaction(s) or matter(s) addressed herein. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Monument Group, Inc., a Delaware corporation located in Boston, Massachusetts, operates under the assumed name Boston Monument Group, Inc. in Maryland. Boston Monument Group, Inc. is not affiliated with any entity in Maryland operating under the name of Monument Group, Inc. or any variation thereof.

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

July 2007

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I. EXECUTIVE SUMMARY

Introduction

Berkshire Property Advisors, L.L.C. (along with The Berkshire Group, "**Berkshire**"), one of the nation's most experienced multifamily real estate investors and managers, is forming the Berkshire Multifamily Value Fund II, L.P. (the "**Fund**") to acquire, reposition, manage and liquidate multifamily properties located in select major U.S. metropolitan markets. This strategy is a continuation of the strategy employed for the Berkshire Multifamily Value Fund, L.P. ("**BMVF I**"), which closed on \$334 million of committed capital in October 2005. Investors in the Fund will benefit from Berkshire's extensive experience in achieving superior, risk-adjusted returns on investments in multifamily properties throughout multiple market cycles. In addition, it is expected that the Fund will benefit from continued improvement in market fundamentals affecting the multifamily sector.

The Fund will seek to achieve a gross internal rate of return ("**IRR**") of 16%, by acquiring assets typically held for a four to seven year period, with target leverage of 65% of the fair value of the Fund's investments.* The Fund is seeking capital commitments of \$600 million and Berkshire has committed to invest \$25 million in the Fund.

Overview and Firm History

Founded in 1969, Berkshire's principal business is the acquisition, rehabilitation and management of multifamily properties throughout the United States. Berkshire is led by a team of six senior partners (the "**Partners**") with an average tenure of 22 years with the company and an average of 31 years of overall real estate experience. Berkshire is headquartered in Boston, with eight other primary offices and two additional satellite offices across the U.S. and is comprised of approximately 600 people, including six acquisition teams, asset management, property management, rehabilitation and finance professionals.

Over its 38-year history, Berkshire has been one of the most successful multifamily owners and lenders in the industry, closing over \$6 billion of real estate transactions and over \$22.3 billion of mortgage loans. With its entrepreneurial culture, Berkshire's vertically integrated multifamily advisory and operating company has proven itself over multiple investment cycles by consistently outperforming industry performance benchmarks.

Prior to establishing its institutional real estate funds, Berkshire had extensive multifamily investment experience in both the public and private markets. Berkshire has sponsored and managed two publicly traded multifamily real estate investment trusts ("**REITs**"), with aggregate assets valued at approximately \$2.5 billion. One of these REITs was privatized with The Blackstone Group and Goldman Sachs and subsequently liquidated. Berkshire also created, grew and then divested one of the largest multifamily lending companies in the nation (Berkshire Mortgage Finance, L.P.), which originated approximately \$22.3 billion of multifamily loans between 1987 and 2004.

Currently, Berkshire manages BMVF I, which is expected to own approximately 60 properties with a total capitalization of approximately \$1.2 billion when fully invested. Berkshire also manages existing real estate assets owned by Berkshire Income Realty, Inc. ("**BIR**"), an \$800 million multifamily REIT, which is presently fully invested.

* The Fund intends to evaluate its potential investments keeping in mind a target 16% gross compounded annual leveraged internal rate of return ("**IRR**") for the Fund's investments overall based on a number of factors, including but not limited to: (i) existing leases, rental contracts in place and leases expected to be signed; (ii) assumptions with respect to redevelopment and development, including expected costs of raw materials; (iii) current and estimated economic and real estate market conditions; (iv) proposed capital structures for each investment; and (v) the Fund's intended leverage ratio. There can be no assurances that this target will be attained. Past performance is not an indication or prediction of future results. Additionally, the General Partner believes that its target IRR reflects in part a measure of risk the Fund will be taking with respect to the investments it makes. Important risk factors are set forth in Section IX of the Memorandum and should be considered carefully by prospective investors.

Historical Performance

Since 1991, Berkshire has acquired approximately \$2.7 billion of multifamily real estate representing 174 properties across the U.S. With respect to this 174 property portfolio, Berkshire generated an unleveraged gross IRR of 12.6%, which exceeds the 9.9% average of the National Council of Real Estate Investment Fiduciaries ("NCREIF") multifamily returns by 270 basis points. On a pro forma basis, assuming the Fund's target leverage of 65%, these investments generated a leveraged gross IRR of 17.5%.

During this 16-year period, Berkshire realized returns for 101 of these multifamily assets, representing total disposition value of approximately \$1.9 billion. These dispositions generated a realized unleveraged gross IRR of 12.0%. On a pro forma basis, assuming the Fund's target leverage of 65%, these investments generated a leveraged gross IRR of 16.3%, with a multiple of 2.8x on pro forma invested equity. The historical performance referenced above is presented in greater detail in Section VII, *Investment Performance*.

From inception in August 2005 through May 31, 2007, BMVF I has acquired, or has contracted to acquire, \$844.3 million of multifamily real estate, representing 48 properties. BMVF I's performance for the properties held for more than eight months as of March 31, 2007, representing \$393.4 million of acquisition value, has resulted in an unrealized unleveraged gross IRR of 11.6%. On a pro forma basis, assuming the Fund's target leverage of 65%, these investments have generated a leveraged gross IRR of 20.6%.

Unique Capabilities and Advantages

Berkshire has an extensive national presence covering 30 major metropolitan areas across the U.S. To successfully execute its value-added strategy, Berkshire has developed a cohesive vertically integrated real estate organization comprised of approximately 600 employees with strong capabilities in acquisitions, rehabilitation, property management, finance, asset management, dispositions and reporting. These operating capabilities are integrated and focused to deliver optimal performance during each stage in the value creation process. Berkshire believes it can add significant "alpha" value to its portfolio by linking its organizational objectives and incentives to maximize incremental return in the following six stages of the investment process: acquisition, financing, rehabilitation and repositioning, property management, asset management and disposition.

Berkshire believes that its competitive advantages include: (i) six acquisition teams which are active in local markets, (ii) unique underwriting capabilities combining the use of both "top-down" research and "bottom-up" knowledge of submarkets from local operating presence, (iii) a 20 person team of engineering/rehabilitation professionals, (iv) a 515 employee property management company and (v) exceptional financing capability derived from previous experience of owning one of the country's largest multifamily lenders. Berkshire also derives significant advantages through its large volume of acquisitions, dispositions and financings, which have resulted in approximately \$800 million of transactions closed annually over the past three calendar years. Additionally, Berkshire benefits from operating and cost saving measures attributable to its dedicated rehabilitation and property management groups.

Investment Strategy

Berkshire is exclusively focused on the multifamily sector and targets middle-market properties across the U.S. As defined by Berkshire, the middle market includes submarket locations surrounding employment nodes where rental rates generally fall between the 40th and 80th percentiles of general market rental rates. These assets are typically built between the early 1970s and the early 1990s, have no permanent structural obsolescence issues and tend to be occupied by residents who "rent by necessity" rather than "rent by choice."

Berkshire believes middle-market multifamily assets have a greater likelihood of generating higher returns from successful renovation and rehabilitation efforts and have greater resiliency to economic downturns relative to other multifamily asset categories. Specifically, the Fund intends to create value by targeting middle-market assets, or portfolios of assets, that are typically located in in-fill locations and are: (i) mismanaged or in need of significant repositioning, (ii) in need of renovation or rehabilitation, and/or (iii) available at a deep discount from lenders, distressed sellers or from other special situations.

The Fund intends to focus its acquisition efforts in major metropolitan markets and respective submarkets across the U.S. where Berkshire has experience and extensive property management infrastructure. Berkshire believes that submarket conditions, as well as the conditions of the overall Metropolitan Statistical Areas ("MSAs"), determine the long-term growth prospects for a given asset. Berkshire targets submarkets where scarcity of available in-fill land for development creates a highly favorable investment environment for middle-market properties.

To assess the strength of submarkets and identify acquisition opportunities, Berkshire deploys its experienced team of asset management, rehabilitation and property management personnel. By combining insightful, "top-down" research on market fundamentals with its "bottom-up" submarket knowledge, a proprietary due diligence process and skilled operations personnel, Berkshire believes that it can identify investments that are likely to outperform the market.

Market Opportunity*

Berkshire believes middle-market multifamily properties are highly attractive in today's environment. Approximately 47% of the U.S. multifamily inventory was built between 1970 and 1989 and approximately 75% of these middle-market properties are owned by small, and frequently undercapitalized, owners who lack sophisticated knowledge of asset operation and maintenance. Accordingly, there is a large, fragmented universe of potential acquisitions that fit well with the Fund's objective of enhancing financial performance by rehabilitating and repositioning assets and improving management efficiency.

Moreover, Berkshire believes positive demographic trends and favorable economic conditions in the middle-market sector point to continued rental growth over the next several years. Current economic forecasts suggest that interest rates may rise and employment growth is expected to continue in the near term. Torto Wheaton Research expects these conditions will lead to a renewed growth in property Net Operating Income ("**NOI**"). Overall, market rental growth and value-added increases in NOI are expected to offset any impact of a potential rise in historically low capitalization rates. Berkshire believes that a well-capitalized buyer can take advantage of this market recovery by acquiring assets in need of capital and improving NOI through focused value-add rehabilitation, improved property management and repositioning of the assets in the marketplace.

On a risk-adjusted basis, Berkshire believes the multifamily sector is poised to outperform other real estate asset classes in the future. When compared to the total annualized returns of most other real estate sectors, multifamily has historically ranked in the top two sectors over 1, 3, 5 and 10 year return periods and offers a relatively low level of risk for investors. This is, in part, due to the fact that the operating performance of the asset is not reliant on one individual resident, but on many residents in the aggregate. As a result of this structural advantage, many real estate investors who historically have not invested in multifamily have recently reconsidered their investment allocation decisions and increased the amount of their capital in the multifamily sector. Berkshire expects the lower risk inherent in the multifamily sector, coupled with continued institutional capital flow into the asset class, will limit significant capitalization rate increases and should maintain capitalization rates that are lower relative to other asset classes.

* Statistical information for this section "Market Opportunity", unless otherwise noted, is provided by Torto Wheaton Research.

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II. DISTINGUISHING CHARACTERISTICS

Berkshire believes the Fund represents an attractive investment opportunity and that it will benefit from a number of Berkshire's distinguishing characteristics, as described below.

Consistent Track Record of Strong Performance and Realizations. Berkshire has a proven investment track record of outperforming industry performance benchmarks and delivering favorable realized returns on its investments over several market cycles. Since 1991, Berkshire has acquired approximately \$2.7 billion of multifamily real estate representing 174 properties across the U.S. With respect to this 174 property portfolio, Berkshire generated an unleveraged gross IRR of 12.6%, which exceeds the 9.9% average of the NCREIF multifamily returns by 270 basis points. On a pro forma basis, assuming the Fund's target leverage of 65%, these investments generated a leveraged gross IRR of 17.5%.

During this 16-year period, Berkshire realized returns for 101 of these multifamily assets, representing total disposition value of approximately \$1.9 billion. These dispositions generated a realized unleveraged gross IRR of 12.0%. On a pro forma basis, assuming the Fund's target leverage of 65%, these investments generated a leveraged gross IRR of 16.3%, with a multiple of 2.8x on pro forma invested equity.

Gross Unleveraged IRR: Berkshire vs. NCREIF

Source: NCREIF, Berkshire; Timeframe: Q1 1991 to Q1 2007
Note: NCREIF return represents the national internal rate of return for multifamily apartments as provided by NCREIF research affiliates

Transaction Volume (\$ in millions)

Source: Berkshire
Note: Acquisitions volume reflects acquisition price; Dispositions volume reflects sales price for realized investments

Cohesive and Experienced Management Team. The Fund represents an opportunity to invest alongside one of the most experienced management teams in the multifamily sector. Berkshire is led by the Partners who have an average tenure of 22 years with Berkshire and an average of 31 years of real estate experience through multiple real estate cycles in markets across the U.S. All of the Partners have held the position of Chief Executive Officer, President, or Chief Operating Officer of a major real estate operating company during their career.

Founded in 1969, Berkshire is one of the largest vertically integrated multifamily companies in the U.S. With approximately 600 professionals in nine main offices and two additional satellite offices across the U.S., Berkshire has established acquisition, disposition, rehabilitation and engineering, property management, asset management and finance capabilities that enable it to efficiently execute value-added initiatives with limited third-party involvement.

Sophisticated Market Research and Selection Process. Berkshire utilizes both a "top-down" and a "bottom-up" approach to select markets and submarkets that are projected to outperform their MSAs in rental growth rate by combining information from external data providers with current data from experienced in-house operations personnel. Berkshire's local presence in multiple markets provides essential "real-time" operating information for acquisition personnel that is instrumental in sourcing and also necessary for quickly and thoroughly underwriting potential new acquisitions.

Strong Proprietary Sourcing and Underwriting. Berkshire has built a broad network of relationships with owners and lenders, which has been cultivated over three decades of acquiring and financing multifamily real estate. Historically, these relationships have generated most of Berkshire's transaction volume and, in the future, are likely to continue to provide the Fund with opportunities to acquire assets at attractive pricing, often on a competitively limited basis. Through its past experience as the owner of one of the largest multifamily lenders in the U.S., Berkshire possesses significant expertise in analyzing and underwriting distressed, complex or uniquely structured deals that other potential buyers are less willing or able to consider. Berkshire is often a more attractive buyer for sellers of time-sensitive or complicated transactions due to its vertically integrated platform, its extensive experience in underwriting distressed investment opportunities and its ability to perform its customary underwriting quickly.

Berkshire is very selective in pursuing acquisition opportunities. In 2006, for example, Berkshire's acquisition team sourced approximately 1,275 opportunities, of which more than 500 properties were toured by acquisition, property management and/or redevelopment personnel. Berkshire submitted bids on over 225 of these assets, performed extensive due diligence on approximately 40 and ultimately closed 32 transactions. Berkshire plans to continue to pursue only the highest quality transactions with the same rigor for the Fund.

**Berkshire Sourcing Activity
By Acquisition Value
(2003 - 2007)**

Source: Berkshire

Note: Based on 80 acquisition transactions completed from January 2003 through March 2007 representing \$1.5 billion of acquisition value

Proven Value-Add Capability. Berkshire has outperformed the 16-year NCREIF national multifamily return by 270 basis points since 1991. Using a strategy that focuses on renovation and rehabilitation opportunities, restructuring of attractively priced distressed assets and execution of enhanced property management, Berkshire has a proven value-add capability. At the time of acquisition, Berkshire evaluates each potential investment on a case-by-case basis to determine an appropriate property repositioning plan. By maintaining a dedicated staff of repositioning experts and supplementing that effort as needed with its property management organization, Berkshire is well-equipped to execute an asset's capital repositioning plan.

Since 1991, Berkshire has completed or initiated renovations on approximately 39,000 units across 138 assets, with experience ranging from minor renovations and improvements to overall property repositionings/rehabilitations. During the value creation period, typically three years from acquisition, Berkshire has demonstrated its ability to generate significant increases in investment profitability. As evidenced by the chart below, Berkshire has grown its yield on invested capital from 8.8% to 10.1% from the first to the third full year of ownership.

**Unleveraged Yield on Invested Capital
(1991 - 2006)**

Source: Berkshire

Note: Represents NOI divided by total invested capital (acquisition price including capital expenditures)

Alignment of Interests. Berkshire has committed to invest \$25 million in the Fund. To further align the Partners' interests with those of its investors, the General Partner of the Fund will not receive distributions with respect to its carried interest until investors receive a return of 100% of their capital contributions and a 9% cumulative return thereon. To provide strong incentives to achieve the Fund's investment objectives, Berkshire shares its carried interest earnings with 23 key management professionals, all of whom will contribute to the Fund. The Fund will be Berkshire's exclusive multifamily acquisition vehicle, subject to certain limited exceptions described in this Memorandum. In addition, Berkshire will not receive any acquisition, disposition or financing fees in connection with the activities of the Fund.

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III. EXECUTIVE SUMMARY OF KEY TERMS

This summary is qualified in its entirety by, and must be read in conjunction with, the more detailed information included in Section VIII, *Detailed Summary of Terms*, in this Memorandum (including the terms defined in that Section) as well as in the Limited Partnership Agreement.

The Fund:	Berkshire Multifamily Value Fund II, L.P., a Delaware limited partnership
Investment Objective:	To acquire, reposition, manage and liquidate multifamily properties located in select major metropolitan markets of the U.S.
Targeted Return:	Gross compounded annual IRR of 16%, through acquisitions of properties typically held for a four- to seven-year period *
Target Leverage:	65% of the fair value of the Fund's investments
Fund Size:	\$600 million
Minimum Commitment:	\$10 million, subject to the General Partner's right to accept lesser amounts
General Partner Commitment:	\$25 million
Commitment Period:	Three years from the Final Closing, subject to a one-year extension upon Advisory Committee approval
Term:	Eight years from the Final Closing, subject to a maximum of two one-year extensions upon Advisory Committee approval
Limitations:	20% in a single transaction; 10% in non-multifamily transactions; 15% in loans or debt-like instruments; or 5% in development transactions
Distributions:	(i) First, 100% to the Partners until the Partners have received a cumulative 9% preferred return on total capital contributions; (ii) Second, 100% to the Partners until the Partners have received a return of total capital contributions; (iii) Third, 60% to the General Partner and 40% to the Partners until distributions to the General Partner equal 20% of distributions by the Fund in excess of the amounts in clause (ii); and (iv) Thereafter, 20% to the General Partner and 80% to the Partners
Management Fee:	During the Commitment Period, the Investment Management Fee will be paid at an annual rate equal to 1.5% of each Limited Partner's Commitment. After the Commitment Period, the Investment Management Fee will be paid at an annual rate equal to 1.5% of each Partner's drawn Commitments less the portion of such drawn Commitments utilized to acquire Investments which have been liquidated.
Transaction Fees:	None

* The Fund intends to evaluate its potential investments keeping in mind a target 16% gross compounded annual leveraged internal rate of return ("IRR") for the Fund's investments overall based on a number of factors, including but not limited to: (i) existing leases, rental contracts in place and leases expected to be signed; (ii) assumptions with respect to redevelopment and development, including expected costs of raw materials; (iii) current and estimated economic and real estate market conditions; (iv) proposed capital structures for each investment; and (v) the Fund's intended leverage ratio. There can be no assurances that this target will be attained. Past performance is not an indication or prediction of future results. Additionally, the General Partner believes that its target IRR reflects in part a measure of risk the Fund will be taking with respect to the investments it makes. Important risk factors are set forth in Section IX of the Memorandum and should be considered carefully by prospective investors.

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IV. FUND SPONSOR AND MANAGEMENT TEAM

Fund Sponsor

Founded in 1969, Berkshire is one of the most experienced acquirers, financiers, rehabilitation managers, property managers and sellers of multifamily real estate in the U.S. Berkshire is led by the Partners who have an average tenure of 22 years with Berkshire and an average of 31 years of overall real estate experience. The Partners are largely responsible for the company's superior 16-year track record, including the acquisition of \$2.7 billion and disposition of \$1.9 billion of multifamily real estate, and investment returns that exceed the 9.9% average of the NCREIF multifamily returns by 270 basis points during that period. The Partners have all had the previous responsibility of being a Chief Executive Officer or Chief Operating Officer of a major real estate operating company during their careers. Their proven expertise at Berkshire includes: (i) the sponsorship of BMVF I, an institutional multifamily value fund with projected multifamily assets of \$1.2 billion; (ii) successful sponsorship of two publicly traded multifamily REITs, with aggregate multifamily assets valued at \$2.5 billion; (iii) the subsequent privatization and liquidation of one of those REITs; and (iv) the creation, management and divestiture of one of the largest multifamily lenders in the U.S. which originated approximately \$22.3 billion of loans from 1987 to 2004.

Berkshire Senior Partners

Name	Position	Years of Real	
		Estate Experience	Years with Berkshire
Frank P. Apeseche*	Chief Executive Officer	21	21
David J. Olney*	Chief Investment Officer	21	21
David C. Quade*	Chief Financial Officer	35	9
Thomas R. Shuler*	Chief Operating Officer, Property Management	36	5
Douglas S. Krupp	Co-Founder, Senior Advisor	37	37
George D. Krupp*	Co-Founder, Senior Advisor	37	37
Total		187	130
Average		31	22

* Investment Committee Member; George Krupp will participate on the Investment Committee for transactions of \$30 million or greater.

Berkshire Organization Chart

MANAGEMENT TEAM

Senior Partners

Frank P. Apeseche, *Senior Partner and Chief Executive Officer*. Mr. Apeseche's responsibilities as Chief Executive Officer have entailed setting and implementing Berkshire's current strategy; establishing and enriching its performance driven culture; hiring/leading Berkshire executives and their teams to optimize their businesses and consistently deliver superior returns; and expanding the company's national presence and reputation. Under his tenure as Chief Executive Officer, Berkshire has undergone a major transformation that included completing Initial Public Offerings of two companies; successfully repositioning the private buyout of a public multifamily Real Estate Investment Trust; growing and executing the strategic sale of its mortgage subsidiary to Deutsche Bank; and creating and capitalizing its Institutional Real Estate Funds Business. Currently, Mr. Apeseche is focused on the successful investment and management of Berkshire's sponsored Funds and the expansion of its institutional business. Prior to his current position, Mr. Apeseche was Chief Executive Officer of BG Affiliates, a private equity investment firm funded by Berkshire, and before that he was Chief Financial Officer of Berkshire. Prior to joining Berkshire, Mr. Apeseche was a Manager at Accenture, an international consulting firm. Mr. Apeseche holds a Bachelor of Arts with distinction from Cornell University and a Master of Business Administration from the University of Michigan, where he graduated with honors. Mr. Apeseche is also a guest lecturer at Harvard University, where he teaches classes and writes articles on Real Estate Finance and Investments. Mr. Apeseche has been a Board Member of the following companies: Berkshire Mortgage Finance, L.P., Berkshire Realty Holdings, L.P., KBRO Linen Systems, and Surebridge Inc. In addition, he has been an Officer of the following public companies: Berkshire Income Realty, Inc. and Berkshire Realty Company, Inc.

David J. Olney, *Senior Partner and Chief Investment Officer*. Mr. Olney is responsible for the investment strategy and operations of the business. Mr. Olney has 21 years of real estate experience in acquisitions, property sales, asset management and finance and, since 1990, has been involved in approximately \$5.0 billion of acquisitions and dispositions. From 1999 until its liquidation in 2004, Mr. Olney served as President of Berkshire Realty Holdings, L.P., a joint venture partnership with affiliates of The Blackstone Group and Goldman Sachs, and recently managed the successful liquidation of that portfolio. Mr. Olney is an executive board member of the National Multifamily Housing Council and is a frequent speaker in the multifamily industry. Prior to joining Berkshire in 1986, Mr. Olney worked in a financial management program with Sanders Associates in Nashua, New Hampshire. Mr. Olney received a Bachelor of Science with distinction in Finance from Bryant College and a Master of Business Administration with honors from Babson College.

David C. Quade, *Senior Partner and Chief Financial Officer*. Mr. Quade has been with Berkshire since 1999 and has held positions including Executive Vice President and Chief Financial Officer. In his current role as Chief Financial Officer, he is responsible for Berkshire's institutional investor relations activities, all corporate and fund financial operations, and corporate and property financing strategy. In addition, he serves as President, Chief Financial Officer, and Director of Berkshire Income Realty, Inc. From 1981 to 1998, Mr. Quade held various positions within Leggat McCall Properties, including Principal, Executive Vice President and Chief Financial Officer and was responsible for financial operations, corporate and property financing and asset management. In addition, during the period of 1991 to 1994, Mr. Quade also served as Chief Operating Officer. Prior to that, Mr. Quade worked in senior financial capacities for two New York Stock Exchange listed real estate investment trusts, North American Mortgage Investors and Equitable Life Mortgage and Realty Investors. He also worked at Coopers & Lybrand, LLP (now known as PricewaterhouseCoopers LLP), an international accounting and consulting firm. Mr. Quade received a Bachelor of Science and a Master of Business Administration from Central Michigan University. He also received a Professional Accounting Program degree from Northwestern University Graduate School of Business. Mr. Quade serves as Chairman of the Board of Directors of the Marblehead/Swampscott YMCA and Director of the North Shore YMCA.

Thomas R. Shuler, *Senior Partner and Chief Operating Officer*. Mr. Shuler is responsible for the oversight of both Berkshire's Property Management and Redevelopment/Engineering organizations. He currently supervises an employee base of over 500 professionals covering in excess of 30 markets. Before joining Berkshire in July 2002, Mr. Shuler was a real estate consultant to the multi-housing industry. From 1991 to 1998, Mr. Shuler served as President of Insignia Management Corp., Chief Operating Officer of Insignia Residential Group and Executive Managing Director of the New York Stock Exchange listed Insignia Financial Group, Inc. During Mr. Shuler's eight years with Insignia, the Company initiated a growth program whereby it acquired approximately 42 companies, resulting in the expansion of the managed portfolio from approximately 55,000 units to approximately 230,000 units. Prior to his tenure at Insignia, Mr. Shuler worked at Hall Financial Group as President of Hall Management Corporation, which oversaw a portfolio of 68,000 apartments units. He has experience in the hotel industry and was a Certified Public Accountant. Mr. Shuler received a Bachelor of Science in Business Administration from the University of Missouri. Mr. Shuler was also President of the National Apartment Association (1994) and has served on the Board of the National Multifamily Housing Council.

Co-Founders, Senior Advisors and Senior Partners

Douglas S. Krupp, *Co-Founder, Senior Advisor and Senior Partner*. Mr. Krupp previously served as Chairman of the Board of Berkshire Realty Holdings, L.P. In January 2005, Mr. Krupp became Director and Chairman of the Board of Berkshire Income Realty, Inc. Previously Mr. Krupp served as Chairman of the Board of Trustees of both Krupp Government Income Trust I and Krupp Government Income Trust II, two public mortgage funds. Formerly, Mr. Krupp served as Chairman of the Board of Directors of Berkshire Realty Company, Inc. and Harborside Healthcare Corporation, two publicly traded companies listed on the New York Stock Exchange. Mr. Krupp is a member of the Anti-Defamation League's National Executive Committee, a member of its Board of Trustees and Vice President of the Anti-Defamation League Foundation. Mr. Krupp is on the Board of Directors for the Commonwealth Shakespeare Company, is a member of the Corporation of Partners HealthCare System and is a past member of the Board of Directors for Brigham & Women's Hospital. Mr. Krupp is a graduate of Bryant College. In 1989, he received an Honorary Doctorate of Science in Business Administration from Bryant College and was elected trustee in 1990.

George D. Krupp, *Co-Founder, Senior Advisor and Senior Partner*. Mr. Krupp has held the position of Co-Chairman since Berkshire was established as the Krupp Companies in 1969. From 2002 to 2004, Mr. Krupp served as Director and Chairman of the Board of Berkshire Income Realty, Inc. Mr. Krupp, along with his brother Douglas, founded Berkshire Mortgage Finance, L.P. as well as the other affiliated companies. Mr. Krupp was an instructor of history at the New Jewish High School in Waltham, Massachusetts from September 1997 to May 2002. Mr. Krupp attended the University of Pennsylvania and Harvard University Extension Schools and holds a Master's degree in History from Brown University. Mr. Krupp also serves on the Board of Directors of the Boston Symphony.

Other Professionals — Berkshire Advisory Group

Michael W. Bippus, *Vice President, Acquisitions*. Mr. Bippus joined Berkshire in June 2004. Mr. Bippus has over eighteen years of experience in commercial real estate including investments, brokerage, finance and development. He has a background in real estate advisory roles including acquisitions, dispositions, asset management and portfolio management. Before joining Berkshire, Mr. Bippus worked as a manager for Moran and Company, a national brokerage firm specializing in multifamily transactions in Atlanta, Georgia. During his tenure at Moran and Company, Mr. Bippus was responsible for brokerage transactions for apartment product in the southeast region, closing over \$200 million in transactions. Prior to Moran, Mr. Bippus worked for Cornerstone Real Estate Advisors, the equity arm for MassMutual Insurance and an advisor for other real estate funds, specializing in acquisitions, dispositions and asset management in the southeast region. Mr. Bippus received a Bachelor of Science from the Kelley School of Business, Indiana University and a Master of Business Administration from the Terry College of Business, University of Georgia.

Mary Beth Bloom, *Vice President, General Counsel*. Ms. Bloom is Vice President and General Counsel to Berkshire, with overall responsibility for the coordination and delivery of all legal services to the Company. Ms. Bloom previously served as Assistant General Counsel to the Company from 2000-2005. Prior to joining Berkshire in 2000, Ms. Bloom was an attorney with John Hancock Financial Services. She received a Bachelor of Arts from the College of the Holy Cross and a Juris Doctor degree from New England School of Law. Ms. Bloom is admitted to practice law in Massachusetts and New York.

David E. Doherty, *Vice President and Controller*. Mr. Doherty has held the position of Vice President and Controller for several Berkshire real estate funds, both publicly and privately held, from December 1997 through the present. Mr. Doherty currently serves as Vice President and Controller for BMVF I, where he is responsible for accounting, financial reporting and investor servicing. Mr. Doherty joined Berkshire in December 1995 and served as Assistant Controller and Controller for affiliated entities from 1995 to 1997. From 1991 to 1995, Mr. Doherty served as a Senior Associate in business assurance at Coopers & Lybrand, LLP (now known as PricewaterhouseCoopers LLP), an international accounting and consulting firm, where he specialized in the real estate and investment company industries. He received a Bachelor of Science in Business Administration from the University of Notre Dame and is a Certified Public Accountant.

Shane Fleniken, *Vice President, Acquisitions*. Mr. Fleniken has been responsible for the acquisition of multifamily properties for Berkshire in its Western region since 2003. Prior to joining Berkshire, Mr. Fleniken worked in the Acquisition Departments for Anvil Investments from 2000-2003, and for Walden Residential Properties from 1997-2000. Mr. Fleniken holds a Bachelor of Science degree in Accounting from Louisiana State University in Baton Rouge.

Kevin J. Mignogna, *Vice President, Acquisitions*. Mr. Mignogna has worked in the multifamily real estate business since 1992. Mr. Mignogna spent more than twelve years with Berkshire Mortgage Finance, L.P. (a former affiliate of Berkshire now known as Deutsche Bank Berkshire Mortgage) and The Patrician Financial Company, a commercial mortgage banking firm acquired by Berkshire in the mid-1990's, in several roles including Senior Vice President and Chief Underwriter in the company's west coast division. During his tenure with Berkshire's west coast team, he successfully managed the structuring, analysis, and approval of

nearly \$3 billion in multifamily real estate debt in roughly 200 transactions throughout California and the western U.S. In 2004, Mr. Mignogna left Berkshire Mortgage Finance, L.P. to start his own firm, 3B Partners Real Estate. 3B Partners acquired over 1,000 multifamily units in three different states during 2006. In May 2007, Mr. Mignogna joined Berkshire's acquisitions team. Mr. Mignogna has a Bachelor of Science degree in Finance with a concentration in securities markets and investments from West Virginia University.

Christopher M. Nichols, *Vice President and Controller*. Mr. Nichols has served as Vice President and Controller of Berkshire Income Realty, Inc. since July 2002, and as Chief Accounting Officer since 2005. Mr. Nichols joined Berkshire in 1999 as the Assistant Corporate Controller. From 1997 to 1999, Mr. Nichols served as the Accounting Manager and then as the Corporate Controller for Mac-Gray Corporation, a New York Stock Exchange listed company. At Mac-Gray, Mr. Nichols was responsible for the accounting and financial reporting systems. From 1994 to 1997, Mr. Nichols worked as a Senior Staff Auditor for Mullen & Company. Mr. Nichols received a Bachelor of Science in Accountancy from Bentley College and holds an Associate Degree in Computer Information Systems and in Electrical Engineering and is a Certified Public Accountant.

Stephen C. Parthum, *Senior Vice President, Asset Management*. As Senior Vice President of Asset Management, Mr. Parthum is responsible for all asset management functions including asset strategy and business plan development, joint venture relationships, ownership reporting, third-party, fee-managed relationships and recommendations regarding asset dispositions. From 1999 to the present, Mr. Parthum has worked on the sale of approximately \$2 billion of real estate. Mr. Parthum joined Berkshire in 1983, taking a sabbatical from 1995-1996. From 1983 to 1996, he held numerous supervisory and managerial positions within the Finance and Accounting and Property Management groups at Berkshire. Mr. Parthum received a Bachelor of Arts from Northeastern University.

Daniel L. Robertson, *Vice President, Information Systems and Risk Management*. Mr. Robertson joined Berkshire in June of 2000 and has a combined 17 years of experience in the hotel industry and multi-family real estate. While at Berkshire, Mr. Robertson has overseen multiple systems implementations and conversions and has been responsible for building the associated infrastructures. He also oversees aspects of Berkshire's risk management and has been instrumental in negotiating and implementing Berkshire's General Liability and Property Liability insurance programs. Mr. Robertson is active in industry and software organizations and currently serves on the board of directors for The RealPage User Group, associated with Berkshire's primary software provider, where he chairs the subcommittee on Central Reporting. Mr. Robertson is also a frequent speaker at various technology industry events. Prior to joining Berkshire, Mr. Robertson worked for ten years (1990 - 2000) with Wheelabrator Technologies and ten years with Omni Hotels (1980 and 1990). Mr. Robertson graduated from the University of Massachusetts — Lowell campus with a Bachelor of Science degree in Accounting and received a Master of Business Administration from the University of Southern New Hampshire.

Oliver J. Schniederjans, *Vice President, Financial Operations*. Mr. Schniederjans has been employed by Berkshire for over 19 years working in a variety of roles including accountant, financial analyst, systems trainer, property manager and multi-site manager, in addition to his current position as Vice President of Financial Operations. As Vice President of Financial Operations, Mr. Schniederjans' responsibilities include high level oversight of financial reporting, budgeting and forecasting, property assessment value reviews, national purchasing and the utility department for the entire portfolio. Before joining Berkshire, Mr. Schniederjans served as a staff accountant for the Smith Companies from 1986 to 1988. Mr. Schniederjans has a Bachelor of Science in Accounting from Merrimack College in North Andover, Massachusetts.

Paul E. Sevieri, *Vice President, Finance*. Mr. Sevieri currently arranges multifamily debt financing and manages lender relations for Berkshire. Mr. Sevieri joined Berkshire in 1987 and has held several positions in the departments of financial analysis and reporting, asset management, treasury, and mortgage-backed securities. Prior to joining Berkshire, Mr. Sevieri was a fixed income trading analyst at Kidder Peabody and a money market mutual fund analyst at the Putnam Companies. Mr. Sevieri attended the University of Massachusetts.

Daniel J. Stravinski, *Senior Vice President, Human Resources*. Mr. Stravinski joined Berkshire in 2002 and is responsible for all aspects of the human relations side of Berkshire's business including recruiting and selection, training and development, employee and labor relations, compensation and benefits, human resource information systems, performance management and organizational development. Mr. Stravinski has over thirty years of Human Resources experience in a variety of industries in addition to real estate. He joined General Cinema Theatres in 1993 as Vice President, Human Resources. During his tenure at General Cinema, he was appointed Vice President of Operations with P&L responsibility for the \$180 million Eastern Division of the Company, running over seventy operating units located from Maine to Florida until 2000. Between 2000 and 2002 he served as Vice President of Human Resources for Prime Response, a customer relationship management software company and for Avidyne. Mr. Stravinski is a graduate of Cornell University with a Bachelor of Science degree in Industrial and Labor Relations.

Stephen J. Zaleski, *Partner, Director of Acquisitions*. Since joining Berkshire in March 2003, Mr. Zaleski has been Director of Acquisitions and overseen the acquisitions efforts associated with its east coast markets. Recently, his teams have also taken responsibility for the Chicago market and several other midwest markets for Berkshire. Before joining Berkshire, Mr. Zaleski was a Principal with Lend Lease Real Estate in Boston where he was Director of Multifamily Acquisitions for the Northeast and Mid-Atlantic regions. Prior to Lend Lease's buyout of the Boston Financial Group in 1999, Mr. Zaleski was a partner with the firm and Director of Multifamily Acquisitions for Boston Financial's Pension Fund Advisory Group. From 1989 to 1996, Mr. Zaleski served in various capacities for the Boston Financial Group. He joined as an analyst and over his tenure was promoted to Director. He also worked at Comfed Advisory Group as a commercial appraiser. Mr. Zaleski currently serves on the Advisory Committee of the National Multifamily Housing Council where he speaks on industry trends. Mr. Zaleski has also been a frequent guest lecturer in the Boston University Real Estate Program. He received a Bachelor of Arts degree from Bates College.

Other Professionals — Berkshire Property Management Group

Deborah L. Garner, *Regional Vice President for the Southeast and Vice President of Marketing*. Ms. Garner joined Berkshire in November 1988. Ms. Garner is responsible for the operations of 22 assets located throughout the southeast region and overseeing national marketing projects. Before joining the company, Ms. Garner served as Division Vice President for Fogelman Property Management from 1985-1988. Ms. Garner has over 26 years of multifamily real estate experience. Her background encompasses executive-level property management experience and strong corporate level marketing experience in developing and implementing marketing/business plans for new construction and rehab properties, overseeing rewriting of corporate policy and procedure guidelines and design/implementation of the national recruiting program. Ms. Garner has a Bachelor of Science degree from Louisiana State University at Shreveport.

Dean J. Holmes, *Eastern Divisional Vice President*. Mr. Holmes joined Berkshire in 2001. Mr. Holmes has overall responsibility for the management and operations of the eastern division portfolio of properties. Additionally, Mr. Holmes oversees new acquisition/due diligence activities on a national basis. Prior to joining Berkshire, Mr. Holmes was Vice President of Operations for Realty Management Services Inc. from 1995 to 2001, a private apartment owner and manager based in Bethesda, Maryland. Prior to that Mr. Holmes directed property management operations for Key Property Management from 1990 to 1995, a Canadian owner/operator with apartment holdings in the U.S. and Canada. Mr. Holmes is a Certified Property Manager candidate with the Institute of Real Estate Management. He is also a member of the board of the Maryland Multi-Housing Association and the Property Management Association of Washington, D.C. Mr. Holmes earned his Bachelors of Science degree from the University of Maryland and he is currently pursuing a Master of Business Administration from the University of Maryland. He is a veteran of the U.S. Air Force.

Alan P. King, *Western Divisional Vice President*. Mr. King has served as Divisional Vice President of Berkshire, responsible for operations in Texas and the western U.S., as well as in the Florida region since 2006. Previously, he was Regional Director of Operations with Archon Residential Management and McNeil Residential Management, Inc., which was acquired by Archon Residential in February 2000. Mr. King has 28 years experience, primarily in residential, retail, office, and self-storage assets. Mr. King has extensive experience in renovation, expansion and repositioning of both residential and commercial real estate assets. His current responsibilities include the inspection and evaluation of properties, hiring and development of divisional staff, preparation of strategic business plans, operating and capital budgets, which includes financial forecasting for both short-term and long-term management decisions. Mr. King is a Certified Property Manager, and has a Bachelor of Science degree in Business Administration with a major in Finance from the University of Florida. He serves as Secretary for the Board of Directors for the Apartment Association of Greater Dallas, and as Vice Chairman of the Legislative Committee. He also has been an instructor for the Texas Apartment Association, and served as a committee member for Public Affairs for the Texas Apartment Association (2005-2006).

J. Zachary Maggart, *Vice President, Redevelopment/Engineering*. Mr. Maggart is responsible for developing, implementing, and managing value-added programs for new acquisitions, as well as existing assets, to support the Berkshire portfolio and growth strategies. Mr. Maggart joined Berkshire in March 2005 with 22 years of redevelopment experience in the multifamily, commercial office building and retail real estate industries. He has managed in excess of \$400 million in asset redevelopment improvements. Prior to Berkshire, Mr. Maggart was a Partner with TriVest Residential LLC where he was responsible for the redevelopment of multifamily properties, the development and implementation of capital improvement plans and management of the Company's information systems. Mr. Maggart has also served as a Senior Vice President of Construction at McNeil Real Estate, a fully integrated real estate operating company, which operated in 29 states and managed over 16,000 middle-market multifamily apartment units. Mr. Maggart is a graduate of Purdue University — West Lafayette, Indiana with a Bachelor of Science degree in Landscape Architecture.

Sherry W. Taylor, Vice President, Training. Ms. Taylor has over 19 years of Property Management experience with Berkshire Property Advisors. She is responsible for the design, development and implementation of all training modules. Ms. Taylor ensures all training occurs in a consistent and timely manner across the entire portfolio. She is also responsible for writing and communicating company policies and procedures while making sure they are being followed at the property level. In addition, she researches and implements ways of using technology to enhance property operations. Ms. Taylor has received her Certified Apartment Management certification through the National Apartment Association, Certification of Accelerated Learning Techniques, completed Web Page Design programs through Kennesaw State University and attended the University of Southern Mississippi.

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V. INVESTMENT STRATEGY AND ORGANIZATIONAL CAPABILITY

Investment Strategy

Berkshire will continue to pursue the same investment strategy for the Fund that it has successfully implemented over nearly four decades. Specifically, Berkshire's strategy is highlighted by the following:

Exclusive Focus on the Multifamily Sector. Berkshire has specialized in multifamily investments over the past 38 years and intends to maintain that focus for the Fund. The Fund will target primarily middle-market multifamily assets located in select major metropolitan markets across the U.S. In addition, the Fund will seek underperforming assets to which Berkshire can add value by deploying the resources of its vertically integrated organization. Berkshire's extensive experience with the acquisition, operation and disposition of middle-market assets provides a competitive advantage in terms of market knowledge, deal flow and its ability to execute.

Middle-Market Focus. Berkshire intends to continue its historical focus on middle-market assets, i.e., those properties that generally fall between the 40th and 80th percentiles of local market rents. Currently, middle-market assets constitute approximately 14 million units, which house approximately 35 million individuals across the U.S. Over half of the middle-market stock is over 30 years old, which creates a significant opportunity to acquire and reposition older assets in need of capital expenditures and subsequently improve their overall profitability. In addition, middle-market properties typically experience lower vacancy rates than either the lower or upper multifamily segments.

Targeting Value-Added Opportunities. Berkshire believes that assets currently suffering from mismanagement or that are in need of renovation or repositioning provide a compelling opportunity to generate attractive returns for investors. These properties typically fall into one of the following categories:

- **Significant Repositioning/Mismanaged Assets.** According to the most recent Census Bureau data, corporate owners control less than 25% of middle-market properties with 50 or more units across the U.S. Experience has shown that many private multifamily owners are relatively small and undercapitalized, resulting in inadequate property operations and maintenance or reliance on third-party management companies. Berkshire believes it has the ability to identify assets where current owners have underperformed the market from a financial perspective, have poorly positioned their asset in its submarket, have not made necessary capital improvements or have overleveraged their asset. The slowdown in many markets and resident transition to home ownership has exacerbated the financial distress of these owners. As part of its underwriting and through closing of an acquisition, Berkshire's strategy is to rapidly develop a repositioning plan to improve the property, upgrade the resident profile, and maximize the profitability of the asset.
- **Renovation and Rehabilitation Projects.** Berkshire has generated considerable value by acquiring assets in need of capital improvements and making the expenditures necessary to improve profitability. Berkshire typically repositions these types of properties and aggressively manages the assets to maximize the occupancy and rental growth from qualified residents. Improvements may range from exterior upgrades and light interior alterations to significant interior and exterior work including structural enhancements, major systems renovations, appliance replacement and common area amenity upgrades. Regardless of the type of work undertaken, all efforts are made with the goal of improving the property to establish its market position, and significantly increasing the property's profitability and its competitiveness within the market.
- **Deep Discount Opportunities.** In addition to the experience and relationships developed through Berkshire's mortgage finance business, the Partners maintain relationships with a number of national and regional lenders and other investment firms, which have historically resulted in select acquisition opportunities for Berkshire. Additionally, Berkshire employs personnel dedicated to monitoring delinquencies and defaults of Commercial Mortgage Backed Securities, as well as performance information from Freddie Mac, Fannie Mae's Delegated Underwriting and Servicing program and the U.S. Department of Housing and Urban Development lending programs in an effort to identify off-market acquisition opportunities. Having developed an expertise in both debt and equity underwriting, Berkshire personnel can acquire assets through investments in the form of equity, non-performing debt (first-lien mortgage and mezzanine instruments) and loan workouts. Berkshire has developed the capability to underwrite these assets in a timely and productive manner, to restructure the asset (if appropriate), to gain control of the real estate and to implement repositioning plans to maximize Net Operating Income. Berkshire's ability to quickly and thoroughly underwrite an asset and to provide a reliable offer in these situations makes it an attractive buyer for lenders seeking a timely and discreet sale. Additionally, Berkshire has found that it has historically been able to acquire these assets at a meaningful discount to market value.

Intensive Market and Submarket Selection Process. Over its 38-year history of investing in multifamily properties, Berkshire has developed an intensive, bilateral research-driven approach to market selection to complement the extensive real estate market experience that the Partners have accumulated throughout several market cycles. This approach begins with a "top-down," research-driven screening process that first identifies attractive MSAs and then selects submarkets within these MSAs that have favorable investment characteristics. This initial top-down approach considers macroeconomic factors such as projected employment growth, household formation, immigration and single family home affordability. Berkshire then reconciles the results of its top-down approach with "bottom-up" research from local Berkshire professionals and contacts and, in many cases, economists who may help to assess local market conditions. Berkshire believes this comprehensive approach to market selection helps mitigate biases that are often inherent in narrower approaches to market and submarket identification.

Enhanced Performance: Linking Operations and Incentives to an Investment Value Chain

Berkshire attributes its consistently strong track record to its proven investment approach and the organization's ability to execute the investment strategy. To consistently achieve superior investment results, particularly in the context of the continually evolving nature of the multifamily sector, Berkshire has identified a six-point investment value chain (the "**Value Chain**") that delineates the individual components of total return. Berkshire's focus on the Value Chain is deeply rooted throughout the organization, with every professional focused on positively impacting its six components: Purchase Cap Rate, Difference Between Purchase and Exit Cap Rates, Annual Cash Flow Growth Over Hold Period, Asset Renovation and Rehabilitation, Other Asset Management Initiatives and Leverage. The chart below highlights the Value Chain components coupled with Berkshire's respective team responsibilities and its specific implementation drivers.

It is Berkshire's goal to utilize Value Chain-driven investment performance to consistently provide investors with investment returns in the top decile of the industry. Berkshire believes that it adds substantial return to a multifamily real estate portfolio by successfully recognizing and implementing "value-add alpha" opportunities along the Value Chain. Examples of value-add alpha opportunities include: (i) implementing an accelerated and thorough due diligence process to secure favorable acquisitions; (ii) rehabilitating assets in a compressed timeframe; (iii) achieving economies of scale to drive purchasing power and process standardization; (iv) maintaining high occupancy during rehabilitation; (v) uncovering rent arbitrage opportunities; (vi) driving competitive process and volume advantages for financing; and (vii) managing a sophisticated sales process.

Berkshire's sizable, decentralized organization is designed to manage a large portfolio with a corporate culture structured to recognize opportunity, make rapid and informed decisions and to ultimately execute the individual property business plans. While some sponsors have chosen to outsource certain disciplines, Berkshire believes it is impossible to link the components of the Value Chain without a unified sovereign approach among acquisitions, asset management, rehabilitation management and portfolio management.

Berkshire has successfully implemented carried interest and incentive programs throughout its organization, aligning the interests of all groups to drive positive performance in its portfolios. As part of this process, Berkshire has currently distributed the carried interest of existing funds to 23 key management professionals, all of whom will contribute to the Fund.

Organizational Capability

Berkshire believes the capabilities described below provide not only the basis for efficient execution of its investment strategy, but also for constant focus on the Value Chain. Berkshire's focus will assist in its generating superior returns throughout all types of multifamily real estate cycles.

Broad-Based Sourcing. Since its founding, Berkshire has established longstanding and durable relationships within the multifamily industry, providing it with a competitive advantage in sourcing transactions. A substantial number of investment opportunities for the Fund will be generated through:

- **Owner-Direct Sourcing.** As attractive submarkets are identified, Berkshire begins the initial screening process by targeting specific assets that fit the Fund's strategy and execution capabilities. Berkshire often approaches owners to gauge their interest in selling and presents an unsolicited offer. The Partners' longstanding contacts and established credibility make Berkshire an attractive buyer for many owners. In addition, Berkshire has developed its "Berkshire Incentive Referral Program," which provides property management personnel with financial incentives to locate acquisition opportunities within their submarkets. Their local presence and intimate knowledge of target markets often allows Berkshire to identify opportunities in advance of the competition.

- **Broker Relationships.** Berkshire's extensive experience, including \$4.6 billion of acquisition and disposition transactions, in the aggregate over the past sixteen years, has allowed it to develop deep preferred relationships with the best primary and secondary brokers. In addition, Berkshire believes it has established itself as an exceptionally qualified buyer among the brokerage community by completing thorough due diligence and closing transactions on a timely basis. Berkshire's in-house property management and engineering resources allow it to evaluate acquisition opportunities more effectively and efficiently than many of its competitors. In addition, by leveraging its broad platform, Berkshire is more likely to identify price reduction items during the underwriting process, leaving fewer items to be negotiated during the due diligence period. This thorough underwriting approach has established Berkshire as a preferred buyer for many motivated sellers. On occasion, Berkshire has been given early access to an asset and as such has been able to preempt a broad marketing effort.
- **Lender Sourcing.** Extensive lender relationships, gained initially through the prior ownership and operation of Berkshire's mortgage finance company, provide a competitive advantage in acquiring well-located real estate from lenders. Berkshire employs dedicated acquisition personnel to track lender portfolios for non-performing loans and maintain relationships with those lenders. For select properties of interest, Berkshire often initiates offers at attractive pricing that Berkshire believes will circumvent a broader sales process. Currently, Berkshire is monitoring over \$200 billion of loans held by Delegated Underwriting and Servicing originators, Commercial Mortgage Backed Securities lenders and the U.S. Department of Housing and Urban Development.

Engineering and Rehabilitation Expertise. Berkshire employs a dedicated in-house renovation project management group that is comprised of 20 engineering/rehabilitation professionals. These professionals have an average of over 25 years of experience in the real estate industry with a specialized focus on multifamily assets. For each renovation project, a plan is presented to the Investment Committee that outlines the project rehabilitation/repositioning recommendation, its objectives, components, risks and mitigants and the overall return analysis. Once approved, project oversight is typically managed by the redevelopment team, and includes project accounting control and regular status calls to closely monitor time schedules and return on investment. Berkshire has completed or initiated renovations or rehabilitations on approximately 39,000 units between 1991 and 2007.

Professional Property Management. Berkshire's in-house property management group adds value to properties by increasing rental income, lowering vacancies and maintaining a controlled program to qualify superior property residents. In addition, the property management group has a track record of successful property expense control and capital improvement implementation. The property management group is dedicated only to the management of Berkshire's portfolio. Key features of the property management group are:

- **High Quality Management Personnel.** Berkshire seeks to hire high quality managers and provide efficient monitoring systems and training for these individuals to help ensure success at the property level. Manager compensation is determined through a rewards-based incentive system which links overall compensation to certain pre-specified property performance-related goals. This system is also used to rank and evaluate the performance of individual managers using a variety of property operating statistics including asset traffic, closing ratios and overall profitability. The incentive and training programs are designed to encourage more empowered decision making at both the district and property levels to drive overall property performance.
- **Customer "Resident Focus."** A focus on property residents has been a hallmark of Berkshire-managed properties. Berkshire believes property performance can be increased through low resident turnover (which reduces capital costs), higher occupancy levels and an ability to select and retain better quality residents. In markets where Berkshire has had a concentration of properties, Berkshire believes its reputation as a nationally-based property management organization is a favorable draw for new residents. Professional services such as a 24-hour maintenance turnaround program, newsletters, and community social programs are critical components of Berkshire's resident focus.
- **Marketing Strategies and Programs.** Berkshire has professional marketing teams that specialize in developing and implementing marketing programs, qualifying residents, evaluating rental progress and adjusting rental pricing to maximize financial results. The marketing program includes frequent benchmarking against competitive properties to ensure Berkshire products and pricing remain highly competitive.

Integrated Asset Management. Berkshire's asset management process begins with the development of a business plan for each property. The business plan, developed in conjunction with the property management team, becomes the benchmark for expected operating results. Berkshire closely monitors asset performance and market conditions and adjusts each property's business plan accordingly. The annual business plan also includes the evaluation of individual property improvement

plans and potential exit strategies. The asset management group developed exit strategies for all of Berkshire's dispositions, resulting in the sale of \$1.5 billion of properties since 2003.

Sophisticated Financing Expertise. Berkshire has gained extensive experience financing multifamily real estate from previously owning and operating one of the largest multifamily lending organizations in the country. Berkshire's financing group has relationships with over fifty lenders including Fannie Mae, Freddie Mac, as well as life insurance companies and conduit lenders. The finance team bids-out each property financing to those lenders best suited to the characteristics and investment strategy of the property being leveraged. This competitive bidding process, along with Berkshire's reputation and its annual loan volume, allows it to obtain the best financing available, often on more favorable terms than typical "one-off" financing.

Sophisticated Property Operating and Reporting Systems. Berkshire monitors property performance through sophisticated and integrated reporting systems, measurement tools and early warning procedures. At the property level, Berkshire maintains a web-based application that provides detailed and current financial information for each property. This proactive measure provides current operating data and statistics on occupancy, traffic flow, closing ratios, resident retention and other critical information. In addition to this real-time monitoring tool, members of senior management participate in a monthly reporting meeting where any favorable or unfavorable property trends are examined and the opportunity is taken to implement corrective action or to exploit favorable trends. Property managers have incentives to achieve favorable results through a quarterly and annual bonus program tied to achieving required financial and operating benchmarks.

Experienced Fiduciary. Berkshire has extensive experience managing institutional capital. During the past 16 years, the Partners have sponsored BMVF I, led two NYSE listed companies, one AMEX listed REIT and numerous joint ventures, including a \$1.3 billion joint venture with The Blackstone Group and Goldman Sachs. Berkshire prides itself on excellent communication with investors including timely and thorough financial disclosure. Berkshire's dedicated finance and administration team of 33 professionals provides a strong level of financial control and internal audit capability. In addition, Berkshire has structured its organization and developed its processes and reporting systems to enable BIR to satisfy the Section 404 internal control requirements of the Sarbanes-Oxley Act of 2002 applicable to public companies by the end of 2007. The Fund is expected to benefit from these financial and internal controls since Berkshire plans to implement the same financial, accounting and property management systems for the Fund.

Human Resources Utilization. Berkshire places a strong emphasis on human resource utilization by employing executive-level human resource personnel and having sophisticated systems, procedures and employee programs in place, focused on organizational effectiveness. This high level program for managing human resource needs is essential to support the performance expected at Berkshire. The result of this focus is low historical turnover rates, exceptional training programs and successful performance measurement and management systems that are widely used to ensure that employees produce results aligned with the business plan.

In-House Legal Support. Berkshire takes a proactive approach to managing the risk of litigation. Berkshire's legal team identifies and reviews potential operational risks on an ongoing basis and implements policies and procedures intended to prevent litigation based on those risks. In the event that litigation does ensue, Berkshire has a strong network of outside counsel to handle lawsuits under the close supervision of the general counsel, who provides strategic guidance and monitors and approves all legal budgets. In addition, the legal group is responsible for overseeing Berkshire's compliance with federal and state law requirements, including the legal provisions of Sarbanes-Oxley. Historically, this in-house legal team has proven highly cost effective at preventing and managing litigation, while simultaneously working to reduce legal costs on an overall basis.

Disposition Experience. At the time of acquisition, the asset and property management groups develop a comprehensive business plan for each property, typically including a number of potential exit strategies once the property value has been maximized. The business plan is evaluated and amended on an annual basis and monitored on a real-time basis. Berkshire also utilizes economic and submarket forecasting information along with drawing on the organization's experience with real estate cycles in an effort to properly plan a market exit strategy. In addition, a "rebuy" analysis is performed annually on each asset whereby current value is assumed to be the acquisition pricing and assumptions about future growth are used to project performance over a five-year period. The expected returns of this analysis are compared to specific return objectives and a decision is made as to whether the asset should be held or sold. Berkshire intends to maximize investor proceeds by periodically considering a combination of individual asset sales, portfolio sales and property refinancing.

VI. MARKET OVERVIEW AND OPPORTUNITY*

Overview

The multifamily sector is expected to benefit from favorable demographics, ongoing job growth and the difficulty faced by many households in financing increasingly expensive single family homes. The current slowdown in the single-family housing market is limiting overall growth in the U.S. economy, which is slowing the pace of demand for all types of housing. Apartment demand is likely to be buoyed, however, as households adjust to an environment of increasing mortgage rates. The Fund's focus on value-added redevelopment of middle-market multifamily properties in high barrier to entry in-fill locations is expected to provide greater than average NOI growth with lower volatility. Capitalization rates are starting to rise from historically low levels; however, Berkshire believes that the overall impact on values will be minimal due to the increase in NOI driven by steady demand for multifamily housing.

Outperforming Returns

Historically, the multifamily sector has enjoyed the highest risk-adjusted returns within the U.S. real estate asset class due to its strong performance in earnings growth and its impressive payout ratio. Even during economic downturns over the past few decades, multifamily real estate has generated strong returns. During the tough economic period between 1991 and 1992 for instance, as over-valued real estate plummeted, investment returns for the office and industrial sectors averaged *negative* 4.5% and *negative* 9.7% per year respectively. By contrast, the multifamily sector generated positive returns of 0.2% per year. Past performance is not indicative of future results.

Average Annual Risk and Return (1980-2006)

Source: Torto Wheaton Research, NCREIF

* Information for this section "Market Overview and Opportunity", unless otherwise noted, is provided by Torto Wheaton Research.

Low Volatility

Overall, the multifamily sector has lower volatility than other real estate asset classes as a result of a broader demand base and greater resilience to business cycle downturns. Shorter average lease durations contribute to lower volatility of returns by providing management with more control to adjust rents in order to meet changing market conditions on a timely basis. The ability to incrementally adjust to changing market conditions prevents the dramatic impact on values and revenue streams experienced by other real estate sectors, which have longer lease durations. Additionally, the relatively low volatility of the multifamily sector helps to attract low cost mortgage debt. When measured against comparable term treasury bonds, multifamily debt enjoys the lowest spread and the lowest cost of capital and, given current pricing levels, some lenders predict this lower volatility to continue.

Demand Trends

The current slowdown in the single-family housing market presents both opportunities and challenges with regard to the demand for apartments. The propensity of households to rent apartments fell in recent years as declining mortgage rates tended to make single-family housing more affordable. With mortgage rates on the way up, single-family housing is becoming less affordable and the percentage of households that opt for the rental market is beginning to nudge upward from the record low of 31% in 2004. Furthermore, the declines in single-family housing prices to date have not been severe enough to offset the impact that increasing mortgage rates have had on housing affordability. Torto Wheaton Research anticipates that the run-up in the 10-year treasury seen in June of 2007 will continue, pushing up mortgage rates and increasing the percentage of households that opt for the rental market.

The single-family housing market was also a significant driver of the broader economy in recent years, with construction accounting for 11% of all new jobs created since 2004 despite representing only 5.5% of all jobs in the economy. Job growth drives household formation, therefore as the economy expands and consumer wealth grows, individuals, particularly in the youngest age bracket, set out on their own and find their own housing. For the youngest age bracket, this housing choice is typically an apartment. As unemployment rates plummeted after reaching a high-water mark in 2003, so too did apartment vacancy rates. The slowdown in the housing sector is impacting the pace of job creation in the broader economy in 2007 and in turn will limit some of the demand for apartment units this year. Other sectors of the economy are beginning to grow, however, with strong growth in the service sectors, particularly within high tech industries.

* Information for this section "Market Overview and Opportunity", unless otherwise noted, is provided by Torto Wheaton Research.

Unemployment vs. Vacancy Rate

Source: Torto Wheaton Research, Bureau of Labor Statistics

Interest Costs Increase Propensity to Rent

Source: Torto Wheaton Research, Federal Reserve Bank, Housing Vacancy Survey

A Conservative Lending Environment Aids Multifamily

Since 1995 there has been a slow, steady decline in the propensity to rent, which is driven in part by the similar drop in the mortgage rates. The headline mortgage rates were not the only cause of diminished propensity to rent. The emergence of exotic mortgage structures and rise in sub-prime lending helped as well. In the past, when mortgages were only available with 20% down payment, by necessity many households were forced to remain in rental units for an extended period while saving up for the down payment. With decreasing down payment percentages, mortgage piggybacks and even zero down payment loans, credit was made available to households that would not have been financed in the past, thus eliminating some element of demand from the rental multifamily market. The recent collapse of the sub-prime market and the pullback of lenders from such risky loans is anticipated to provide a boost to the demand for multifamily units.

Expanding Rental Market Population Will Spur Rebound in Multifamily

Over the next several years, favorable demographic trends are expected to contribute to stronger rental demand. First, population age 20 to 29, which declined over the previous two decades, will be one of the fastest growing groups, projected to exceed 43 million people by year 2010. "Echo boomers" (population born between 1980 and 2001 from "baby boomers") are expected to boost multi-housing demand because of their small household size and high propensity to rent. The Census Bureau estimates that the total number of households in the U.S. will increase by 1.3 million per year and with the "echo boomer" population now forming households, demand for new renter units is projected to expand by 400,000 units on an annual basis.

* Information for this section "Market Overview and Opportunity", unless otherwise noted, is provided by Torto Wheaton Research.

Historical and Forecasted Population by Age

Source: Torto Wheaton Research, Bureau of the Census

Second, the original baby boomers will become empty nesters and retirees likely to sell their current homes and potentially enter the rental market. Recent declines in the national homeownership rate are driven primarily by rising propensity to rent among population in prime homeowner years, indicating a growing trend towards renting by choice among these households. With traditional retirement areas (such as Arizona, California, and Florida) becoming more crowded and expensive, the Fund will benefit by focusing on certain markets where the coming wave of baby boomers will retire. As these areas continue to develop, not only will they need additional housing for migrating residents, but they will require housing for workers servicing this growing population.

Finally, foreign immigration levels are expected to continue increasing over the next several years. New immigrants have a higher propensity to rent and typically rent for a longer period than U.S.-born renters. The Fund's research-driven approach will identify markets where immigrants are likely to settle as well as submarkets within these markets where rental multi-housing stands to benefit the most from this trend.

* Information for this section "Market Overview and Opportunity", unless otherwise noted, is provided by Torto Wheaton Research.

Aging Stock Will Create Rehabilitation Opportunities

Approximately 47% of all multifamily units in the U.S. were built between 1970 and 1989. Moreover, more than half of the middle-market rental stock is more than 30 years old, producing an opportunity for a well-capitalized owner to rehabilitate and reposition these assets. Berkshire's research-driven submarket approach, combined with its on-the-ground sourcing capabilities, will help it identify the opportunities that fit its value-added approach. In addition, Berkshire's in-house renovation capability will allow it to quickly underwrite and implement a renovation strategy for aging assets in need of capital improvements.

Multifamily Inventory by Construction Year

Source: Torto Wheaton Research, 2005 American Housing Survey

* Information for this section "Market Overview and Opportunity", unless otherwise noted, is provided by Torto Wheaton Research.

Cool Down in Construction

The pace of development for multifamily real estate picked up after 2004. As multifamily vacancy rates fell, developers began adding supply, from a near-term low of 191,000 units per year in 2003 up to an anticipated 229,000 units scheduled for delivery in 2007. With the broad slowdown in the economy in late 2006 and early 2007, the pace of multifamily absorption has slowed significantly from the record pace set in 2005, when demand was nearly 75% greater than the supply of new units. With the slowing pace of demand, the current supply has exceeded what was expected to be absorbed.

Multifamily Vacancy Rates in Line With Long-Run Trends

Source: Torto Wheaton Research, Summer 2007 Multifamily Outlook

Despite the near-term issues facing the multifamily sector, Torto Wheaton Research anticipates that the market will weather the changes in the economy with a comparatively minor increase in vacancy rates. In 2003, for instance, the multifamily market saw vacancy rates surge past the 6% range due to the combination of weak demand and little pullback in supply. Today demand remains healthy enough to mute the impact of a short period of oversupply with vacancy rates anticipated to reach the 5% range. The vacancy rate trend towards 5% is consistent with historical long-run vacancy levels since 1995, when the propensity to rent began to shift.

* Information for this section "Market Overview and Opportunity", unless otherwise noted, is provided by Torto Wheaton Research.

Other Multifamily Real Estate Trends

Submarket Geography Drives Performance

New multifamily housing supply and population growth are unevenly distributed across locations *within* metropolitan areas, making submarket selection an important strategy component. Submarkets where new supply lags population growth can substantially outperform their broader markets in the near and medium term, and vice versa.

While most population growth since 2000 occurred in suburban submarkets, a substantial (and increasing) share of new multifamily housing development took place in central cities. At the same time, new supply in many growing suburban submarkets lagged completion rates in more urban (except for central business districts or "CBD") as well as ex-urban locations. As a result, recent rent growth in CBDs and inner suburbs (located 6 to 10 miles away from CBDs) has been stronger compared to other locations within metro markets.

Inner Suburbs Outperform

Historical Trend 2002-2006 Average Annual Growth Rate

Source: Torto Wheaton Research, MPF YieldStar

Projected Trend 2007-2012 Average Annual Rent Growth (%) and Completions vs. Population Spread (bps)

Source: Torto Wheaton Research, MPF YieldStar

Going forward, inner suburbs are expected to maintain their current relative advantage and achieve stronger rent growth, particularly submarkets located five to seven miles from CBDs. In such locations, the number of recent completions have been disproportionately low relative to resident population. Inner suburban submarkets eight to ten miles from CBDs will face supply pressure and somewhat slower average rent growth as a result. Submarket opportunities are not limited to only inner suburbs, however, and growth momentum in some downtown as well as ex-urban submarkets will not be overlooked.

* Information for this section "Market Overview and Opportunity", unless otherwise noted, is provided by Torto Wheaton Research.

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VII. INVESTMENT PERFORMANCE

Berkshire has a successful track record of investing in multifamily assets located in select submarkets within major metropolitan markets of the U.S. The following is a summary of the performance of multifamily properties acquired by Berkshire since 1991, subject to the qualifications provided in the Endnotes to the tables presented. Highlights include:

- From June 1991 through March 2007, Berkshire has acquired approximately \$2.7 billion of multifamily real estate representing 174 properties. Berkshire has generated an unleveraged gross IRR during that time period of 12.6%, which exceeds the 9.9% average of the NCREIF multifamily returns over the same time period by 270 basis points. On a pro forma basis, assuming the Fund's target leverage of 65%, these investments generated a leveraged gross IRR of 17.5%.

Berkshire Investment Track Record — Realized and Unrealized*
As of March 31, 2007
(\$ in millions)

Investment Entity	Investment Period	Weighted Average Holding Period (Months)	Number of Investments ⁽¹⁾	Acquisition Price ⁽²⁾	Realized Proceeds ⁽³⁾	Unrealized Proceeds ⁽⁴⁾	Realized and Unrealized Proceeds	Unleveraged IRR ⁽⁵⁾
Berkshire								
Multifamily Value Fund, L.P.	Nov-05 to Mar-07	12	30	\$393.4	(\$13.5)	\$450.3	\$436.8	11.6%
Berkshire Income Realty, Inc. and Affiliates								
	Apr-03 to Mar-07	30	42	741.0	263.8	881.7	1,145.5	20.8%
Berkshire Realty Holdings, L.P and Predecessor								
	Jun-91 to Feb-05	85	94	1,190.7	2,340.2	0.0	2,340.2	11.8%
Subtotal		55	159	\$2,325.1	\$2,590.5	\$1,332.0	\$3,922.5	12.6%
Recently Acquired Investments⁽⁶⁾								
Berkshire								
Multifamily Value Fund, L.P.	Sep-06 to Mar-07	4	10	\$230.5				
Berkshire Income Realty, Inc. and Affiliates								
	Sep-06 to Mar-07	4	5	144.5				
Subtotal		4	15	\$375.0				
Total		48	174	\$2,700.1				

* Note: Totals may not sum due to rounding. For comprehensive footnotes and defined terms, please refer to Endnotes on pages 46-49.

- Berkshire has realized returns for 101 multifamily assets with an aggregate disposition value of approximately \$1.9 billion. These dispositions generated an unleveraged gross IRR of 12.0%, which compares favorably to the 9.9% average of the NCREIF multifamily returns over the same time period. On a pro forma basis, assuming the Fund's target leverage of 65%, these investments generated a leveraged gross IRR of 16.3% with a multiple of 2.8x on pro forma invested equity.

Berkshire Investment Track Record — Realized*
As of March 31, 2007
(\$ in millions)

Investments	Investment Period	Weighted Avg. Holding Period (Months)	Number of Investments	Acquisition Price ⁽²⁾	Realized Proceeds ⁽³⁾	Unleveraged IRR ⁽⁵⁾	Pro forma		
							Invested Equity ⁽⁷⁾	Leveraged IRR ⁽⁸⁾	Multiple on Invested Equity ⁽⁹⁾
Berkshire Income Realty, Inc. and Affiliates	Apr-03 to Mar-07	28	7	\$124.0	\$201.7	26.0%	\$43.4	58.8%	2.6x
Berkshire Realty Holdings, L.P. and Predecessor	Jun-91 to Feb-05	85	94	1,190.7	2,340.2	11.8%	416.8	15.9%	2.8x
Total		79	101	\$1,314.7	\$2,541.9	12.0%	\$460.2	16.3%	2.8x

* Note: Totals may not sum due to rounding. For comprehensive footnotes and defined terms, please refer to Endnotes on pages 46-49.

Berkshire Multifamily Value Fund, L.P.

Summary

BMVF I closed in October 2005 with capital commitments from domestic and international institutional investors in the amount of \$334 million, including a \$25.0 million commitment from Berkshire. Such capital commitments, when combined with the target leverage of 65% at the end of the commitment period, provide BMVF I the capacity to acquire approximately \$1.05 billion of multifamily real estate and to fund approximately \$140 million of related rehabilitation capital. As of May 31, 2007, BMVF I wholly owned 33 multifamily properties and owned 7 multifamily properties through its ownership interest in JV BVF/Aptco L.L.C., a 50% joint venture with Aptco Holdings, L.L.C., an affiliate of Berkshire. In the aggregate, adjusted for joint venture ownership, BMVF I owned 40 multifamily properties representing 9,625 apartment units with property locations in ten states.

The investment strategy of BMVF I is focused on acquiring middle-market multifamily properties located in select major U.S. metropolitan markets. This includes, but has not been limited to, a wide variety of markets located in the Mid-Atlantic, Southeast, Southwest, Midwest, Northwest and Northeast regions. In those markets, BMVF I has sought underperforming assets where Berkshire is able to add value by deploying the resources of its vertically integrated organization.

BMVF I — Fund Level Summary

- Equity commitments totaling \$334 million
- Invested and committed equity as of May 31, 2007 totaled \$260.3 million or 78% of total equity commitments; BMVF I is expected to be fully invested and committed by December 31, 2007
- Equity called as of May 31, 2007 totaled \$199.0 million or 59.5% of total equity commitments

Berkshire Multifamily Value Fund, L.P. Portfolio Summary As of May 31, 2007 (\$ in millions)

	Number of Properties ^(a)	Units	Acquisition Price ^(b)	Projected Rehabilitation Costs ^(c)	Invested, Committed, and Projected Equity ^(d)
Acquired Properties	40	9,625	\$623.9	\$73.4	\$198.5
Contracted Properties	8	2,243	\$220.4	\$34.2	\$61.8
Acquired Portfolio	48	11,868	\$844.3	\$107.6	\$260.3
Projected Acquisitions	8-12	2,550	\$206.5	\$30.9	\$62.8
Projected Portfolio	56-60	14,418	\$1,050.8	\$138.5	\$323.1

a. Includes properties owned in joint venture. Financial and statistical information has been adjusted to reflect BMVF I's 50% ownership interest in joint venture owned properties.

b. Represents the contract price including closing costs.

c. Represents actual and projected rehabilitation costs during the value creation phase.

d. Represents invested, committed, and projected equity required to fund acquisition price and projected rehabilitation costs.

BMVF I — Portfolio Level Highlights

- The 48-property portfolio is geographically diversified with property locations in ten states, as of May 31, 2007
- The average cost per unit for the 48-property portfolio was approximately \$71,000, which is substantially below replacement cost, as of May 31, 2007
- Historical unleveraged gross IRR of 11.6% and leveraged gross IRR of 20.6%, on a pro forma basis assuming BMVF I target leverage of 65%, for the 30 properties owned for more than eight months as of March 31, 2007
- The projected leveraged gross internal rate of return for the acquired 40-property portfolio, in the aggregate, closely approximates the BMVF I targeted yield objective of 16% gross leveraged IRR over the projected investment period
- The vast majority of the acquired properties have repositioning upside potential and approximately 85% are undergoing renovations or rehabilitations

Berkshire Multifamily Value Fund, L.P. Portfolio by Diversification As of May 31, 2007

Source: Berkshire

Note: Reflects actual and projected acquisition value of fully invested real estate portfolio (\$1.05 billion) by NCREIF District.

Berkshire Multifamily Value Fund, L.P. Portfolio by Investment Strategy As of May 31, 2007

Source: Berkshire

Note: Reflects actual and projected acquisition value of fully invested real estate portfolio (\$1.05 billion).

Investment Performance Summary
As of March 31, 2007
(\$ in millions)

No.	Property Name	Location	Acquisition Date	Hold Period (Months)	Number of Units	Acquisition Price ⁽²⁾	Unleveraged			
							Realized Proceeds ⁽³⁾	Unrealized Proceeds ⁽⁴⁾	Unleveraged IRR ⁽⁵⁾	
1	Sutton Place	Dallas, TX	Nov-05	17	456	\$21.6	\$1.8	\$23.7	15.1%	
2	Berkshires at Pecan Grove	Wilmington, NC	Nov-05	16	224	10.3	(0.4)	12.2	10.9%	
3	Berkshires on Lynn Lake	Raleigh, NC	Nov-05	16	101	3.4	0.0	4.2	19.0%	
4	Berkshires on Millbrook	Raleigh, NC	Nov-05	16	117	4.3	0.1	5.7	27.4%	
5	Brannon Park	Greensboro, NC	Nov-05	16	299	9.6	0.2	12.1	21.6%	
6	Casa Del Sol	Raleigh, NC	Nov-05	16	176	4.7	(0.6)	6.8	22.4%	
7	Osprey Landing	Wilmington, NC	Nov-05	16	176	10.7	0.6	11.9	13.3%	
8	Wimbledon Chase	Wilmington, NC	Nov-05	16	192	9.9	0.5	11.2	14.9%	
9	Casa Del Lago	Charlotte, NC	Dec-05	15	358	7.9	(1.4)	11.9	24.3%	
10	Rolling Park	Baltimore, MD	Dec-05	15	144	13.8	0.5	14.6	7.6%	
11	Berkshires at Walden Lake	Miami, FL	Dec-05	15	400	36.7	1.0	41.9	13.6%	
12	The Oxford on Greenridge	Houston, TX	Dec-05	15	405	12.0	(0.9)	15.3	16.1%	
13	The Cove	Houston, TX	Dec-05	15	308	12.6	(1.6)	13.1	-6.6%	
14	Clackamas Village	Portland, OR	Feb-06	14	372	19.8	0.2	23.3	18.8%	
15	Monarch Crossing	Newport News, VA	Mar-06	12	260	9.7	(2.3)	12.8	6.7%	
16	Berkshires of Glen Ellyn	Glen Ellyn, IL	Mar-06	12	264	15.6	(2.5)	19.9	11.3%	
17	Ponderosa Villas	Aurora, CO	Jun-06	10	404	24.2	(4.9)	30.6	7.5%	
18	Logan's Mill	Austin, TX	Aug-06	8	256	12.1	0.3	12.6	14.8%	
19	Arbor Station	Parkville, MD	Aug-06	7	181	16.1	(0.5)	17.7	13.9%	
20	Berkshires at Satyr Hill	Parkville, MD	Aug-06	7	156	14.3	(0.5)	15.7	12.0%	
21	Revere Park	Parkville, MD	Aug-06	7	320	29.1	(0.8)	31.1	8.5%	
22	Ashton Heights	Suitland, MD	Aug-06	7	283	23.4	(0.4)	25.6	15.9%	
23	Berkshires at Howell Station	Duluth, GA	Aug-06	7	228	14.8	(0.7)	16.6	15.4%	
	Subtotal			12	6,080	\$336.7	(\$12.3)	\$390.5	13.1%	
	<u>JV BVF/Aptco, L.L.C.⁽²²⁾</u>									
24	Berkshires (G) of West Melbourne	West Melbourne, FL	Feb-06	14	94	\$5.7	\$0.1	\$6.4	14.3%	
25	Berkshires (M) of West Melbourne	West Melbourne, FL	Feb-06	14	130	8.5	(0.1)	9.8	14.6%	
26	Lakeland Landing	Lakeland, FL	Feb-06	14	45	3.1	0.1	3.2	5.5%	
27	Atlantis Cove	Fort Pierce, FL	Feb-06	13	60	3.6	(0.0)	3.5	-3.1%	
28	Berkshires at Winter Haven	Winter Haven, FL	Feb-06	13	230	14.4	(0.3)	14.6	0.1%	
29	Millenia West	Orlando, FL	Feb-06	13	100	6.4	(0.2)	6.5	-3.2%	
30	Berkshires at Winter Park	Winter Park, FL	Mar-06	12	216	15.0	(0.9)	15.9	-0.2%	
	Subtotal			13	875	\$56.7	(\$1.3)	\$59.8	3.3%	
	Total (adjusted to reflect joint venture ownership)			12	6,955	\$393.4	(\$13.5)	\$450.3	11.6%	

Continued on next page.

* Note: Totals may not sum due to rounding. For comprehensive footnotes and defined terms, please refer to Endnotes on pages 46-49.

Investment Performance Summary
As of March 31, 2007
(\$ in millions)

Continued from previous page.

No.	Property Name	Location	Acquisition Date	Hold Period (Months)	Number of Units	Acquisition Price ⁽²⁾
<u>Recently Acquired Investments⁽⁶⁾</u>						
31	Crystal Cove	Everett, WA	Sep-06	6	311	\$33.9
32	Berkshires at Sweetwater Creek	Austell, GA	Oct-06	5	156	7.4
33	Berkshires on Medlock Bridge	Roswell, GA	Oct-06	5	320	17.6
34	Berkshires on Nesbit Ferry	Alpharetta, GA	Oct-06	5	284	23.5
35	Hunting Oaks	Laurel, MD	Nov-06	5	319	31.1
36	Skylark Pointe	Parkville, MD	Nov-06	5	336	37.9
37	River Park Tower	Newport News, VA	Nov-06	4	186	14.7
38	The Preserve at Manatee Bay	Bradenton, FL	Dec-06	3	152	13.1
39	Lakes of 610	Houston, TX	Dec-06	3	276	12.7
40	Briarwood	Laurel, MD	Mar-07	1	330	38.6
	Subtotal			4	2,670	\$230.5
	Berkshire Multifamily Value Fund, L.P.			9	9,625	\$623.9

* Note: Totals may not sum due to rounding. For comprehensive footnotes and defined terms, please refer to Endnotes on pages 46-49.

Berkshire Income Realty, Inc. and Affiliates

Summary

Berkshire Income Realty, Inc. and Affiliates represents the combined assets of BIR and Aptco Holdings, L.L.C ("Aptco"). BIR is an \$800 million multifamily REIT controlled and managed by affiliates of Berkshire. BIR completed its public offering on April 3, 2003 and was capitalized with approximately \$125 million of preferred and common equity, in the aggregate. As of May 31, 2007, BIR owned 28 multifamily properties representing 8,096 apartment units with property locations in eight states. Aptco is a \$230 million private multifamily partnership controlled and managed by affiliates of Berkshire. Aptco acquired its initial multifamily real estate assets in November 2004 in conjunction with the liquidation of Berkshire Realty Holdings, L.P. and was capitalized with approximately \$36 million of private equity. As of May 31, 2007, Aptco wholly owns 7 multifamily properties and owns 7 multifamily properties through its ownership interest in JV BVF/Aptco L.L.C., a 50% joint venture with BMVF I. In the aggregate, adjusted for joint venture ownership, Aptco owned 14 multifamily properties representing 2,630 apartment units with property locations in five states.

BIR and Aptco — Portfolio Level Highlights

- BIR and Aptco have acquired approximately \$886 million of multifamily real estate representing 47 properties.
- BIR and Aptco properties have generated an unleveraged gross IRR of 20.8% and a leveraged IRR of 42.8%, on a pro forma basis assuming the Fund's target leverage of 65%.
- BIR and Aptco have realized 7 multifamily assets with an aggregate sales price of \$187.9 million, which have generated a realized unleveraged gross IRR of 26.0% and a leveraged gross IRR of 58.8%, on a pro forma basis assuming the Fund's target leverage of 65%.
- BIR and Aptco realized properties have generated a multiple of 2.6x on pro forma invested equity.

Investment Performance Summary
As of March 31, 2007
(\$ in millions)

No.	Property Name	Location	Acquisition Date	Hold Period (Months)	Number of Units	Acquisition Price ⁽²⁾	Unleveraged		
							Realized Proceeds ⁽³⁾	Unrealized Proceeds ⁽⁴⁾	Unleveraged IRR ⁽⁵⁾
1	Century ⁽¹⁸⁾⁽¹⁹⁾	Cockeysville, MD	Apr-03	48	468	\$31.0	\$8.3	\$53.4	22.1%
2	Dorsey's Forge ⁽¹⁸⁾⁽¹⁹⁾	Columbia, MD	Apr-03	48	251	14.6	36.9	0.0	30.7%
3	The Berkshires of Columbia ⁽¹⁸⁾⁽¹⁹⁾	Columbia, MD	Apr-03	48	316	22.4	3.6	56.4	32.1%
4	The Seasons ⁽¹⁸⁾	Laurel, MD	Apr-03	48	1,088	71.0	15.0	149.6	26.4%
5	Walden Pond ⁽¹⁸⁾	Houston, TX	Apr-03	48	416	13.5	3.6	16.3	12.5%
6	The Gables	Houston, TX	Apr-03	47	140	7.1	1.7	8.2	10.3%
7	Windward Lakes ⁽²⁰⁾	Pompano, FL	May-03	25	276	19.0	35.7	0.0	41.3%
8	St Marin — Karrington	Coppell, TX	Oct-03	41	600	46.7	8.9	54.9	11.1%
9	Berkshires at Marina Mile ⁽¹⁹⁾	Fort Lauderdale, FL	Jan-04	27	306	23.4	44.0	0.0	33.3%
10	Laurel Woods	Austin, TX	Mar-04	36	150	5.3	0.9	8.0	19.3%
11	Bear Creek	Dallas, TX	Mar-04	36	152	5.0	0.5	6.7	13.0%
12	Bridgewater on the Lake	Hampton, VA	Nov-04	29	216	19.3	3.4	25.8	21.9%
13	Trellis at Lee's Mill	Newport News, VA	Nov-04	29	176	9.0	13.2	0.0	19.7%
14	Arboretum Place	Newport News, VA	Nov-04	29	184	11.8	2.0	15.2	20.0%
15	Silver Hill	Newport News, VA	Nov-04	29	153	5.0	1.1	7.9	33.0%
16	Arrowhead ⁽¹⁹⁾⁽²¹⁾	Palatine, IL	Nov-04	28	200	8.9	1.7	13.6	30.0%
17	Moorings ⁽¹⁹⁾⁽²¹⁾	Roselle, IL	Nov-04	28	216	9.5	2.1	15.5	36.3%
18	Chattahoochee Landing ⁽¹⁵⁾	Roswell, GA	Nov-04	28	396	29.9	4.2	35.4	14.2%
19	Harper's Mill ⁽¹⁵⁾	Millersville, MD	Nov-04	28	144	19.6	1.8	23.2	11.8%
20	Olde Forge ⁽¹⁵⁾	Baltimore, MD	Nov-04	28	144	16.6	0.2	23.9	18.7%
21	Park Colony ⁽¹⁵⁾	Hollywood, FL	Nov-04	28	316	33.3	0.1	38.5	7.0%
22	The Channel ⁽¹⁵⁾	Glen Burnie, MD	Nov-04	24	120	14.2	16.9	0.0	9.6%
23	The Cove ⁽¹⁵⁾	Glen Burnie, MD	Nov-04	24	181	21.7	27.3	0.0	13.0%
24	The Lighthouse ⁽¹⁵⁾	Glen Burnie, MD	Nov-04	24	168	22.1	27.6	0.0	12.3%
25	Yorktown	Millersville, MD	Dec-04	27	216	21.9	(2.8)	34.6	16.7%
26	Country Place I ⁽¹⁹⁾⁽²¹⁾	Burtonsville, MD	Dec-04	27	192	14.3	1.9	24.3	31.9%
27	Country Place II ⁽¹⁹⁾⁽²¹⁾	Burtonsville, MD	Dec-04	27	120	8.9	2.2	17.0	43.2%
28	Westchester West ⁽¹⁷⁾	Silver Spring, MD	Feb-05	25	345	39.7	4.7	50.1	18.2%
29	Berkshires on Brompton	Houston, TX	Mar-05	25	362	14.6	(5.6)	25.1	13.5%
30	Berkshires at Westchase	Houston, TX	Mar-05	24	324	10.1	0.7	10.0	3.1%
31	Riverbirch	Charlotte, NC	May-05	22	210	8.3	(0.8)	11.1	12.4%
32	Lake Ridge	Hampton, VA	Jul-05	21	282	34.9	4.1	43.7	24.5%
33	Berkshires at Citrus Park	Tampa, FL	Nov-05	16	264	28.0	1.2	28.3	4.3%
34	Chisholm Place	Plano, TX	Jun-06	9	142	9.8	(0.7)	10.5	0.4%
35	Briarwood	Houston, TX	Aug-06	7	342	14.2	(0.5)	14.9	3.2%
	Subtotal			31	9,576	\$684.3	\$265.1	\$821.9	21.3%

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* Note: Totals may not sum due to rounding. For comprehensive footnotes and defined terms, please refer to Endnotes on pages 46-49.

Investment Performance Summary
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(\$ in millions)

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No.	Property Name	Location	Acquisition Date	Hold Period (Months)	Number of Units	Acquisition Price ⁽²⁾	Unleveraged		
							Realized Proceeds ⁽³⁾	Unrealized Proceeds ⁽⁴⁾	Unleveraged IRR ⁽⁵⁾
<u>JV BVF/Aptco, L.L.C.⁽²²⁾</u>									
36	Berkshires (G) of West Melbourne	West Melbourne, FL	Feb-06	14	94	\$5.7	\$0.1	\$6.4	14.3%
37	Berkshires (M) of West Melbourne	West Melbourne, FL	Feb-06	14	130	8.5	(0.1)	9.8	14.6%
38	Lakeland Landing	Lakeland, FL	Feb-06	14	45	3.1	0.1	3.2	5.5%
39	Atlantis Cove	Fort Pierce, FL	Feb-06	13	60	3.6	(0.0)	3.5	-3.1%
40	Berkshires at Winter Haven	Winter Haven, FL	Feb-06	13	230	14.4	(0.3)	14.6	0.1%
41	Millenia West	Orlando, FL	Feb-06	13	100	6.4	(0.2)	6.5	-3.2%
42	Berkshires at Winter Park	Winter Park, FL	Mar-06	12	216	15.0	(0.9)	15.9	-0.2%
Subtotal				13	875	\$56.7	(\$1.3)	\$59.8	3.3%
Total (adjusted to reflect joint venture ownership)				30	10,451	\$741.0	\$263.8	\$881.7	20.8%
<u>Recently Acquired Investments⁽⁶⁾</u>									
43	Dakota Ridge	Littleton, CO	Sep-06	6	480	\$53.8			
44	Hallfield Manor	Baltimore, MD	Nov-06	5	75	8.9			
45	Fairways of Bent Tree	Dallas, TX	Nov-06	4	200	13.0			
46	The Berkshires at Lenox Park	Atlanta, GA	Dec-06	4	375	47.7			
47	Hampton House	Towson, MD	Mar-07	1	222	21.1			
Subtotal				4	1,352	\$144.5			
Berkshire Income Realty, Inc. and Affiliates				26	11,803	\$885.5			

* Note: Totals may not sum due to rounding. For comprehensive footnotes and defined terms, please refer to Endnotes on pages 46-49.

Berkshire Realty Holdings, L.P. and Predecessor

Summary

Berkshire Realty Holdings, L.P. and Predecessor represents the combined assets of Berkshire Realty Holdings, L.P. ("**BRH**") and Berkshire Realty Company, Inc. ("**BRI**"). BRH was a \$1.3 billion multifamily private partnership formed by Berkshire, Goldman Sachs and The Blackstone Group and managed by affiliates of Berkshire. BRH was formed on April 13, 1999 and was capitalized with approximately \$345 million of private equity. BRH acquired 81 multifamily assets through its \$1.3 billion merger with BRI on October 15, 1999. BRH completed the liquidation of its multifamily portfolio in February 2005 at an aggregate sales value of approximately \$1.7 billion. BRI was a \$1.3 billion multifamily public REIT controlled and managed by affiliates of Berkshire. BRI was formed on April 26, 1990 and was capitalized with approximately \$375 million of preferred and common equity. The combined entities of BRH and BRI owned 94 multifamily properties representing 27,800 apartment units.

BRH and BRI — Portfolio Level Highlights

- BRH and BRI, in the aggregate, have acquired approximately \$1.2 billion of multifamily real estate representing 94 properties.
- BRH and BRI have realized returns for 94 multifamily assets with an aggregate disposition value of \$1.7 billion, which have generated a realized unleveraged gross IRR of 11.8% and a leveraged gross IRR of 15.9%, on a pro forma basis assuming the Fund's target leverage of 65%.
- BRH and BRI properties have generated a multiple of 2.8x on pro forma invested equity.

Investment Performance Summary
As of March 31, 2007
(\$ in millions)

No.	Property Name	Location	Acquisition Date	Hold Period (Months)	Number of Units	Acquisition Price ⁽²⁾	Unleveraged		
							Realized Proceeds ⁽³⁾	Unrealized Proceeds ⁽⁴⁾	Unleveraged IRR ⁽⁵⁾
1	Highland Ridge ⁽¹⁰⁾	Taylors, SC	Jun-91	44	168	\$4.5	\$5.6	\$0.0	7.8%
2	Howell Commons ⁽¹⁰⁾	Greenville, SC	Jun-91	67	348	11.2	17.5	0.0	9.9%
3	Spring Creek ⁽¹⁰⁾	Simpsonville, SC	Jun-91	44	208	6.1	7.2	0.0	5.2%
4	Woodland Landing ⁽¹⁰⁾⁽¹²⁾	Lanham, MD	Jun-91	46	443	28.3	23.9	0.0	-5.0%
5	Sheridan ⁽¹⁰⁾	Chicago, IL	Jun-91	44	160	5.0	5.6	0.0	3.4%
6	The Amethyst ⁽¹⁰⁾	Miami Beach, FL	Jun-91	9	120	6.2	5.2	0.0	-20.3%
7	Park Glen ⁽¹⁰⁾	Dallas, TX	Jun-91	48	158	4.8	4.2	0.0	-4.0%
8	Rock Creek ⁽¹⁰⁾	Little Rock, AR	Jun-91	51	372	12.0	18.4	0.0	13.6%
9	Waterford Downs ⁽¹⁰⁾	Creve Coeur, MO	Jun-91	48	208	11.0	12.9	0.0	4.9%
10	Breckinridge ⁽¹⁰⁾	Duluth, GA	Jun-91	38	400	13.8	18.5	0.0	11.5%
11	Huntington Downs ⁽¹⁰⁾	Greenville, SC	Jun-91	161	502	19.4	45.2	0.0	10.0%
12	Roper Mountain Woods ⁽¹⁰⁾	Greenville, SC	Jun-91	142	248	7.2	17.0	0.0	10.5%
13	Stoneledge Plantation ⁽¹⁰⁾	Greenville, SC	Jun-91	142	320	10.1	24.1	0.0	11.0%
14	Lakes at Jacaranda ⁽¹⁰⁾	Plantation, FL	Jun-91	161	340	20.0	60.5	0.0	11.3%
15	Berkshires at Brookfield ⁽¹⁰⁾⁽¹¹⁾	Greenville, SC	Jun-91	162	702	34.4	66.8	0.0	9.4%
16	Cumberland Cove ⁽¹³⁾	Raleigh, NC	Dec-91	130	552	24.1	62.0	0.0	14.2%
17	Avalon on Abernathy	Atlanta, GA	Jun-92	152	240	7.2	22.3	0.0	10.1%
18	Altamonte Bay Club ⁽¹⁴⁾	Orlando, FL	Feb-93	141	224	4.9	19.6	0.0	17.9%
19	Newport ⁽¹⁴⁾	Tampa, FL	Feb-93	141	320	5.0	21.5	0.0	17.5%
20	Carrollwood Gables ⁽¹⁴⁾	Tampa, FL	Mar-93	10	96	3.5	3.5	0.0	1.1%
21	Timbers	Charlotte, NC	Mar-93	102	343	9.7	25.7	0.0	16.4%
22	Huntington Chase ⁽¹³⁾	Atlanta, GA	Jul-93	129	467	19.2	35.5	0.0	8.5%
23	Southpoint at Massapequa ⁽¹⁴⁾	Massapequa, NY	Aug-93	135	214	9.0	57.7	0.0	25.1%
24	Eastlake Village	Charlotte, NC	Oct-93	94	214	5.3	15.1	0.0	16.1%
25	Plantation Colony	Fort Lauderdale, FL	Dec-93	104	256	13.3	27.8	0.0	11.0%
26	Pointe West	West Des Moines, IA	Dec-93	33	224	11.4	13.0	0.0	5.5%
27	Arbors at Breckinridge ⁽¹³⁾	Atlanta, GA	Dec-93	131	514	26.2	51.1	0.0	9.1%
28	Kings Crossing ⁽¹⁴⁾	Kingwood, TX	Jun-94	99	404	12.9	27.0	0.0	11.7%
29	Kingwood Lakes ⁽¹⁴⁾	Kingwood, TX	Jun-94	99	390	12.4	24.9	0.0	10.3%
30	Woodland Meadows ⁽¹⁴⁾	Fort Lauderdale, FL	Jul-94	81	296	5.2	18.4	0.0	22.3%
31	Park Colony ⁽¹⁵⁾	Hollywood, FL	Jul-94	124	316	18.8	47.6	0.0	11.8%
32	Indigo on Forest	Dallas, TX	Aug-94	123	1,217	37.2	75.2	0.0	9.3%
33	River Oaks ⁽¹⁶⁾	Houston, TX	May-95	76	137	10.7	25.2	0.0	15.8%
34	British Woods	Nashville, TN	Nov-95	47	264	12.2	14.7	0.0	5.3%
35	Highland Ridge	Nashville, TN	Nov-95	47	280	7.3	10.9	0.0	11.5%

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* Note: Totals may not sum due to rounding. For comprehensive footnotes and defined terms, please refer to Endnotes on pages 46-49.

Investment Performance Summary
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No.	Property Name	Location	Acquisition Date	Hold Period (Months)	Number of Units	Acquisition Price ⁽²⁾	Unleveraged		
							Realized Proceeds ⁽³⁾	Unrealized Proceeds ⁽⁴⁾	Unleveraged IRR ⁽⁵⁾
36	Windover	Knoxville, TN	Nov-95	47	271	\$8.9	\$11.3	\$0.0	5.6%
37	Berkshire Towers ⁽¹⁶⁾	Washington, DC	May-96	84	1,119	54.4	160.9	0.0	18.4%
38	Golfside	Dallas, TX	Jun-96	58	402	8.4	15.5	0.0	15.0%
39	Pleasant Woods	Dallas, TX	Jun-96	101	208	6.1	11.1	0.0	9.3%
40	Prescott Place I	Dallas, TX	Jun-96	101	318	8.7	18.0	0.0	11.7%
41	Providence	Dallas, TX	Jun-96	101	244	6.8	10.4	0.0	6.4%
42	Benchmark	Dallas, TX	Jun-96	101	250	8.1	14.5	0.0	8.9%
43	Hunters Glen	Dallas, TX	Jul-96	56	276	10.1	17.9	0.0	14.9%
44	Prescott Place II	Dallas, TX	Nov-96	96	336	10.4	19.5	0.0	10.6%
45	Westchester West ⁽¹⁷⁾	Silver Spring, MD	Jan-97	98	345	16.4	52.8	0.0	18.6%
46	Berkshire West	Orlando, FL	May-97	91	200	8.7	18.4	0.0	12.7%
47	Sunchase	Bradenton, FL	May-97	90	168	5.3	13.2	0.0	15.3%
48	The Channel ⁽¹⁵⁾	Glen Burnie, MD	Jul-97	88	120	5.9	17.3	0.0	16.9%
49	The Cove ⁽¹⁵⁾	Glen Burnie, MD	Jul-97	88	181	7.3	28.2	0.0	24.4%
50	Harper's Mill ⁽¹⁵⁾	Millersville, MD	Jul-97	88	144	8.1	25.3	0.0	19.7%
51	The Lighthouse ⁽¹⁵⁾	Glen Burnie, MD	Sep-97	86	168	6.6	28.7	0.0	26.5%
52	Huntington Brook	Dallas, TX	Sep-97	69	320	12.1	18.3	0.0	9.0%
53	Huntington Lake	Dallas, TX	Sep-97	86	405	18.1	28.0	0.0	8.0%
54	Huntington Ridge	Dallas, TX	Sep-97	86	232	9.6	13.7	0.0	6.6%
55	Berkshires of Addison	Dallas, TX	Sep-97	86	212	7.1	12.8	0.0	9.7%
56	Sweetwater Ranch	Dallas, TX	Sep-97	86	312	20.7	31.4	0.0	7.6%
57	Arborview	Baltimore, MD	Nov-97	77	288	18.6	37.3	0.0	13.7%
58	Calvert's Walk	Baltimore, MD	Nov-97	77	276	15.4	38.7	0.0	19.1%
59	Courtleigh	Baltimore, MD	Nov-97	78	280	13.9	23.4	0.0	9.8%
60	Coventry	Baltimore, MD	Nov-97	78	122	6.0	10.6	0.0	10.7%
61	Diamond Ridge	Baltimore, MD	Nov-97	78	92	4.8	9.8	0.0	13.8%
62	The Estates	Baltimore, MD	Nov-97	85	208	13.5	30.2	0.0	14.9%
63	Fairway Ridge	Baltimore, MD	Nov-97	56	274	7.0	11.9	0.0	12.6%
64	Hazelcrest	Baltimore, MD	Nov-97	33	48	1.2	1.1	0.0	-1.6%
65	Heraldry Square	Baltimore, MD	Nov-97	78	270	10.0	19.3	0.0	12.3%
66	Hilltop	Baltimore, MD	Nov-97	78	50	1.3	1.7	0.0	4.3%
67	Jamestown	Baltimore, MD	Nov-97	56	335	8.6	14.2	0.0	12.3%
68	Kingswood Common I	Baltimore, MD	Nov-97	78	203	7.3	14.8	0.0	12.4%
69	Kingswood Common II	Baltimore, MD	Nov-97	78	203	7.1	15.9	0.0	15.0%
70	Ridgeview Chase	Baltimore, MD	Nov-97	87	204	12.2	26.6	0.0	14.1%
71	Rolling Wind	Baltimore, MD	Nov-97	78	280	19.8	37.2	0.0	11.8%
72	Stratton Meadows	Baltimore, MD	Nov-97	78	270	14.8	26.3	0.0	11.0%
73	Warren Park	Baltimore, MD	Nov-97	78	200	7.3	12.5	0.0	9.9%

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No.	Property Name	Location	Acquisition Date	Hold		Acquisition Price ⁽²⁾	Unleveraged		Unleveraged IRR ⁽⁵⁾
				Period (Months)	Number of Units		Realized Proceeds ⁽³⁾	Unrealized Proceeds ⁽⁴⁾	
74	Williston	Baltimore, MD	Nov-97	56	98	\$2.7	\$4.5	\$0.0	12.4%
75	Liriope	Baltimore, MD	Dec-97	76	84	7.6	11.8	0.0	8.8%
76	Berkshire Springs	Dallas, TX	Jan-98	82	208	6.9	11.0	0.0	8.2%
77	Bluffs of Berkshire	Austin, TX	Feb-98	82	382	17.9	25.8	0.0	7.2%
78	Berkshire Hills	Austin, TX	Feb-98	82	238	9.8	13.9	0.0	6.6%
79	Carlyle Place	San Antonio, TX	Feb-98	45	184	10.0	12.1	0.0	6.1%
80	Yorktown	Houston, TX	Feb-98	82	565	26.9	46.7	0.0	10.3%
81	Olde Forge ⁽¹⁵⁾	Baltimore, MD	Feb-98	81	144	7.5	21.4	0.0	19.8%
82	Arbor Keys	Fort Lauderdale, FL	Feb-98	81	232	10.7	25.0	0.0	15.4%
83	Lynn Lake	St. Petersburg, FL	Mar-98	81	807	23.3	55.0	0.0	16.0%
84	6200 Gessner	Houston, TX	Apr-98	79	659	12.2	30.1	0.0	18.5%
85	Berkshire Crossing	Houston, TX	Apr-98	79	240	5.4	13.4	0.0	17.4%
86	Oaks of Marymont	San Antonio, TX	Jun-98	58	319	11.5	17.3	0.0	9.5%
87	Berkshires at Dunwoody	Atlanta, GA	Jul-98	74	389	18.5	20.9	0.0	2.2%
88	Essex House	Atlanta, GA	Jul-98	17	120	7.8	11.7	0.0	39.5%
89	Highlands at Briarcliff	Atlanta, GA	Jul-98	78	140	8.3	10.9	0.0	5.1%
90	River Parkway	Atlanta, GA	Jul-98	70	427	24.6	37.6	0.0	9.2%
91	Granite Run	Baltimore, MD	Jan-99	65	264	25.0	36.2	0.0	8.2%
92	Courts of Avalon	Baltimore, MD	Nov-99	42	258	36.3	49.9	0.0	10.6%
93	Excalibur at Avalon	Baltimore, MD	Aug-00	33	147	24.1	21.6	0.0	-4.0%
94	Chattahoochee Landing ⁽¹⁵⁾	Roswell, GA	Jul-02	28	396	27.7	33.1	0.0	8.9%
Berkshire Realty Holdings, L.P. and Predecessor				85	27,800	\$1,190.7	\$2,340.2	\$0.0	11.8%

* Note: Totals may not sum due to rounding. For comprehensive footnotes and defined terms, please refer to Endnotes on pages 46-49.

Endnotes to Section VII, *Investment Performance*

Since 1991, Berkshire has sponsored one institutional multifamily real estate fund, Berkshire Multifamily Value Fund, L.P. ("**BMVF I**") and two publicly traded multifamily REITs: Berkshire Realty Company, Inc. ("**BRI**") and Berkshire Income Realty, Inc. ("**BIR**"). In October 1999, BRI was merged with and into Berkshire Realty Holdings, L.P. ("**BRH**"), a partnership formed by Berkshire, Goldman Sachs and The Blackstone Group, whereupon BRH acquired all of the assets and liabilities of BRI. In November 2004, Aptco Holdings, L.L.C. ("**Aptco**"), a private multifamily partnership formed by affiliates of Berkshire, acquired its initial multifamily assets in conjunction with the liquidation of BRH. In the last sixteen years, a period which coincides with the tenure of a majority of the Partners, BMVF I, BRI, BRH, BIR and Aptco have acquired and operated a total of 174 multifamily assets with an aggregate acquisition value of \$2.7 billion.

The properties presented in the Investment Performance Summary represent all multifamily investments made by BMVF I, BRI, BRH, BIR and Aptco from the date of their formation through March 31, 2007. Berkshire believes that the assets presented represent all original multifamily acquisitions made by Berkshire since 1991. For the 23 properties that were originally acquired by BRI, BRH or BIR from an entity affiliated with Berkshire, the financial and performance data includes information only for the periods of ownership by BRI, BRH or BIR and excludes any performance information prior to the ownership by those entities. The financial and performance data does not include information for properties that were originally acquired by affiliates of Berkshire between 1969 and 1991, except to the extent, and for the period that those properties were owned by BRI, BRH or BIR. This performance data does not include seven commercial assets, three parcels of land and three developments that were owned by BRI. In addition, although eight of the BIR multifamily assets are owned in joint venture with unaffiliated entities, the financial and performance data presented herein reflects the performance for these assets in their entirety. As previously mentioned, the performance data for the multifamily assets owned in joint venture between BMVF I and Aptco have been adjusted to reflect each entity's ownership in the underlying assets in the respective performance tables.

For the purposes of calculating the investment performance, the financial data and performance results include the operating performance for each multifamily property acquired by BMVF I, BRI, BRH, BIR or Aptco from the date of acquisition by those entities through March 31, 2007, the most recent quarter end. In addition, Berkshire considered all assets sold or under binding purchase and sale contract as of May 31, 2007 to be realized and included the performance results for such properties in the Realized Investment track record and the Realized Proceeds column in the performance tables.

In considering the performance information contained in this Memorandum, prospective investors should bear in mind that past or expected performance of these investments is not necessarily indicative of future results for other investments, and there can be no assurance that the Fund will achieve similar returns or that the returns will actually be achieved. While it is the intention of the Partners to recommend to the Fund an investment strategy consistent with the process implemented during their tenure at Berkshire, the past investments of Berkshire will not bear directly on the Fund. In addition, while the returns are based on assumptions that Berkshire believes are reasonable under current market conditions, the actual return on Berkshire's investments will depend on, among other factors, future operating results, market conditions and the value of the assets at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ either positively or negatively from the assumptions on which Berkshire's limited scope valuations are based. Accordingly, the actual performance of these investments may differ materially from the information presented herein and may result in a partial or total loss of capital.

1. "**Number of Investments**" includes all investments made by each entity, including joint venture investments made with affiliated Berkshire entities. Where appropriate, the subtotal and total amounts have been adjusted to appropriately reflect joint venture investments made between Berkshire entities.

2. "**Acquisition Price**" represents the contract price including closing costs for all assets, with the exception of 21 assets contributed to BRI or BIR at the respective times of their formation from entities affiliated with Berkshire and seven assets that were originally acquired as mortgage loans that were converted to real estate ownership. For the 21 contributed assets, Acquisition Price represents the contributed values at the time of contribution, as determined by independent third-party appraisals. In the aggregate, the contributed values exceeded the initial acquisition costs of the assets. For the seven mortgage loans, Acquisition Price represents an allocation of the total purchase price for the two pools of mortgage loans, including applicable closing costs.

3. "**Realized Proceeds**" represents the unleveraged cash flow generated by each property from the acquisition or contribution date through March 31, 2007, including the actual or contracted sales price less applicable closing costs ("**Sales Value**"), for all assets sold or under binding purchase and sale contract as of May 31, 2007 ("**Realized Investments**"). Closing costs for sales completed after March 31, 2007, were estimated based on the closing costs recently incurred by Berkshire. For the

purposes of calculating the investment performance for the two assets sold after March 31, 2007, the asset sales were assumed to occur on April 1, 2007. Accordingly, the Sales Values and any necessary closing adjustments were reflected as of April 1, 2007. In addition, the operating cash flow received from April 1, 2007 through the actual disposition date was excluded from the performance calculations. As a result, the unleveraged and leveraged IRR results ultimately realized for these assets may differ from the results presented herein. This difference is an amount that the General Partner deems not to be material.

4. "**Unrealized Proceeds**" represents the pro forma cash flow generated by a hypothetical sale as of April 1, 2007 for assets that have not been sold or placed under purchase and sale contract as of May 31, 2007 ("**Unrealized Investments**"). Such cash flows include each asset's disposition value ("**Disposition Value**") and any necessary closing adjustments required at the time of sale. The Disposition Value represents the estimated fair value as determined by limited scope valuations prepared by the General Partner of each Partnership using generally accepted valuation techniques and methods that include, among other procedures, reference to an independent third-party appraisal firm for market information, capitalization rates, relevant discount rates and sales comparables. The valuation methodology and Disposition Values for assets owned by BMVF I and JV BVF/Aptco have been audited by an independent accounting firm in conjunction with the annual audit for the year ended December 31, 2006. There can be no assurance that unrealized investments will be realized at the limited scope valuations used in the performance calculations, as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the limited scope valuations, were based.

5. "**Unleveraged IRR**" was calculated based on the quarterly cash flow generated by each property, using historical financial information for each property from its acquisition or contribution date through the quarter ended March 31, 2007, including the cash flows associated with the Acquisition Price and Sales Value or Disposition Value. Quarterly operating cash flow for each property includes NOI less ordinary and rehabilitation capital expenditures. Historical NOI was adjusted to reflect a 4% management fee as calculated on historical quarterly revenue. For the purposes of calculating the performance results, the quarterly cash flows were reflected as if they occurred on each quarter end date. Sales Values for Realized Investments that closed subsequent to March 31, 2007, and Disposition Values for Unrealized Investments and any necessary closing adjustments were included in the performance calculations as of April 1, 2007.

6. "**Recently Acquired Investments**" represents assets that have been acquired after August 31, 2006 and have been owned and operated for a period less than eight months as of March 31, 2007. Such assets are in the early stages of the value creation period and were not included in the limited scope valuation process conducted by the General Partner. Accordingly, such assets have been reflected at historical cost and excluded from the performance calculations as the performance results would not be meaningful due to the abbreviated ownership period.

7. "**Pro forma Invested Equity**" reflects 35% of Acquisition Price and, where appropriate, rehabilitation capital based on the leverage assumptions described in Endnotes 8 and 9 below.

8. "**Pro forma Leveraged IRR**" was calculated based on the quarterly leveraged cash flow assuming that each asset was leveraged at 65% of the Acquisition Price, on an interest only basis, with a fixed interest rate based on the US Treasury Rate (5-year, 7-year or 10-year), as published at the time of acquisition, that corresponds to the projected hold period of the asset, adjusted for an interest rate spread ranging between 100-140 basis points, as appropriate for the acquisition period. In the event that the actual hold period did not match a specific US Treasury Rate, the rate for the next incremental term security was used. For Unrealized Investments the projected hold period was seven years. The pro forma weighted average interest rate for the Realized and Unrealized Investments was approximately 6.6%. For assets owned by BMVF I and JV BVF/Aptco, the leveraged cash flow was calculated assuming that each asset was leveraged at 65% of the Acquisition Price and actual rehabilitation capital incurred as of March 31, 2007. For the purposes of calculating the performance results, the quarterly cash flows were reflected as if they occurred on each quarter end date. Sales Values for Realized Investments that closed subsequent to March 31, 2007, and Disposition Values for Unrealized Investments and any necessary closing adjustments were included in the performance calculations as of April 1, 2007.

9. "**Pro forma Multiple on Invested Equity**" represents the pro forma leveraged cash flow generated by each asset divided by the pro forma invested equity (calculated assuming 35% equity on the Acquisition Price and, where appropriate, rehabilitation capital). The pro forma leveraged cash flow represents the cash flow generated by each property from the acquisition or contribution date through March 31, 2007, including Sales Value or Disposition Value and related closing adjustments, adjusted for loan proceeds and related interest payments.

10. Contributed to BRI, upon its formation, through an exchange with partnerships affiliated with Berkshire. The Acquisition Price reflects the value at the time of contribution as determined by an independent third-party appraisal. The contribution value and operating performance were reflected in the operating performance calculations as of July 1, 1991. The

financial and performance data presented herein reflects the period of ownership from the contribution date and excludes the financial and performance data prior to the asset's contribution to BRI.

11. Represents the combination of three existing properties and a contiguous parcel of land that was developed by Berkshire. The acquisition date reflects the date of the first existing property acquisition. The Acquisition Price represents the contract price plus closing costs for the three properties and includes the land and related construction costs for the development phase. One of the existing properties was contributed to BRI upon its formation, through an exchange with a partnership affiliated with Berkshire. The Acquisition Price for this property reflects the contributed value as determined by an independent third-party appraisal. The contribution value and operating performance were reflected in the operating performance calculations as of July 1, 1991. The financial and performance data presented herein reflects the period of ownership from the contribution date and excludes the financial and performance data prior to the asset's contribution to BRI.

12. Sales proceeds included a \$2.9 million recourse promissory note. For the purpose of the performance calculation, the sales proceeds included the full balance of the promissory note and were reflected as of the disposition date.

13. Represents the combination of an existing property and a contiguous parcel of land that was developed by Berkshire. The acquisition date reflects the date of the existing property acquisition. The Acquisition Price represents the contract price plus closing costs for the property and includes the land and related construction costs for the development phase.

14. Originally acquired as a mortgage loan and converted to real estate when Berkshire acquired fee simple interest in the property. The Acquisition Price represents an allocation of the total purchase price for the two pools of mortgages, including applicable closing costs. The acquisition date reflects the date the property was acquired fee simple.

15. Asset was sold by BRH to Aptco on November 14, 2004 at a sales price that exceeded bids received from qualified third-party buyers and as agreed to by Berkshire's joint venture partners, Goldman Sachs and The Blackstone Group. The financial and performance data presented for each asset reflects the respective ownership periods for BRH and Aptco.

16. Acquired by BRI from a partnership affiliated with Berkshire. The financial and performance data presented herein reflects the period of ownership from the acquisition date and excludes performance data prior to the acquisition of the asset by BRI.

17. This asset was owned by BRH and was sold to BIR on February 15, 2005. The sales price used in the performance calculation reflects the contracted sales price as agreed to by Berkshire's joint venture partners, Goldman Sachs and The Blackstone Group. The financial and performance data presented for this asset reflects the respective ownership periods for BRH and BIR.

18. Contributed to BIR, upon its formation, through an exchange with a partnership affiliated with Berkshire. The Acquisition Price reflects the value at the time of contribution as determined by an independent third-party appraisal. The financial and performance data presented herein reflects the period of ownership from the contribution date and excludes the financial and performance data prior to the asset's contribution to BIR.

19. Asset is owned by BIR in joint venture with an unaffiliated entity. The financial and performance data reflects the performance for the asset in its entirety and has not been revised to reflect the joint venture ownership.

20. Contributed to BIR through an exchange with a partnership affiliated with Berkshire. The Acquisition Price reflects the value at the time of contribution as determined by an independent third-party appraisal. The financial and performance data presented herein reflects the period of ownership from the contribution date and excludes performance data prior to the asset's contribution to BIR.

21. Asset was acquired in conjunction with the acquisition of the partnership which owned the property. The Acquisition Price represents the contracted purchase price plus closing costs, and includes the estimated net assets and liabilities assumed in the acquisition.

22. JV BVF/Aptco, L.L.C. is a joint venture between BMVF I and Aptco, where each joint venture partner has a 50% ownership interest in the underlying assets. For the purposes of presenting the financial and performance data in the performance tables, the multifamily assets have been included in the portfolio of each joint venture partner. The financial and performance data presented herein has been adjusted to reflect each joint venture partner's ownership interest in the underlying properties.

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VIII. DETAILED SUMMARY OF TERMS

The following is not a complete summary of the terms of the Fund. The summary is subject to and qualified in its entirety by reference to the Agreement of Limited Partnership of the Fund (the "**Partnership Agreement**"), copies of which will be provided to any prospective investor upon request and which should be reviewed for complete information concerning the rights, privileges, and obligations of the General Partner and investors in the Fund. In the event that the descriptions in or terms of this Memorandum are inconsistent with or contrary to the descriptions in or terms of the Partnership Agreement, the Partnership Agreement shall control.

The Fund:	Berkshire Multifamily Value Fund II, L.P., a Delaware limited partnership (the " Fund "), will be formed by Berkshire Multifamily Value Fund GP II, L.L.C. to acquire, reposition, manage and dispose of multifamily properties (each, an " Investment ") primarily located in select major metropolitan markets of the U.S. The Fund will seek to achieve a gross compounded annual internal rate of return (" IRR ") of 16% through acquisitions of properties typically held for a four- to seven-year period. ¹
General Partner and Berkshire:	Berkshire Multifamily Value Fund GP II, L.L.C., a Delaware limited liability company, will be the sole general partner of the Fund (the " General Partner "). Berkshire Property Advisors, L.L.C. (the " Advisor "), a Delaware limited liability company and an affiliate of the General Partner, will be the advisor to the Fund. The General Partner's principal office will be, and the Advisor's principal office is, located in Boston, Massachusetts.
Committed Capital:	The General Partner is seeking capital commitments (the " Commitments ") for the Fund of approximately \$600 million, subject to variation at the General Partner's discretion.
Minimum Commitment:	The minimum Commitment to the Fund by a limited partner (a " Limited Partner " and, together with the General Partner, the " Partners ") will be \$10 million, although the General Partner reserves the right to accept Commitments of lesser amounts.
General Partner's Investment:	The General Partner, together with its affiliates, will commit to invest \$25 million, which will be invested <i>pro rata</i> with the Limited Partners in all transactions. The General Partner and its affiliates may invest their capital through one or more Limited Partners (although any such Limited Partner will not participate in any vote of the Limited Partners) or, in the sole discretion of the General Partner with respect to any particular investment, through a separate coinvestment vehicle on substantially the same terms and conditions as the Fund.
Diversification:	Absent approval by the Advisory Committee (as defined below), the Fund may not invest more than:

¹ Please see page 46, Endnotes to Section VII, *Investment Performance*, for important information regarding the assumptions and risks relating to the performance information contained in this Memorandum. There can be no assurance that the Fund will achieve returns comparable to its past investments.

Closing:	<ul style="list-style-type: none">• 20% of the aggregate Commitments in any one transaction, meaning one or more related Investments made contemporaneously;• 10% of the aggregate Commitments in non-multifamily Investments; <i>provided</i>, that non-multifamily Investments will only be made to the extent they are related to multifamily assets that the Fund seeks to acquire or control;• 15% of the aggregate Commitments at any point in time in loans or debt-like instruments backed by multifamily Investments acquired for the purpose of obtaining ownership of the underlying collateral; <i>provided</i>, that an Investment will cease to be counted for such purposes at such time as it ceases to be a loan or debt-like instrument; or• 5% of the aggregate Commitments in ground-up development transactions. An initial closing of the Fund (the " Initial Closing ") will be held as soon as practicable after the General Partner determines that a sufficient minimum amount of Commitments has been obtained. Additional Commitments may be added at the discretion of the General Partner until the first anniversary of the Initial Closing. The date of the last closing to occur shall be referred to as the " Final Closing ".
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Partners Participating in Subsequent Closings:

In the event that Limited Partners are admitted to the Fund subsequent to the Initial Closing, unless there has been a material change or significant event (including a full or partial realization) relating to an Investment that would justify a different valuation in the view of the General Partner, such Limited Partners will contribute to the Fund an amount equal to (a) their *pro rata* share of all drawn Commitments, other than the portion thereof drawn to pay the Investment Management Fee (as defined below), less (b) their *pro rata* share of all distributions made to Partners admitted in prior closings, plus interest on the average daily balance of such amount at a rate equal to 9%. The amount contributed by incoming Limited Partners, together with interest thereon, will be refunded to the existing Partners *pro rata* according to drawn and unreturned Commitments (the "**Funded Commitments**"). Each Limited Partner's portion of these refunds, excluding the interest component, will be added to its unfunded Commitment (the "**Unfunded Commitment**") and will be subject to recall. A Limited Partner participating in a subsequent closing shall also contribute its share of the Investment Management Fee plus interest thereon from the date of any previous payments of the Investment Management Fee at a rate equal to 9%. All such amounts will be paid to the General Partner. All amounts contributed by a Limited Partner participating in a subsequent closing as described in this paragraph will be treated as contributions of capital except amounts paid as interest, which will not be treated as a contribution of capital and will not reduce such Limited Partner's Unfunded Commitment.

In the event that an existing Partner increases its Commitment at a subsequent closing, that Partner will be subject to the provisions set forth in this section with respect to the additional portion of its Commitment.

Commitment Period:

At the expiration of the period commencing on the date of the Initial Closing and ending on the date three years after the Final Closing, subject to a one-year extension upon Advisory Committee approval (the "**Commitment Period**"), all Partners will be released from any further obligation with respect to their Unfunded Commitments, except to the extent necessary to: (i) make, during a two-year period following the termination of the Commitment Period, any follow-on investments by the Fund in existing Investments (amounts, which in the case of this clause (i), will be limited to 10% of the aggregate Commitments); (ii) cover the expenses and obligations of the Fund, including the Investment Management Fee (amounts, which in the case of clauses (i) and (ii), will be limited to 15% of the aggregate Commitments) and (iii) complete within 180 days thereafter (or such longer period as approved by the Advisory Committee) Investments by the Fund in transactions which are in process as of the end of the Commitment Period.

Term:

The Fund will terminate upon the eighth anniversary of the Final Closing, and may be extended at the reasonable discretion of the General Partner for up to two additional one-year periods upon notice to the Limited Partners and with the consent of the Advisory Committee; *provided*; Limited Partners representing 75% of the Commitments shall have the right to dissolve the Fund at any time after the second anniversary of the Final Closing.

Borrowings:

The General Partner will use commercially reasonable efforts to conduct the business of the Fund such that the debt ratio does not exceed 65% of the fair value of the Fund's Investments from and after the first anniversary of the end of the Commitment Period.

After the first anniversary of the end of the Commitment Period, the Fund will not incur any debt secured by Investments or guarantees if, immediately after such incurrence, the debt ratio (defined below) would exceed 65% of the fair value of the Fund's Investments.

The "**debt ratio**" will equal the ratio of (A) the aggregate amount of (x) debt secured by Investments or other assets of the Fund, (y) guarantees secured by Investments or other assets of the Fund (excluding guarantees of indebtedness that is itself included for purposes of this calculation) and (z) indebtedness maintained by the Fund divided by (B) the fair value of the Fund's Investments as determined in good faith by the General Partner.

In the event that the Fund borrows under a credit facility in order to acquire an Investment, the General Partner will call capital from the Partners in respect of such Investment within six months of such acquisition in an amount at least equal to 25% of the total acquisition cost of such Investment.

Additionally, the Fund may enter into a credit facility in furtherance of the Fund's business. Limited Partners may be required to confirm the terms of their Commitments, to provide financial information, and to execute other documents as may be reasonably required by such credit provider.

Drawdowns:

Generally, Commitments will be drawn down *pro rata* on an as-needed basis in an amount not to exceed the Unfunded Commitments, with a minimum of ten business days prior notice to the Partners. Any capital contributions (i) invested in or allocated to an Investment that are returned to the Partners during the Commitment Period (or such longer period as approved by the Advisory Committee), (ii) returned to the Partners prior to being utilized or (iii) returned to the Partners in connection with a subsequent closing will be added to the Unfunded Commitments and subject to recall.

For reasons relating to certain ERISA matters, if status as a "venture capital operating company" or a "real estate operating company" is sought as described under "*Certain ERISA Considerations*," capital contributions for Fund expenses might not be required to be made by benefit plan investors until after the acquisition of the Fund's initial Investment (although deferrals will accrue interest charges), or, in the discretion of the Fund, an escrow arrangement may be established with a third-party escrow agent.

Coinvestment Policy:

During the Commitment Period, the Fund may, at the General Partner's sole and absolute discretion, provide coinvestment opportunities to the Partners in instances in which the General Partner determines in good faith that it is not in the best interests of the Fund to invest (or that the Fund is prohibited from investing pursuant to the terms of the Partnership Agreement) the entire amount required to fund such Investment because of the size of or risk inherent in such Investment or due to legal, regulatory or tax considerations or the coinvestment opportunity is otherwise appropriate or feasible. Any coinvestment opportunities provided to the Partners will be on such terms and conditions as the General Partner, in its sole discretion, may determine; *provided*, that all of the Limited Partners shall have an opportunity to participate in such coinvestment opportunities on a *pro rata* basis and, unless otherwise approved by the Advisory Committee, the coinvestment opportunities shall have economic terms, as between the General Partner and the Limited Partners, no less favorable to the Limited Partners than the terms of the Fund. No Limited Partner shall in any event be obligated to make a co-investment. If after being offered to the Limited Partners, a portion of the coinvestment opportunity is not subscribed for, the General Partner may itself, or through an affiliate, make that portion of the co-investment.

Distributions:

Net cash flows from the Fund will be distributed quarterly or, in the General Partner's discretion, more frequently. Distributions will first be divided among the Partners (including the General Partner) *pro rata* according to their relative capital contributions and then distributed as between a Partner and the General Partner (in respect of its carried interest) in the following order of priority:

(1) First, 100% to such Partner until distributions to such Partner on a cumulative basis pursuant to this paragraph (1) equal a 9% per annum cumulative, compounded return on such Partner's paid-in capital contributions from the date such amounts were contributed until the date such amounts are repaid;

(2) Second, 100% to such Partner until such Partner has received a cumulative distribution pursuant to this paragraph (2) equal to such Partner's paid-in capital contributions;

(3) Third, 40% to such Partner and 60% to the General Partner in respect of its carried interest until distributions to the General Partner in respect of its carried interest on a cumulative basis equal 20% of all distributions made by the Fund in excess of the aggregate amount of paid-in capital contributions of all Partners; and

(4) Thereafter, 80% to such Partner, and 20% to the General Partner.

Notwithstanding the foregoing, the General Partner may, in its sole discretion, make cash distributions to the General Partner to permit the General Partner (including its direct and indirect members) to pay U.S. federal, state and local income taxes resulting from allocations of income and gain from the Fund. Such distributions, if made, (i) will be calculated using the maximum marginal tax rates applicable to the General Partner (including its direct and indirect members) in effect at the time such allocations are made and (ii) will reduce future distributions to the General Partner in respect of its carried interest.

Clawback:

Upon liquidation of the Fund, the General Partner will be required to restore distributions received in respect of its carried interest to the Fund to the extent that such distributions (net of taxes thereon) exceed amounts that would have been distributed to the General Partner in respect of its carried interest pursuant to the formula outlined under "*Distributions*" above applied on an aggregate basis covering all of the Fund's Investments.

No Transaction Fees:	The General Partner will not receive any transaction fees, such as acquisition, disposition, financing or other similar fees in connection with the operation of the Fund, although one or more affiliates of the General Partner may receive property management, development and construction management fees as described under " <i>Property and Construction Management</i> " and reimbursements of certain costs that would otherwise have been paid to third parties, as described under " <i>Other Expenses</i> ."
Investment Management Fee:	The Fund will pay to the General Partner an annual management fee (the " Investment Management Fee "). The Investment Management Fee will be paid quarterly in advance. During the Commitment Period, the Investment Management Fee will be paid at an annual rate equal to 1.5% of each Limited Partner's Commitment. After the Commitment Period, the Investment Management Fee will be paid at an annual rate equal to 1.5% of each Partner's drawn Commitments less the portion of such drawn Commitments utilized to acquire Investments which have been disposed. The Investment Management Fee will be paid out of either distributable proceeds, borrowings, or capital contributions from the Limited Partners. The Investment Management Fee will commence as of the date of the Initial Closing regardless of when a Limited Partner is actually admitted. The Investment Management Fee will be reduced as described under " <i>Organizational/Offering Expenses</i> ." The General Partner reserves the right to forego all or a portion of the Investment Management Fee. Foregone Investment Management Fees shall reduce the amount of capital contributions that the General Partner (including its affiliates) in its capacity as a Partner would otherwise be required to contribute.
Removal of the General Partner:	Limited Partners, by a majority-in-interest vote (not including Interests held by affiliates of the General Partner), will have the right to remove the General Partner for cause at any time. Limited Partners, by a vote of 75% of Interests (not including Interests held by the General Partner or its affiliates), will have the right to remove the General Partner at any time after the second anniversary of the Final Closing; <i>provided</i> , that such removal will not be effective (x) earlier than three months following receipt by the General Partner of notice thereof and (y) until payment has been made to the General Partner of an amount equal to the Investment Management Fee it would have been entitled up to and including the three-month period after the receipt by the General Partner of such notice of removal.
Miscellaneous Revenues:	Any fees or other revenues of the Fund, whether or not attributable to an Investment, including all acquisition, financing, break-up and other fees payable to the Fund, the General Partner, or any of its affiliates, will be for the benefit of the Fund and may be applied by the General Partner to offset, pay or reserve for the payment of Fund expenses (including the Investment Management Fee) or to repay any credit facility drawdowns used to pay same, with any balance distributed in accordance with the distribution procedures outlined under " <i>Distributions</i> " above. If BMVF I, an Alternative Entity or a Successor Fund (each as defined below) coinvests in an Investment or would have coinvested in an unconsummated investment with the Fund, any miscellaneous revenues attributable thereto shall be shared in proportion to the investments each of them has, or would have, invested therein.
Organizational/Offering Expenses:	The Fund will bear all of the legal and other organizational and offering expenses incurred in connection with the formation of the Fund and its affiliated entities (including the General Partner and any subsidiary of the Fund). The Investment Management Fee will be reduced dollar for dollar by (i) fees and expenses paid by the Fund to any placement agent in connection with the placement of the Interests and (ii) organizational and offering expenses paid by the Fund in excess of \$1,000,000.
Other Expenses:	The Fund, except as noted herein, will bear all costs and expenses incurred in maintaining the operations of the Fund and its Investments, including expenses attributable to unconsummated transactions, legal, accounting and tax expenses, travel expenses, fees for outside services, the cost of annual audits, custodial fees, insurance and litigation expenses, and taxes, fees, and other governmental charges. If BMVF I, a Successor Fund or an Alternative Entity coinvests in an Investment or would have coinvested in an unconsummated investment with the Fund, any such expenses or costs attributable thereto shall be shared in proportion to the investments each of them has, or would have, invested therein. Except as noted herein, the General Partner will be responsible for the expenses of its own operations, including rent, salaries, furniture and fixtures, and other office equipment.

Notwithstanding the foregoing, the General Partner and its affiliates will be entitled to reimbursement for (a) tax return preparation services and services related to compliance with respect to rules applicable to real estate investment trusts not to exceed \$200,000 per year and (b) legal services not to exceed \$175,000 per year; *provided*, that all such services are for the benefit of the Fund and not the general operation of the General Partner's business and would have been performed by third parties if the General Partner did not have the capability to perform such services.

Development Services:

In connection with an Investment, the Fund may retain one or more affiliates of the General Partner to perform certain real estate development services, and any agreements between the Fund and such affiliates shall contain terms and conditions generally available in arm's-length transactions with qualified independent third-party providers of comparable services.

Property and Construction Management:

In connection with an Investment, the Fund may enter into one or more property management and construction management agreements with one or more affiliates of the General Partner. In the case of a property management agreement, the Fund will pay such affiliate an annual property management fee equal to 4% of the gross receipts of the relevant property for which the affiliate acts as the property manager.

In the case of a construction management agreement, the Fund will pay such affiliate a construction management fee equal to the sum of (x) 7.5% of the first \$5 million of construction costs for each property for which the affiliate acts as the construction manager and (y) 5% of such construction costs for each property in excess of \$5 million for which the affiliate acts as the construction manager.

Advisory Committee:

An advisory committee (the "**Advisory Committee**") consisting of not more than nine Limited Partners shall be selected by the General Partner. The Advisory Committee will advise the General Partner and resolve conflicts of interest.

Investment Committee:

The General Partner expects that all acquisitions and dispositions of Investments will be reviewed and approved by an investment committee presently comprised of Frank Apeseche, David Olney, David Quade and Thomas Shuler. George Krupp will act as a member of the Investment Committee with respect to all acquisitions and dispositions of Investments over \$30 million. The General Partner reserves the right to change the composition of the Investment Committee from time to time.

Other Investments; Exclusivity:

Until the earlier of (a) the expiration of the Commitment Period, (b) such time as 80% of the aggregate Commitments are invested or are committed for investment or drawn to fund expenses of the Fund and (c) the date on which Berkshire Multifamily Value Fund GP II, L.L.C. ceases to be the general partner of the Fund, the General Partner shall not, and shall cause each of its affiliates not to, act as manager or the primary source of transactions on behalf of another pooled investment fund with objectives substantially similar to those of the Fund other than Berkshire Multifamily Value Fund, L.P. ("**BMVF I**") alternative investment entities organized by or on behalf of the General Partner to facilitate, from a legal, tax or regulatory standpoint, investments by the Fund or certain classes of investors ("**Alternative Entities**") or coinvestment vehicles.

Berkshire Income Realty, Inc. ("**BIR**") and its affiliates will, however, be permitted at all times to acquire assets that: (i) satisfy the requirements of Section 1031 of the Internal Revenue Code (i.e., like-kind exchanges) for properties held by BIR or such affiliates or (ii) involve less than \$8 million of equity capital in any 12-month period if such capital is generated as a result of refinancings of debt of BIR. The Advisory Committee will receive written disclosure of all such investments made by BIR.

Until the earlier to occur of the events set forth in the first paragraph of this section, except with respect to suitable investments as described in clause (i) and (ii) of the immediately preceding paragraph and the right to allocate a certain percentage of suitable investments to BMVF I in the General Partner's sole discretion, the General Partner and its affiliates shall pursue any suitable investment opportunity generated by or presented to the General Partner or any of its affiliates through the Fund, unless the General Partner determines in good faith that it is not in the best interests of the Fund to invest (or that the Fund is prohibited from investing pursuant to the terms of the Partnership Agreement) the entire amount required to fund such Investment because of the size of or risk inherent in such Investment or due to legal, regulatory or tax considerations. In such circumstances, the General Partner will obtain the approval of the Advisory Committee prior to (x) pursuing such an investment opportunity for its own account or (y) offering such investment opportunity to any of its affiliates; *provided*, the General Partner shall not need the consent of the Advisory Committee to offer such investment opportunity to a third party.

At any time during the Commitment Period after 80% of the Commitments are invested or committed for investment or drawn to fund expenses of the Fund, if the General Partner is acting as a manager or the primary source of transactions on behalf of another pooled investment fund with objectives similar to those of the Fund (a "**Successor Fund**"), the General Partner shall have the right to permit the Successor Fund to invest in any real estate-related opportunity, but if such investment opportunity is a suitable investment opportunity, the Successor Fund shall only be permitted to invest therein in amounts up to a maximum of the proportion which the commitments of such Successor Fund bears to the sum of such commitments and the aggregate Commitments of the Fund

Key Man Provision:

During the Commitment Period, so long as Berkshire Multifamily Value Fund GP II, L.L.C. is the General Partner, the General Partner shall cause each of Frank Apeseche, David Olney, David Quade and Thomas Shuler to devote a substantial majority of his business time and attention to the Fund (other than time devoted to BMVF I, Alternative Entities, Successor Funds, co-investment vehicles and to entities acquired by BMVF I, Successor Funds or Alternative Entities or in which BMVF I, Successor Funds or Alternative Entities hold investments). Any of the foregoing individuals may be replaced with the consent of the Advisory Committee.

If any two of such persons are terminated or cease to devote a substantial majority of their business time and attention to the Fund and have not been replaced with substitute key persons, the Commitment Period will be suspended automatically for 30 business days. The Limited Partners shall, by a 75% vote, have a right to convert the suspension of the Commitment Period into a termination of the Commitment Period; *provided*, that if the Limited Partners have not elected to terminate the Commitment Period within such 30 business day suspension period, the Commitment Period will resume and the Limited Partners will no longer have the right to terminate the Commitment Period.

Transfer of Interests and Withdrawals:

A Limited Partner may not sell, assign, or transfer any interest in the Fund without the prior written consent of the General Partner, which the General Partner may withhold in its sole discretion, but upon the satisfaction of certain requirements, the General Partner will not unreasonably withhold its consent. A Limited Partner may not withdraw any amount from the Fund except as provided in the discussion under "*ERISA*" below.

Reports:

The Fund will use reasonable endeavors to furnish audited financial statements annually to all Limited Partners within 90 days, and in any event within 120 days, of the end of the fiscal year.

The Fund will use reasonable endeavors to furnish unaudited financial statements on a quarterly basis to all Limited Partners within 45 days, and in any event within 60 days, of the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year). Limited Partners will also receive on a quarterly basis descriptive information regarding: (i) the Fund's Investments; (ii) transactions between the Fund and the General Partner and its affiliates other than those specifically provided for in the Partnership Agreement; and (iii) each Partner's capital account and details of all Fund transactions which flowed through such capital account.

The Fund will include the estimated value of each Investment in the annual report and each quarterly report.

Amendments:	<p>Except as required by law and subject to certain limitations set forth in the Partnership Agreement, the Partnership Agreement may be amended or supplemented by the written consent of the General Partner and a majority-in-interest of the Limited Partners. In certain circumstances, the Partnership or the General Partner, without any further act, approval or vote of any Partner, may enter into side letters or other writings with one or more Limited Partners that have the effect of establishing rights under, or altering or supplementing, the terms of, the Partnership Agreement. Any rights established, or any terms of the Partnership Agreement altered or supplemented in a side letter with a Limited Partner shall govern with respect to such Limited Partner notwithstanding any other provision of the Partnership Agreement.</p>
Indemnification:	<p>The General Partner, members of the Advisory Committee, members of the Plan Assets Committee (as defined below) or any of their respective affiliates, shareholders, partners, officers, directors, managers, members, employees, agents, and representatives (in each case, an "Indemnitee" and the affiliates, shareholders, partners, officers, directors, managers, members, employees, agents, and representatives of the General Partner being the "General Partner Indemnitees") will not be liable to the Fund or to the Limited Partners, but instead shall be indemnified by the Fund, for any losses, damages, costs or expenses ("Losses") resulting from any action or inaction on the part of the Fund or the Indemnitees when acting on behalf of the Fund (or any of its Investments); <i>provided</i>, that the General Partner will indemnify the Fund for any Losses resulting from the fraud, gross negligence, willful misconduct, or material breach of the Partnership Agreement by the General Partner or General Partner Indemnitees or the payment to or receipt by the General Partner or the General Partner Indemnitees of benefits in violation of the Partnership Agreement. Limited Partners will not be individually obligated with respect to indemnification by the Fund beyond their respective Unfunded Commitments. No General Partner Indemnitee shall be obligated to indemnify the Fund for any of the foregoing matters.</p> <p>The Fund will also advance funds to an Indemnitee for legal expenses and other costs if such expenses and costs result from a suit, action, or proceeding relating to an action or inaction on the part of the Indemnitee in the performance of its duties or provision of services on behalf of the Fund (or any of its Investments) and such Indemnitee agrees to repay advanced funds if such Indemnitee is not ultimately entitled to indemnification.</p>
Tax Considerations:	<p>The Fund will be treated as a partnership for U.S. federal income tax purposes. Accordingly, the Fund will not be subject to U.S. federal income tax, and each Partner will be required to include in computing its U.S. federal income tax liability its allocable share of the items of income, gain, loss and deduction of the Fund, regardless of whether any distributions have been made by the Fund to that Partner. The Fund expects to utilize one or more real estate investment trusts ("REITs") in its investment program. A REIT is generally not subject to U.S. federal income tax to the extent that it distributes its income to its shareholders. Each prospective investor should review the discussion in Section X "<i>Certain U.S. Federal Income Tax Considerations</i>" and consult its tax advisor as to the U.S. federal, state, local and foreign tax consequences of an investment in the Fund.</p>
Tax-Exempt Limited Partners:	<p>The General Partner intends to use its reasonable best efforts to minimize the recognition of "unrelated business taxable income" ("UBTI") by tax-exempt investors in a manner consistent with its goal of maximizing pre-tax income and the nature of the real estate assets acquired by the Fund. In this regard, the General Partner expects to utilize one or more REITs in the Fund's investment program. No assurance can be given, however, that an investment in the Fund will not result in UBTI for a tax-exempt investor.</p> <p>Prospective tax-exempt investors should review the discussion in Section X "<i>Certain U.S. Federal Income Tax Considerations</i>" and consult their tax advisors as to the U.S. federal, state, local and foreign tax consequences of an investment in the Fund.</p>

Foreign Investors:

Prospective foreign investors should be aware that Fund income and gain (as well as gain from the sale or other disposition of an investment in the Fund) may be treated as effectively connected with the conduct of a United States trade or business and, therefore, subject to U.S. federal income tax (and possibly to state and local taxes) at regular U.S. income tax rates, even if such investor has no other contacts with the U.S. Foreign corporate investors may also be subject to the branch-profits tax. A foreign investor's share of Fund income from corporate stock and debt securities, mortgage debt and certain other investments generally will be subject to a 30% U.S. federal withholding tax to the extent the income is from U.S. sources. Notwithstanding that the foregoing taxes generally will be collected by withholding, foreign investors may be required to file U.S. federal (and possibly state and local) tax returns as a result of an investment in the Fund.

Prospective Non-U.S. investors should review the discussion in Section X "*Certain U.S. Federal Income Tax Considerations*" and consult their tax advisors as to the U.S. federal, state, local and foreign tax consequences of an investment in the Fund.

ERISA Considerations:

Investment in the Fund may generally be open to institutions including corporate pension and other plans subject to the Employee Retirement Income Security Act of 1974 ("**ERISA**"). The Fund may require certain representations or assurances from investors subject to ERISA to comply with ERISA requirements. The General Partner intends to operate the Fund as an "operating company" (within the meaning of U.S. Group of Labor regulations), or to limit investment by benefit plan investors so that the assets of the Fund will not be considered "plan assets" under ERISA.

If the Fund chooses to proceed as an operating company, it shall deliver, as of the making of its initial Investment, an opinion of counsel, and each year thereafter, a certification from the General Partner that the Fund should have qualified as a "venture capital operating company" or a "real estate operating company" for the relevant period. If the Fund does not deliver such an affirmative certification, it shall form a "**Plan Assets Committee**" consisting of the two ERISA and the two non-ERISA partners having the largest Commitments to review the pertinent circumstances and make non-binding recommendations to the General Partner, and the General Partner shall take such actions as are necessary and appropriate to mitigate, prevent, or cure any adverse consequences resulting therefrom, which may include (i) with the consent of a majority-in-interest of the ERISA partners, reducing on a *pro rata* basis the unfunded commitments of the ERISA partners; or, (ii) requiring the ERISA partners, on a *pro rata* basis, to in whole or in part transfer their interests in the Fund or withdraw from the Fund. If within 120 days of the formation of the Plan Assets Committee the Fund has not delivered the certification described above or taken acceptable actions, each ERISA partner may completely withdraw from the Fund (in which case special provisions may apply to such withdrawals) unless, prior to the effectiveness of such withdrawal, the Fund shall deliver such a certification. If 50% or more of the percentage interests of the ERISA partners so withdraw, the General Partner may elect to dissolve the Fund.

Exclusion from Certain Investments:

Limited Partners will not be obligated to contribute capital toward any Investment if, at least two business days prior to the date on which the capital contribution is required, the Limited Partner provides the General Partner with an opinion of counsel, which opinion shall be reasonably satisfactory to the General Partner, that there is a substantial likelihood that making such capital contribution or any future capital contribution would be illegal for such Limited Partner. In the event that one or more Limited Partners are excused from participation in an Investment, the General Partner may either elect for the Fund not to make the Investment or elect to make the Investment without the participation of such Limited Partner(s).

Counsel for the Fund:

Clifford Chance US LLP

Auditor for the Fund:

PricewaterhouseCoopers LLP

Placement Agent for the Fund:

Monument Group, Inc.

IX. RISK FACTORS

An investment in the Fund involves a significant amount of risk and should only be undertaken by investors capable of evaluating and bearing such risk. There can be no assurance that the Fund's investment objectives will be achieved or that there will be any return of capital. Prospective investors should consider the following factors before investing in the Fund.

Nature of Investment	An investment in the Fund requires a long-term commitment, with no certainty of return. The Fund may make investments in real estate-related assets, some of which may be experiencing or are expected to experience financial difficulties, which difficulties may never be overcome. There may be little or no near-term cash flow available to the Partners. Since the Fund may only make a limited number of investments and since many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to Limited Partners. This offering is a non-specified asset offering and the investors will not have an opportunity to evaluate specific assets prior to investing. Additionally, it should be noted that past performance is not a guarantee of future results.
Difficulty of Locating Suitable Investments	Although Berkshire has been successful in locating investments of the type suitable for the Fund in the past, the Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. There are a number of real estate investment funds and other entities looking to invest in similar investments to the Fund. As a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of even a single investment.
Restrictions on Transfer and Withdrawal	Limited partner interests are subject to restrictions on transfer. Limited Partners may not withdraw capital from the Fund other than to the extent of current income and disposition proceeds when and as required to be distributed by the Fund. It is anticipated that the offering and sale of the limited partner interests will be exempt from the registration pursuant to Regulation D promulgated under the Securities Act of 1933, as amended (the " Securities Act "). There will be no public market for the limited partner interests. The Fund will not be registered as an investment company under the Investment Company Act of 1940, as amended. Each investor will be required to represent, among other things, that it is acquiring the limited partner interests purchased by it for investment and not with a view to resale or distribution. Each investor must be prepared to bear the economic risk of an investment in the Fund for an indefinite period of time, because the limited partner interests cannot be resold unless (i) they are subsequently registered under the Securities Act and/or the applicable securities laws of any state or other jurisdiction or an exemption from such registration is available and (ii) the provisions of the Partnership Agreement relating to the restrictions on transfers of the limited partner interests are complied with to the satisfaction of the General Partner.
Forward-Looking Statements	This Memorandum contains several forward-looking statements, including but not limited to those under "Executive Summary," "Investment Highlights" and "Market Overview and Opportunity" and descriptions of goals and objectives. Although these forward-looking statements and stated goals and objectives are based upon assumptions and research which the Fund believes are reasonable, actual results of operations and achievements may differ materially from the statements, goals and objectives set forth in this Memorandum.
Reliance on Key Personnel	The success of the Fund is substantially dependent on certain key individuals. Should one or more of these individuals become incapacitated or in some other way cease to participate in the Fund, its performance could be adversely affected.
Lack of Management Rights	Limited Partners will have no opportunity to control the day-to-day operation, including investment and disposition decisions, of the Fund. The General Partner will have sole and absolute discretion in structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Fund. The General Partner and its affiliates will make all acquisition decisions. Consequently, the Limited Partners will not have the right to evaluate for themselves the merits of particular investments prior to the Fund's making such investments.
Asset Valuations	With certain limited exceptions, valuations of current income and disposition proceeds with respect to investments will be determined by the General Partner and will be final and conclusive to all Partners. If distributions upon the termination of the Fund are made in assets other than cash, the amount of any such distribution will be accounted for at the fair market value of such assets, with certain limited exceptions, as determined by the General Partner in accordance with procedures set forth in the Partnership Agreement.
Limited Recourse to General Partner	The Partnership Agreement will limit the circumstances under which the General Partner can be held liable to the Fund. As a result, Limited Partners may have a more limited right of action in certain cases than they would in the absence of those provisions.
Consequence of Default	In the event that a Partner fails to fund any of its Commitment when required, such Partner's interest in the Fund and its investments may be reduced and such Partner may be precluded from participating in further investments.

Liability for Return of Distributions

If the Fund is otherwise unable to meet its obligations, the Partners may, under applicable laws or applicable provisions of the Partnership Agreement, be obligated to return, with interest, cash distributions previously received by them to the extent such distributions are deemed to constitute a return of their capital contributions or are deemed to have been wrongfully paid to them. In addition, a Partner may be liable under applicable U.S. federal and state bankruptcy or insolvency laws to return a distribution made by the Fund with respect to an investment that becomes subject to bankruptcy or insolvency proceedings.

ERISA Considerations

If the Fund intends to qualify as a "venture capital operating company" or a "real estate operating company" in order to avoid holding "plan assets" within the meaning of ERISA, the Fund may be restricted or precluded from making certain investments. In addition, such qualification could require the General Partner to liquidate investments at a disadvantageous time, resulting in lower proceeds to the Fund than might have been the case without the need for such compliance.

Tax Considerations

An investment in the Fund involves complex U.S. federal, state and local income tax considerations that will differ for each prospective investor. A portion of a tax-exempt U.S. investor's allocable share of income from the Fund may constitute UBTI. A Non-U.S. investor may be treated as engaged in a U.S. trade or business by reason of its investment in the Fund. In addition, gain from the sale or disposition of an interest in a U.S. real property interest (as defined in the Internal Revenue Code of 1986, as amended (the "**Code**")) will generally be treated as effectively connected with an U.S. trade or business and subject to U.S. federal income (and possibly state and local) tax. Furthermore, all investors may become subject to state and local income or franchise taxes in jurisdictions where the Fund acquires real estate or otherwise conducts activities or is deemed to be engaged in business. Investors are generally subject to tax on Fund income even if distributions are not made by the Fund. The Fund anticipates utilizing one or more REITs in its investment program. A REIT is generally not subject to U.S. federal income tax to the extent that it distributes its net taxable income to its shareholders. To qualify as a REIT, a company must meet certain requirements which are technical and complex and depend on various factual matters and circumstances that may not be entirely in the Fund's control. If a REIT in which the Fund invests does not qualify as a REIT for U.S. federal income tax purposes, it would be subject to income tax at regular U.S. federal corporate income tax rates.

Each prospective investor should review the discussion in Section X "*Certain U.S. Federal Income Tax Considerations*" and consult its tax advisor with respect to the U.S. federal, state, local and foreign tax considerations of an investment in the Fund.

General Real Estate Risks

The investments will be subject to the risks incident to the ownership and operation of real estate, including risks associated with the general economic climate, local real estate conditions, geographic or market concentration, competition from other space, the ability of the Fund or third-party managers to manage the real properties, government regulations and fluctuations in interest rates. With respect to investments in the form of real property owned by the Fund, the Fund will incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

Concentration of Investment in Multifamily Properties

The General Partner expects that the Fund's investments will consist almost entirely of investments related to multifamily properties. Such concentration may increase the volatility of the Fund's returns and may also expose the Fund to the risk of economic downturns in this sector to a greater extent than if its portfolio also included other property types. As a result, economic downturns in this sector could have an adverse effect on the financial condition, results of operations and cash flow of the Fund.

Income from, and the value of, the Fund's investments may be adversely affected by the oversupply of apartments or a reduction in demand for apartments in the areas in which they are located, the attractiveness of the apartments to potential tenants, competition from other apartment properties, the Fund's ability to provide adequate maintenance and insurance and increases in operating costs. The Fund would be adversely affected if a significant number of tenants were unable to pay rent or if vacant apartments could not be rented on favorable terms.

Unlike many other types of real estate investment, multifamily properties do not have tenants occupying large portions of the property whose lease payments provide relatively reliable sources of income for extended lease terms. Instead such properties will typically have individual residential tenants and with lease terms that are often one year or less. Multifamily properties generally experience frequent tenant turnover due to factors such as transient populations, new competition in the area, and changes in the tenants' economic status. In addition to continuously needing to replace vacating tenants, tenant turnover at multifamily properties may cause the property owner to incur significant rent-up costs in order to prepare a unit for new tenants.

Investments in Mortgage Loans

With respect to investments in mortgage loans that the Fund acquires, the Fund will in large part be dependent on the ability of third parties to successfully operate the underlying properties until acquired by the Fund. In addition, certain of the mortgage loans may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. The possibility of partial or total loss of capital will exist and investors should not subscribe unless they can readily bear the consequences of such loss.

Development Activities

The Fund may invest in undeveloped land and certain development and redevelopment properties. Undeveloped land and development and redevelopment properties may involve more risk than properties on which development has been completed. Undeveloped land and development and redevelopment properties do not generate operating revenue while costs are incurred to develop or redevelop the properties, and may also generate certain expenses including property taxes and insurance. Development activities include the risk that development projects may be abandoned after expending resources, the construction may not be completed within budget or as scheduled and projected rental levels or sales prices may not be achieved. Development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy, and other required governmental permits and authorizations. Contingencies in development activities beyond the control of the Fund could occur.

Investments in Operating Companies

Among the investments the Fund may consider are debt or equity securities of real estate-related companies, which may be undergoing restructuring or require additional capital and active management. These securities are subject to various inherent risks, including that (i) equity and debt securities fluctuate in value, often based on factors unrelated to the issuer of the securities, and such fluctuations may be pronounced, (ii) such investments generally may be subject to risks with respect to the Issuer and (iii) the market for these securities may be less liquid than that for other higher rated or more widely followed securities.

Limited Information

In certain instances, the Fund may not receive access to all available information to determine fully the origination, credit appraisal and underwriting practices utilized with respect to the investments or the manner in which the investments have been serviced or operated.

Control Issues

In certain situations, the Fund may acquire a non-controlling interest in a company or other asset in which it invests, may rely on independent third-party management or strategic partners with respect to the operation of a company or other asset in which it invests or may only acquire a participation in an asset underlying an investment, and therefore, may not be able to exercise control over the management of such company or investment. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party partner or investor may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Fund or may take action contrary to the Fund's investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of its third-party partners or investors. In instances where the Fund co-invests with an Alternative Entity, a Co- Investment Vehicle or a Successor Fund, the Fund may not have absolute control over the management of such investment.

Liquidity Considerations

Some of the investments made by the Fund may be highly illiquid, and there may be no assurance that the Fund will be able to realize on such investments in a timely manner. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale by the Fund. Real estate investments by their nature are often difficult or time-consuming to liquidate.

Investments Longer than Term	The Fund may make investments that may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partner expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the General Partner has a limited ability to extend the term of the Fund and the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.
Leverage and Interest Rates	The investments will likely utilize a leveraged capital structure, in which case a third party typically would be entitled to cash flow generated by such investments prior to the Fund receiving a return. Fluctuating or rising interest rates may adversely affect the ability of the Fund to successfully acquire investments and may also adversely affect the performance of the investments. Use of borrowed funds to leverage acquisitions involves a high degree of financial risk and can amplify the effect of any increase or decrease in value of an investment and will increase the exposure of the investments to adverse economic factors, such as fluctuations in interest rates, downturns in the local economy in which the investments are located or deterioration in the condition of the investments.
Environmental Considerations	As is the case with any holder of real estate investments, the Fund could face substantial risk of loss from claims based on environmental problems associated with the investments. As an investor in real property, if the Fund is deemed to have exercised "control" over the operation or management of the property, the Fund may face liabilities associated with past or present environmental damage or contamination. The Fund also faces the risk of possible increased local, state and U.S. federal environmental regulations. Changes in environmental regulations could increase the operating expenses of investments or even force a complete change in the use of the real property in which the Fund invests.
Bankruptcy Considerations	Investments made in assets operating in workout modes or under Chapter 11 of the U.S. Bankruptcy Code could, if the Fund inappropriately exercises control over the management and policies of the debtors, be subordinated or disallowed, and the Fund could be liable to third parties in such circumstances. Furthermore, distributions made to the Fund in respect of such investments, and distributions by the Fund to the Partners, could be recovered if such distributions are found to be a fraudulent conveyance or preferential payment under concepts of applicable bankruptcy laws.
Compliance with Rules and Regulations	In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the Fund may request prospective and existing Limited Partners to provide additional documentation verifying, among other things, such Limited Partner's identity, including the identity of such Limited Partner's owners, stockholders and/or stakeholders, and the source and type of funds used to purchase its limited partner interests. The General Partner may decline to accept a subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation may be made at any time during which a Partner holds a limited partner interest. The General Partner may be required to provide this information, or report the failure to comply with such requests, to governmental authorities, in certain circumstances without notifying the Limited Partner that the information has been provided. The General Partner will take such steps as it determines may be necessary to comply with applicable laws, rules, regulations, orders, directives, special measures that may be required by government regulators or interpretation thereof by the appropriate regulatory authority having jurisdiction, and to which the Fund to the General Partner is subject, including, with the opinion of counsel, requiring a Limited Partner to stop making additional contributions of capital to the Fund, requiring a Limited Partner to deposit distributions to which such Limited Partner would otherwise be entitled into an escrow account or causing the withdrawal of a Limited Partner from the Fund.
Conflicts	The Fund will rely on the General Partner and Berkshire for the day-to-day administration and operation of the Fund and the management of the investments. Affiliates of Berkshire may own interests in other properties in the same general location as the properties in which the Fund has an interest, and such properties may compete with those of the Fund for buyers, tenants, or financing. BIR, an affiliate of Berkshire, has limited rights, as described in this Memorandum, to acquire investments that might be suitable for the Fund. As a result, the General Partner may encounter conflicts of interest in allocating investments, management time and services between such investments and entities. The General Partner believes that each of it and Berkshire has, and will in the future continue to have, adequate personnel and resources to fully discharge their obligations to the Fund and such other real estate investments and can identify sufficient attractive investments to deploy all available capital.

In addition, certain services may be provided to the Fund by the General Partner or affiliates of the General Partner. The General Partner believes that the terms and conditions of such service will be at least comparable to the terms and conditions that would be arrived at through arm's-length negotiations if the services covered were to be obtained from one or more independent third parties.

In addition to the Investment Management Fee and investment returns generated by the Fund, Berkshire may realize other significant benefits from the operation of the Fund, including earnings from managing the properties related to the Fund's Investments. BIR may directly or indirectly invest in the Fund.

Clifford Chance US LLP is acting as legal counsel to the Fund, the General Partner and Berkshire in connection with this private placement offering. Clifford Chance US LLP has also acted as legal counsel for, and continues to act as legal counsel for, Berkshire and its affiliates. Clifford Chance US LLP is not acting as legal counsel for any Limited Partner or potential investor and such persons are advised to retain and consult with their legal counsel.

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X. CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

IMPORTANT NOTICE: Any discussion herein regarding U.S. federal income tax matters is not intended or written to be used, and cannot be used for the purpose of avoiding penalties under the Code and was written to support the marketing or promotion of the transaction(s) or matter(s) addressed herein. Prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

The following is a summary discussion of certain U.S. federal income tax considerations relating to an investment in the Fund. This discussion is based on provisions of the Code, U.S. Treasury regulations issued thereunder and published administrative rulings and judicial decisions, all as of the date of this memorandum. No assurance can be given that future legislation, administrative rulings, court decisions or regulatory action will not modify the discussion set forth herein, possibly with retroactive effect. This discussion covers only U.S. federal income tax matters and does not address any other U.S. federal, state, local or foreign tax considerations. This discussion is necessarily general, and the actual tax consequences for each prospective investor of the purchase and ownership of Interests in the Fund will vary depending upon each investor's individual circumstances. This discussion does not consider the particular circumstances of each prospective investor and is not intended to be applicable to all categories of investors, including investors who hold their interests in the Fund as other than a capital asset, such as banks, thrifts, insurance companies, dealers in securities or persons who adopt a mark-to-market method of accounting. Furthermore, this discussion does not address the tax consequences relating to every potential investment the Fund may make.

For purposes of this discussion, a "**U.S. Person**" is an individual who is a citizen or a resident of the United States for U.S. federal income tax purposes; a corporation that is organized in or under the laws of the United States or any political subdivision thereof; an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or a trust (i) that is subject to the supervision of a court within the United States and the control of a U.S. Person as described in Section 7701(a)(30) of the Code or (ii) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. Person. A "**U.S. Limited Partner**" is a Limited Partner that is a U.S. Person. A "**Non-U.S. Limited Partner**" is a Limited Partner that is not a U.S. Person. This discussion does not address the tax consequences applicable to Limited Partners that are partnerships, including for this purpose any entity treated as a partnership for U.S. federal income tax purposes, or to persons who are partners in partnerships that own Interests in the Fund.

Each prospective investor is urged to consult its advisor with respect to the U.S. federal, state, local and foreign tax consequences of the purchase and ownership of Interests in the Fund.

Partnership Status. The Fund intends to operate as a partnership for U.S. federal income tax purposes and not as an association or "publicly-traded" partnership taxable as a corporation. Provided the Fund is treated as a partnership, the Fund itself will not be subject to U.S. federal income tax. The Fund will file an annual information return with the Internal Revenue Service (the "**IRS**") that reports the results of its operations. Each Partner will be required to report separately on its U.S. federal income tax return its allocable share of the Fund's net long-term capital gain or loss, net short-term capital gain or loss and all other items of ordinary income, deduction and loss. Each Partner will be required to take into account its allocable share of the Fund's taxable income and gain regardless of whether it has received or will receive a distribution from the Fund. Each Partner may be required to file for extensions for the completion of their income tax returns.

Under Section 7704 of the Code, certain "publicly-traded" partnerships are treated as corporations for U.S. federal income tax purposes. A partnership is "publicly-traded" if interests in the partnership are traded on an established securities market or are readily tradable on a secondary market (or the substantial equivalent thereof). The General Partner intends to operate the Fund in such a manner that it will not be classified as a publicly-traded partnership.

Taxation of U.S. Limited Partners

Each U.S. Limited Partner will be required to report on its U.S. federal income tax return, and will be taxed upon its allocable share of, each item of the Fund's income, gain, loss, deduction and credit for each taxable year of the Fund ending with or within the U.S. Limited Partner's taxable year. (See "Allocations of Income, Gain, Loss and Deduction" below.) Generally, each item will have the same character and the same source to a U.S. Limited Partner as though the U.S. Limited Partner realized the item directly. U.S. Limited Partners must report these items regardless of the extent to which, or whether, they receive cash distributions from the Fund for such taxable year and thus may incur income tax liabilities from an investment in the Fund regardless of whether they receive any distributions from the Fund.

Distributions. Distributions of cash and, in certain circumstances, marketable securities, from the Fund to a U.S. Limited

Partner will reduce the adjusted basis of the U.S. Limited Partner's interest in the Fund by the amount of such cash distribution (or the value of such marketable securities). To the extent such distributions exceed the adjusted basis of a U.S. Limited Partner's interest in the Fund, such U.S. Limited Partner will be treated as having recognized gain from the sale or exchange of such interest in the Fund. In general, distributions (other than liquidating distributions) of property other than cash or marketable securities will reduce the adjusted basis (but not below zero) of a U.S. Limited Partner's interest in the Fund by the amount of the Fund's adjusted basis in such property immediately before its distribution but will not result in the recognition of taxable income to the Limited Partner.

Allocations of Income, Gain, Loss and Deduction. Pursuant to the Partnership Agreement, items of the Fund's income, gain, loss and deduction will be allocated so as to take into account the interests of the Partners in the Fund. U.S. Treasury regulations promulgated under the Code provide that allocations of items of income, gain, loss, deduction or credit will be respected for tax purposes if such allocations have "substantial economic effect" or are determined to be in accordance with the Partners' interests in the Fund. The General Partner intends to follow the allocations in the Partnership Agreement in preparing tax information returns. If the IRS were to redetermine the allocations to a particular U.S. Limited Partner, such redetermination could have a material adverse effect to such U.S. Limited Partner.

Basis. Each U.S. Limited Partner will be entitled, subject to certain limitations, to deduct its allocable share of the Fund's losses to the extent of its tax basis in its Interest at the end of the tax year of the Fund in which such losses are recognized. A U.S. Limited Partner's tax basis in its interest in the Fund is, in general, equal to the amount of cash the U.S. Limited Partner has contributed to the Fund, increased by the U.S. Limited Partner's proportionate share of income and liabilities of the Fund, and decreased by the U.S. Limited Partner's proportionate share of reductions in such liabilities, cash distributions and losses.

Limitations on Deductions. The ability of a U.S. Limited Partner to deduct a net loss attributable to the Fund from its taxable income from other sources may be subject to certain limitations under the Code. These limitations include the basis limitations under Section 704 of the Code and for certain investors, such as individuals and closely held corporations, the "at risk" rules of Section 465 of the Code. Additionally, individuals will be subject to limitations on interest deductions under Section 163 of the Code and limitations on passive activity losses under Section 469 of the Code. Because of some of these limitations, if the Fund has losses and income from different types of activities, certain U.S. Limited Partners may not be able to use losses from the Fund to reduce income therefrom. As noted above, the General Partner anticipates utilizing one or more REITs in its investment program. As set forth in "Real Estate Investment Trusts — Taxation of REIT Shareholders," below, while a REIT may use its own losses and deductions to reduce the REIT's taxable income, shareholders of a REIT are not able to claim losses and deductions generated by the REIT in computing their taxable income.

Subject to certain exceptions, all miscellaneous itemized deductions of an individual taxpayer, and certain of such deductions of an estate or trust, are deductible only to the extent that such deductions exceed 2% of the taxpayer's adjusted gross income. Moreover, the otherwise allowable itemized deductions of an individual taxpayer whose adjusted gross income exceeds an applicable threshold amount are subject to reduction by an amount equal to the lesser of (i) 3% of the excess of such individual's adjusted gross income over the threshold amount or (ii) 80% of the amount of the itemized deductions otherwise allowable. These limitations do not apply to the extent the Fund is deemed to be engaged in a trade or business and its expenses are deemed to be ordinary and necessary expenses of that trade or business. Based on the proposed activities of the Fund, it may not be considered to be engaged in a trade or business. For tax years beginning in 2007, however, the foregoing reduction is limited to $\frac{2}{3}$ of the amount that would otherwise be reduced, and for tax years beginning in 2008 and 2009 the reduction is limited to $\frac{1}{3}$ of the amount that would otherwise be reduced. For tax years beginning after 2009, the foregoing reduction is eliminated entirely.

In addition, the American Jobs Creation Act of 2004 added Section 470 to the Code, which limits the use of deductions with respect to certain tax-exempt use property. Under this provision, to the extent deductions with respect to tax-exempt use property exceed the income generated from such property, the excess deductions are disallowed in that year, and carried forward to the subsequent year. Although this provision was designed to curb certain abusive leasing transactions, it also potentially applies to property owned by a partnership to the extent the partnership is owned by tax-exempt investors, which, for this purpose, includes foreign persons. It is unclear whether Section 470 may be applied to property owned by a REIT when the REIT is owned directly or indirectly by tax-exempt investors. While the IRS and the Treasury Group may provide future guidance with regard to the application of Section 470, there is no current deferral of the application of Section 470 to partnerships, and Limited Partners should be aware that their ability to take certain deductions resulting from their investment in the Fund may be limited by Section 470.

Organization, Management and Syndication Expenses. In general, neither the Fund nor any Partner may deduct organizational or syndication expenses. The Fund intends to elect to amortize organizational expenses over a 180-month period. Syndication expenses (which would include any sales or placement fees or commissions), however, must be

capitalized and cannot be amortized or otherwise deducted. Otherwise allowable deductions with respect to all or part of the organizational expenses of the Fund, the management fee, and other amounts treated as compensation paid to the General Partner, may be treated as miscellaneous itemized deductions subject to the limitations discussed above or may require capitalization.

Tax-Exempt Investors

Operating Income. Qualified pension, profit sharing and stock bonus plans, certain educational institutions and their affiliated support organizations and certain other tax-exempt entities are subject to U.S. federal income taxation at individual income tax rates, or, in the case of certain entities, corporate income tax rates on their UBTI. Subject to certain exceptions described below, UBTI is defined as the gross income derived by such a tax-exempt entity from an unrelated trade or business (including a trade or business conducted by a partnership of which the tax-exempt entity is a partner), less the deductions directly connected with that trade or business. UBTI generally does not include dividends, interest, certain types of rents from real property and gain or loss derived from the sale of property (other than gain or loss derived from the sale of inventory and property sold to customers in the ordinary course of a trade or business) but does include operating income from certain businesses owned directly or through entities treated as transparent for U.S. federal income tax purposes. Fee income actually received or deemed to be received by the Fund or a tax-exempt Limited Partner may be treated as UBTI in certain circumstances.

Acquisition Indebtedness. If a tax-exempt entity's acquisition of an interest in the Fund is debt financed or the Fund incurs "acquisition indebtedness" that is allocated to the acquisition of an Investment, then UBTI includes a percentage of gross income (less the same percentage of deductions) derived from such investment regardless of whether such income would otherwise be excluded from UBTI as dividends, interest, rents, gain or loss from the sale of eligible property or similar income. The percentage referred to above is, in the case of operating income, the average amount of acquisition indebtedness for a taxable year with respect to a property over the average adjusted basis for such year for the property or, in the case of a sale of an Investment, is the highest amount of indebtedness outstanding for the 12-month period prior to the sale with respect to the property over the average adjusted basis for such year for the property. Acquisition indebtedness includes the amount of (i) any mortgage or lien to acquire property or to which the property is subject at the time of its acquisition and (ii) debt incurred after the acquisition or improvement of any property if the debt would not have been incurred but for such acquisition or improvement and the incurrence of the debt was reasonably foreseeable at the time of the acquisition or improvement.

The Fund may acquire real estate properties producing income that could be UBTI, if earned directly by a tax-exempt entity, without regard to whether it was debt financed. In addition, the Fund generally intends to obtain financing in connection with its Investments under circumstances that cause income and gain to be UBTI under the debt-financed property rules, if the debt were incurred and the income were earned directly by a tax-exempt entity. In managing the Fund and its Investments, the General Partner intends to use its reasonable best efforts to structure such investments so as to minimize the recognition of UBTI by tax-exempt investors. To meet this standard, the General Partner may structure an investment through an alternative vehicle, such as a REIT, depending on the situations of various investors. However, no assurances can be made that an investment in the Fund by a tax-exempt investor will not generate UBTI, and each tax-exempt investor is urged to consult its tax advisor in this regard.

Private Foundations. In some instances, an investment in the Fund by a private foundation could be subject to an excise tax to the extent that such investment constitutes an "excess business holding" within the meaning of the Code. For example, if a private foundation (either directly or after taking into account the holdings of its disqualified persons) acquires more than 20% of the profits interests in the Fund (or 35%, if effective control of the Fund is in one or more persons that are not disqualified persons with respect to the foundation), the private foundation may be considered to have an excess business holding unless at least 95% of the Fund's gross income is from passive sources within the meaning of Section 4943(d)(3)(B) of the Code and the private foundation does not own, through the Fund, an excess amount of the voting stock or equivalent in any business enterprise owned by the Fund. Private foundations should consult their tax advisors regarding the excess business holdings provisions and all other aspects of Chapter 42 of the Code relating to an investment in the Fund.

Real Estate Investment Trusts

As discussed above, the Fund anticipates utilizing one or more REITs (each a "**REIT Subsidiary**") in its investment program. In light of that, and the complexity of the REIT provisions of the Code, certain aspects of such rules are discussed below.

Taxation of a REIT. Under the Code, a REIT itself is generally not subject to U.S. federal income tax to the extent that it

distributes its net taxable income to its shareholders. To qualify as a REIT, a company must meet a number of technical U.S. federal income tax requirements, including requirements relating to ownership of shares, nature and diversification of assets, sources of income and distributions. The Fund anticipates that each REIT Subsidiary will satisfy such requirements. In summary form, these technical requirements as they would apply to the Fund include the following: (i) a REIT must have at least 100 beneficial owners; (ii) shares in the REIT must be transferable; (iii) there must be no group of five or fewer individuals (as defined in the Code to include certain entities) holding in the aggregate, directly or through the Fund, more than 50% (by value) of the REIT; (iv) a REIT generally must distribute substantially all of its net taxable income on a current basis; (v) 75% of a REIT's gross income must be from real property, mortgages and certain related types of assets and 95% must be from those sources together with certain types of passive investment income; (vi) at least 75% of the value of a REIT's total assets must be represented by real estate assets, cash and cash items and government securities; (vii) a REIT is subject to limits on its ability to receive rent or interest which is dependent upon income or profits; (viii) a REIT generally cannot directly receive substantial income from managing properties or performing other services; and (ix) a REIT is subject to significant limits on its ability to develop or hold properties primarily for resale.

If an entity fails to qualify as a REIT and is not able to cure such failure under the applicable provisions of the Code, it would be subject to U.S. federal income tax (including any applicable alternative minimum tax) on its net taxable income at regular corporate rates, and it would not be permitted to deduct distributions to its shareholders. In addition, to the extent of current and accumulated earnings and profits, all distributions would be taxable as dividend income and, subject to certain limitations under the Code, corporate distributees could be eligible for the dividends-received deduction.

Assuming an entity through which the Fund invests qualifies as a REIT, in general, the REIT will not be subject to U.S. federal income tax on the portion of its net ordinary income and capital gain that is distributed to shareholders. The REIT would be subject to tax at corporate rates on any net ordinary income and capital gain not so distributed. The REIT would also be subject to a tax equal to 100% of any net income from a prohibited transaction and to alternative minimum tax liability (which could arise if it has significant items of tax preference). A "prohibited transaction" is a sale of inventory or property held primarily for sale to customers in the ordinary course of business (such as condominium units). The Fund generally does not anticipate that any REIT established by the Fund will be engaged in prohibited transactions or have any significant items of tax preference.

A REIT will be subject to a 4% non-deductible excise tax for each calendar year on the excess of its "required distribution" for such calendar year over its "distributed amount" for such calendar year. The "required distribution" is the sum of 85% of the REIT's ordinary net taxable income for such calendar year, plus 95% of its capital gain net income for the year with certain adjustments. The "distributed amount" is the deduction for dividends paid, plus the amount of a REIT's taxable income or capital gains subject to corporate level tax for the calendar year, with certain adjustments. The Fund intends that its REIT Subsidiaries will generally make sufficient distributions each year to avoid liability for the 4% excise tax.

Taxation of REIT Shareholders. Each of the Partners in the Fund will be allocated a portion of the income that the Fund realizes with respect to its ownership of a REIT Subsidiary. Each Partner will generally be taxed with respect to this allocated income in the same manner as if such Partner held the shares of the REIT Subsidiary directly. Distributions made by a REIT to its shareholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) will be taken into account by them as ordinary income and will not be eligible for the dividends-received deduction for corporations. In addition, such distributions will generally not be eligible for the reduced rates of U.S. federal income tax for non-corporate shareholders that apply to "qualified dividend income." Distributions that a REIT designates as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed the REIT's actual net capital gain for the taxable year) without regard to the period for which the shareholder has held its shares. However, corporate shareholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. Distributions in excess of current and accumulated earnings and profits will generally not be taxable to a shareholder to the extent that they do not exceed the shareholder's adjusted basis in its shares, but rather will reduce such adjusted basis. To the extent that such distributions exceed the adjusted basis of a shareholder's shares they will be included in income as long-term capital gain (or short-term capital gain if the shares have been held for one year or less), assuming the shares are a capital asset in the hands of the shareholder. Any consent dividends deemed paid by a REIT will generally be taxable as ordinary income to the shareholders to the extent of earnings and profits, even though no cash will be distributed by the REIT. Shareholders may not include in their income tax returns any net operating losses or capital losses of a REIT.

A shareholder's gain on the sale of its shares in a REIT will be taxed at long-term or short-term capital gain rates, depending on how long the shares were held, and assuming the shares were a capital asset in the hands of the shareholder. However, in general, any loss upon a sale or exchange of shares by a shareholder that has held such shares for six months or

less (after applying certain holding period rules) will be treated as a long-term capital loss to the extent of previous distributions from a REIT to the shareholder that were required to be treated by such shareholder as long-term capital gain.

Taxation of Tax-Exempt REIT Shareholders. Income derived from an investment in a REIT generally is not treated as UBTI to the holder of shares in the REIT, assuming the shares are not debt-financed or used in an unrelated business of such holder. In general, borrowings by a REIT will not cause a partnership owning shares in such REIT to be considered to have acquisition indebtedness with respect to such REIT for UBTI purposes.

Notwithstanding the foregoing, a pension trust qualified under Section 401(a) of the Code (a "**qualified trust**") that owns more than 10% of a REIT's shares may be required to recognize UBTI with respect to income derived from a REIT if the REIT is "pension-held." In general, a "pension-held REIT" is a REIT of which: (i) at least one qualified trust owns more than 25% or (ii) a group of qualified trusts, each separately holding more than 10% of the REIT, collectively own more than 50%.

If a REIT is pension-held, it must determine the extent to which its dividends would constitute UBTI for its more than 10% qualified trust shareholders. For this purpose, the activities of the REIT are tested for UBTI as if it were a qualified trust. Qualified trusts are not required to report UBTI with respect to REIT dividends if the REIT's gross income that would be deemed to be UBTI (less direct expenses) constitutes less than 5% of its gross income (less direct expenses). Thus, if the REIT would not have generated UBTI at least equal to 5% of its income if it were a qualified trust, then no qualified trust holding shares in the REIT will have UBTI with respect to the REIT's dividends. Conversely, if the REIT would have recognized UBTI at least equal to 5% of its income if it were a qualified trust, then any qualified trust that owns more than 10% of a pension-held REIT will recognize UBTI on the REIT's dividends in the same proportion as the REIT's deemed gross UBTI (less direct expenses) bears to its total gross income (less direct expenses).

Each tax-exempt investor is urged to consult its tax advisor regarding the tax consequences of investing the Fund, including the tax consequences to such investor of the Fund's investment in a REIT Subsidiary.

Non-U.S. Limited Partners

Effectively Connected Income. Some or all of the investments made by the Fund may constitute a U.S. trade or business. In general, Non-U.S. Limited Partners in a partnership that is "engaged in a trade or business in the United States" within the meaning of the Code are themselves considered to be engaged in a trade or business in the United States. Thus, Non-U.S. Limited Partners that invest in the Fund directly or through a transparent entity should be aware that the Fund's income and gain from (as well as gain from the sale of Interests in the Fund attributable to) Investments may be treated as effectively connected with the conduct of a U.S. trade or business and thus be subject to tax (at the U.S. federal and possibly state and local levels) at regular U.S. federal income tax rates even though such investor has no other contacts with the United States. The Fund will generally withhold a Non-U.S. Limited Partner's allocable share of any taxable income of the Fund that is effectively connected with a U.S. trade or business (whether or not such income is distributed) at the maximum applicable U.S. federal income tax rate then in effect. Notwithstanding that some or all of such taxes may be collected by withholding, Non-U.S. Limited Partners may be required to file U.S. federal (and possibly state and local) tax returns. Withholding tax may be claimed as a credit against a Non-U.S. Limited Partner's U.S. federal income tax liability.

Prospective investors that are foreign corporations should also be aware that the 30% U.S. federal "branch-profits tax" and "branch-level interest tax" may apply to an investment in the Fund by a foreign corporate Limited Partner, although the rate at which such taxes apply may be reduced or such taxes may be eliminated entirely for residents of certain countries with tax treaties with the United States. Non-U.S. Limited Partners who wish to claim the benefit of an applicable income tax treaty may be required to satisfy certain certification requirements. Fee income actually received or deemed to be received by the Fund or the Non-U.S. Limited Partners may also cause the Fund and the Non-U.S. Limited Partners to be treated as engaged in a U.S. trade or business.

Fixed or Determinable Annual or Periodic Income. If the Fund generates U.S. source income that is not effectively connected with a U.S. trade or business, Non-U.S. Limited Partners will be generally subject to a U.S. federal withholding tax of 30% (unless reduced by an applicable treaty) on all "fixed or determinable annual or periodical gains, profits and income" (as defined in the Code and including, but not limited to, interest and dividends) and certain other gains and original issue discount, which are included in the Non-U.S. Limited Partners' allocable share of partnership income (whether or not distributed).

FIRPTA. Regardless of whether the Fund's activities constitute a trade or business giving rise to U.S. effectively connected income, under provisions added to the Code by the Foreign Investment in Real Property Tax Act of 1980 ("**FIRPTA**"), Non-

U.S. Limited Partners are taxed on the gain derived from the disposition of U.S. real property (including gain allocated pursuant to the Partnership Agreement upon a sale of assets by the Fund) and interests in certain entities treated as corporations for U.S. federal income tax purposes owning real U.S. property. An interest in a "domestically controlled REIT" (i.e., a REIT that is less than 50% owned, directly or indirectly, by non-U.S. persons at all times during a designated testing period) is generally not treated as U.S. real property under FIRPTA. Under FIRPTA, Non-U.S. Limited Partners treat gain or loss from dispositions of U.S. real property as if the gain or loss were effectively connected with a U.S. trade or business and therefore are required to pay U.S. federal income taxes at regular U.S. federal income tax rates on such gain or loss. Generally, the Fund will be required to withhold an amount equal to 35% of the gain attributable to the U.S. real property interest realized on the sale of the Fund's property to the extent such gain is allocated to a Non-U.S. Limited Partner. Also, such gain may be subject to a 30% profits-tax in the hands of a Non-U.S. Limited Partner that is a corporation (as discussed above).

On a sale of a Non-U.S. Limited Partner's Interest, if (i) 50% or more of the Fund's gross assets consist of U.S. real property interests, and (ii) 90% or more of the Fund's gross assets consist of U.S. real property interests and cash or cash equivalents, a purchaser will be required to withhold U.S. federal income tax on the full amount of the purchase price. Regardless of whether the Fund satisfies these requirements, gain attributable to the Fund's U.S. real property interests will be subject to U.S. federal income tax.

Real Estate Investment Trusts. A previously discussed under "Real Estate Investment Trusts," the Fund may establish one or more REIT Subsidiaries through which Investments may be made. Each of the Partners in the Fund will be allocated a portion of the income that the Fund realizes with respect to its ownership of shares of a Subsidiary REIT. Each Non-U.S. Limited Partner will generally be taxed with respect to this allocated income in the same manner as if such Non-U.S. Limited Partner held the shares of the REIT directly. Accordingly, dividends from a REIT Subsidiary that are not attributable to gains from the sale of U.S. real property interests would be subject to U.S. federal withholding tax at a 30% rate (as reduced by applicable treaty). Dividends that are attributable to gains from the sale of U.S. real property interests would be subject to U.S. federal income tax under FIRPTA and subject to withholding tax at the maximum applicable U. S. federal income tax rate. For these purposes, dividends paid are first considered attributable to gains from the sale of U.S. real property interests, if any. Gains on the sale of the stock of a REIT Subsidiary, however, would not be subject to U. S. federal income tax, provided the REIT Subsidiary was domestically controlled. No assurance can be provided, however, that the Fund's REIT Subsidiaries will be, or will remain, domestically controlled.

Non-U.S. Persons or entities considering investing in the Fund should consult their tax advisors with respect to the specific tax consequences to such person or entity of an investment in the Fund, including the Fund's investment in a REIT Subsidiary, under U.S. federal, state, local, and foreign tax laws.

State and Local Tax

In addition to the U.S. federal income tax consequences described above, prospective investors should consider potential state and local tax consequences of an investment in the Fund. State and local laws often differ from U.S. federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. The Fund may be subject to state and/or local tax (including unincorporated business tax), depending on the location and scope of the Fund's activities. In addition, a state in which a Partner is not a resident but in which the Fund may be deemed to be engaged in business may impose a tax on that Partner with respect to his or its share of Fund income derived from that state. Under some circumstances, a Partner with tax liabilities to more than one state may be entitled to a deduction or credit for taxes paid to one state against the tax liability to another.

Possible Legislative or Other Actions

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and The Treasury Department. Changes to the tax law, which may have retroactive application, could adversely affect the Fund and its investors. It cannot be predicted whether, when, in what forms, or with what effective dates, the tax law applicable to the Fund or its investors will be changed.

Backup Withholding

Backup withholding of U.S. federal income tax may apply to distributions (or some portion thereof) made by the Fund to Limited Partners who fail to provide the Fund with certain identifying information (such as the Limited Partner's tax identification number). U.S. Limited Partners may comply with these identification procedures by providing the Fund a duly completed and executed IRS Form W-9 (Request for Taxpayer Identification Number and Certification). Non-U.S. Limited

Partners may comply with these identification procedures by providing the Fund with the relevant IRS Form W-8, duly completed and executed.

Importance of Obtaining Professional Advice

THE FOREGOING ANALYSIS IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. ACCORDINGLY, PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND.

XI. CERTAIN ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974 ("**ERISA**") and Section 4975 of the Code prohibit, among other things, certain transactions that involve (i) certain pension, profit sharing, employee benefit or retirement plans or individual retirement accounts (each, a "**Plan**") and (ii) any person who is a "party in interest" or "disqualified person" with respect to a Plan. Consequently, the fiduciary of a Plan contemplating an investment in the Interests should consider whether the Fund, the General Partner, any other person associated with the issuance of the Interests, or any affiliate of the foregoing is or might become a "party in interest" or "disqualified person" with respect to the Plan and, if so, whether an exemption from such prohibited transaction rules is applicable. In addition, Group of Labor regulations provide that, subject to certain exceptions, the underlying assets of an entity in which a Plan holds an equity interest may be considered assets of an investing Plan, in which event, the underlying assets of such entity (and transactions involving such assets) would also be subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code. The Fund intends to qualify for one or more of the exceptions available under such regulations and thereby prevent the underlying assets of the Fund from being considered assets of any investing Plan.

The following is a summary discussion of certain considerations associated with an investment in the Fund by a pension, profit sharing or other employee benefit plan subject to Title I of ERISA, or by a plan subject to Section 4975 of the Code, including tax-qualified retirement plans described in Section 401(a) of the Code, tax-qualified annuity plans described in Section 403(b) of the code and individual retirement accounts or individual retirement annuities described in Section 408 of the Code. Each such "employee benefit plan" under ERISA and each such "plan" under Section 4975 is hereinafter referred to as a "Plan."

This discussion is necessarily general and does not address all aspects of issues that may arise under ERISA or the Code. No assurance can be given that future legislation, administrative rulings, court decisions or regulatory action will not modify the conclusions set forth in this discussion.

General Fiduciary Matters

ERISA imposes certain duties on persons who are fiduciaries of an employee benefit plan. Under ERISA, any person who exercises any discretionary authority or control over administration of a Plan or the management or disposition of the assets of a Plan (including entities whose underlying assets include "plan assets" under the Plan Assets Regulations, as defined below), or who renders investment advice to the Plan for a fee or other compensation, is generally considered to be a fiduciary of the Plan.

Before purchasing Interests in the Fund with the assets of a Plan, a fiduciary of any Plan subject to ERISA should consider, particularly in light of the risks and lack of liquidity inherent in an investment in the Fund (i) whether investment in the Fund satisfies the prudence, diversification and liquidity requirements of ERISA; (ii) whether the investment is in accordance with the Plan's investment policies and governing documents and is otherwise an appropriate investment and (iii) whether the Fund will hold plan assets subject to ERISA and Section 4975 of the Code pursuant to the Plan Assets Regulation (as defined below). A fiduciary of any Plan should also consider whether the purchase or ownership of Interests in the Fund would constitute or give rise to a prohibited transaction under ERISA or the Code (as discussed below). A fiduciary can be personally liable for losses incurred by a Plan resulting from a breach of fiduciary duties.

Prohibited Transactions

Certain provisions of ERISA and Section 4975 of the Code prohibit specific transactions involving the assets of a Plan and persons who have certain specified relationships to the Plan ("Parties in interest" under ERISA and "disqualified persons" under Section 4975 of the Code). Under ERISA and the Code, any person who exercises any discretionary authority or control over the management or disposition of the assets of a Plan is generally considered to be a fiduciary of such Plan. Any party in interest (including a fiduciary) that has engaged in a prohibited transaction would be required (i) to restore to the

Plan any profit realized on the transaction, and (ii) to reimburse the Plan for any losses suffered by the Plan as a result of such transaction. The disqualified person would also be required to pay an excise tax equal to 15% (or a fine equal to 5%, as applicable) of the amount involved in the prohibited transaction for each year, and could be required to pay an excise tax equal to 100% of the amount involved if the transaction is not corrected within a certain time period.

The General Partner or other entities involved in this offering of Interests in the Fund, or their respective affiliates, may be a fiduciary, a "party in interest" or a "disqualified person" with respect to Plans that purchase, or whose assets are used to purchase, Interests in the Fund. Absent an available prohibited transaction exemption, the fiduciaries of a Plan should not purchase Interests with the assets of any Plan if the General Partner or any affiliate thereof is a fiduciary with respect to such assets of the Plan unless such fiduciaries of such plan have otherwise concluded that no prohibited transactions would arise. Plan fiduciaries should consult their own legal advisors as to whether such purchases could result in liability under ERISA or the Code.

Plan Assets

Prospective Plan investors should also consider whether an investment in Interests in the Fund would cause the underlying assets of the Fund to be deemed "plan assets" with respect to the Plan. If the underlying assets of the Fund were deemed to be "plan assets," then, among other results, (i) the prudence and other fiduciary standards of ERISA would apply to investments made by such entities, (ii) certain transactions that such entity might enter into in the ordinary course of business and operation might constitute "prohibited transactions" under ERISA and the Code, (iii) those with discretion over (or who provide investment advice with respect to) the investment or administration of the Fund could become Plan fiduciaries and (iv) various reporting and other obligations under Parts 1 and 4 of Subtitle B of ERISA might be expanded. Possible effects are also further discussed below.

ERISA and the Code do not define "plan assets." However, certain regulations (the "**Plan Assets Regulation**") promulgated by the United States Group of Labor generally provide that when a Plan subject to Title I of ERISA or Section 4975 of the Code acquires an equity interest in an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity. Exceptions to this "look-through" rule apply if (i) equity participation in the entity by "benefit plan investors" is not "significant," or (ii) the entity is an "operating company," in each case as defined in the Plan Assets Regulation. Under the Plan Assets Regulation, equity participating in an entity is not "significant" if less than 25% of the value of each class of equity interests in the entity is held by benefit plan investors, disregarding equity interests held by persons with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof. For purposes of this 25% test, "benefit plan investors" include all Plans subject to ERISA or Section 4975 of the Code and other entities whose assets are considered "plan assets" under ERISA and the Plan Assets Regulation. The Plan Assets Regulation defines an "operating company" as "an entity that is primarily engaged, directly or through a majority-owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital." The term "operating company" also includes an entity that is a "venture capital operating company" (a "**VCOC**") or a "real estate operating company" (a "**REOC**").

Generally, an entity will be considered a VCOC if (i) on its "initial valuation date" (as defined in the Plan Asset Regulations) and during prescribed annual testing periods thereafter, at least 50% of its assets (other than short-term investments pending long-term commitment), valued at cost, are (A) invested in operating companies (other than VCOCs) as to which the entity has or obtains "management rights," or (B) are derivative investments (i.e., venture capital investments that have ceased to be such by reason of public offering or exchanges of the entity's securities), and (ii) the entity, in the ordinary course of business, actually exercises such "management rights" at least annually with respect to one or more of the more of the operating companies in which it invests. The Plan Assets Regulation defines "management rights" as direct contractual rights between an investor and the operating company in which the investor has invested to participate substantially in, or to influence substantially the conduct of, the management of the operating company. The Plan Assets Regulation does not provide specific guidance regarding what rights will qualify as management rights, and the Group of Labor has taken the position that such determination generally can only be made in light of the surrounding facts and circumstances of each particular case.

Generally, an entity will be considered a REOC if, during the same type of testing periods as apply to VCOCs, at least 50% of its assets (other than short-term investments pending long-term commitment), valued at cost, are invested in real estate which is managed or developed and with respect to which such entity has the right to substantially participate directly in the management or development activities, and the entity, in the ordinary course of its business, is engaged in real estate development or management activities.

In order to avoid the underlying assets of the Fund from being deemed "plan assets," the General Partner will use commercially reasonable efforts to operate the Fund so that the Fund qualifies as either a VCOC or REOC under the Plan Assets Regulation, or will limit investment by benefit plan investors under the 25% test noted above. Because the determination of whether an entity is a VCOC or a REOC is inherently factual, there can be no assurance, in the event that VCOC or REOC status is sought, that the Fund will qualify as a VCOC or a REOC under the Plan Assets Regulation. If the Fund seeks VCOC or REOC status, contributions may be deferred (with interest) from any Plan investing in the Fund prior to the time of the initial opinion of counsel regarding such status, or, in the discretion of the Fund, an escrow arrangement may be established with a third-party escrow agent.

If the Fund chooses to proceed as a VCOC or REOC, it shall deliver, as of the making of its initial Investment, an opinion of counsel, and each year thereafter, a certification, that it should have qualified as a VCOC or REOC for the relevant period. If the Fund does not deliver such an affirmative certification, it shall form a "Plan Assets Committee" consisting of the two ERISA partners and the two non-ERISA partners having the largest Commitments to review the pertinent circumstances and make non-binding recommendations to the General Partner, and the General Partner shall take such actions as are necessary and appropriate to mitigate, prevent, or cure any adverse consequences resulting therefrom, which may include (i) with the consent of a majority-in-interest of the ERISA partners, reducing on a *pro rata* basis the unfunded commitments of the ERISA partners; or, (ii) requiring the ERISA partners, on a *pro rata* basis, to in whole or in part transfer their interests in the Fund or withdraw from the Fund. If within 120 days of the formation of the Plan Assets Committee the Fund has not delivered the certification described above or taken other acceptable actions, each ERISA partner may completely withdraw from the Fund (in which case special provisions may apply to such withdrawals, unless, prior to the effectiveness of such withdrawal, the Fund shall deliver such certification. If 50% or more of the percentage interests of the ERISA partners so withdraw, the General Partner may elect to dissolve the Fund.

As indicated above, if the assets of the Fund or of any underlying entities were to be deemed to be "plan assets," then the prohibited transaction restrictions on the operating and administration of the Fund, and the duties, obligations and liabilities of ERISA, as discussed above, could apply to transactions entered into by such entities as though such transactions were directly entered into by Plan investors. In such a case, (i) the prudence and other fiduciary responsibility standards of ERISA could apply to investments made by the fund and (ii) certain transactions in which the fund might seek to engage could constitute "prohibited transactions" under ERISA and the Code. If a prohibited transaction occurs for which no exemption is available, the General Partner and any other fiduciary that has engaged in the prohibited transaction could be required (i) to restore to the Plan any profit realized on the transaction, and (ii) to reimburse the Plan for any losses suffered by the Plan as a result of the investment. In addition, each disqualified person (within the meaning of Section 4975 of the Code) involved could be subject to an excise tax equal to 15% (or a fine equal to 5%, as applicable) of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within required periods, to an additional tax (or fine) of 100%. Plan fiduciaries that decide to invest in the Fund could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Fund or as co-fiduciaries for actions taken by or on behalf of the Fund or the General Partner. With respect to an IRA that invests in the Fund, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiaries, could cause the IRA to lose its tax-exempt status.

Each Plan fiduciary should consult its own legal and other advisors regarding the considerations discussed above and all other relevant ERISA and other considerations before purchasing Interests in the Fund.

XII. LEGAL NOTICES

FOR RESIDENTS OF AUSTRALIA:

THIS MEMORANDUM IS ISSUED BY BERKSHIRE MULTIFAMILY VALUE FUND II L.P. AS THE GENERAL PARTNER OF THE FUND ON BEHALF OF THE FUND. NO OTHER PERSON HAS BEEN AUTHORIZED TO ISSUE OR CAUSE THE ISSUE OF THIS MEMORANDUM TO PERSONS IN AUSTRALIA.

THIS MEMORANDUM IS NOT A PROSPECTUS OR A PRODUCT DISCLOSURE STATEMENT FOR THE PURPOSES OF THE CORPORATIONS ACT 2001 (COMMONWEALTH OF AUSTRALIA). IT IS NOT REQUIRED TO, AND DOES NOT, CONTAIN ALL THE INFORMATION WHICH WOULD BE REQUIRED IN A PROSPECTUS OR A PRODUCT DISCLOSURE STATEMENT FOR THE PURPOSES OF THE CORPORATIONS ACT.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OF SHARES OR INTERESTS IN THE FUND TO ANY PERSON UNLESS THAT PERSON HAS FIRST SATISFIED THE GENERAL PARTNER THAT THE

MAKING OF ANY SUCH OFFER OR INVITATION TO WOULD NOT REQUIRE DISCLOSURE UNDER THE CORPORATIONS ACT.

NEITHER THE GENERAL PARTNER NOR ANY OTHER MEMBER OF THE FUND REPRESENTS OR WARRANTS THAT THIS MEMORANDUM IS A COMPLETE OR ACCURATE STATEMENT OF INFORMATION WHICH MAY BE NEEDED TO MAKE AN INVESTMENT DECISION IN RELATION TO THE FUND. THE GENERAL PARTNER (ON BEHALF OF ITSELF AND EACH OTHER MEMBER OF THE FUND) DISCLAIMS, TO THE MAXIMUM EXTENT ALLOWED BY LAW, ALL RESPONSIBILITY FOR LOSS WHICH MAY BE SUFFERED BY ANY PERSON DIRECTLY OR INDIRECTLY THROUGH RELYING UPON SUCH INFORMATION, WHETHER THAT LOSS OR DAMAGE IS CAUSED BY ANY FAULT OR NEGLIGENCE ON THE PART OF THE GENERAL PARTNER OR ANY OTHER MEMBER OF THE FUND OR OTHERWISE. RECIPIENTS OF THIS MEMORANDUM SHOULD RELY UPON THEIR OWN INQUIRIES AND SHOULD CONSIDER THE NEED TO OBTAIN INDEPENDENT LEGAL, FINANCIAL AND TAXATION ADVICE RELEVANT TO PARTICIPATION IN A LIMITED PARTNERSHIP OF THE TYPE INVOLVED, PRIOR TO MAKING ANY INVESTMENT DECISION.

NOTHING IN THE MEMORANDUM IS, OR MAY BE RELIED UPON AS, A PROMISE OR A REPRESENTATION OR A WARRANTY AS TO ANY FUTURE EVENT.

YOUR INVESTMENT IN THE FUND IS SUBJECT TO INVESTMENT AND OTHER RISKS, INCLUDING POSSIBLE DELAYS IN REPAYMENT AND LOSS OF INCOME AND PRINCIPAL INVESTED. NEITHER THE GENERAL PARTNER NOR ANY OTHER PERSON GUARANTEES THE PERFORMANCE OF THE FUND, THE REPAYMENT OF CAPITAL OR ANY PARTICULAR RATE OF RETURN. THE GENERAL PARTNER IS NOT AN AUTHORIZED DEPOSIT TAKING INSTITUTION.

THIS MEMORANDUM DOES NOT CONSTITUTE FINANCIAL PRODUCT ADVICE. THIS MEMORANDUM DOES NOT TAKE INTO ACCOUNT YOUR INDIVIDUAL INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS. YOU SHOULD CONSIDER (WITH OR WITHOUT A FINANCIAL ADVISER) WHETHER INVESTING IN THE FUND IS APPROPRIATE, HAVING REGARD TO YOUR OBJECTIVES, FINANCIAL SITUATION AND NEEDS.

FOR RESIDENTS OF AUSTRIA:

THIS MEMORANDUM HAS BEEN PRODUCED FOR THE SOLE PURPOSE OF PROVIDING INFORMATION ABOUT THE INTERESTS DESCRIBED HEREIN TO QUALIFIED INVESTORS AND TO A LIMITED NUMBER OF LESS THAN 100 INVESTORS OTHER THAN QUALIFIED INVESTORS IN AUSTRIA. THIS MEMORANDUM IS MADE AVAILABLE ON THE CONDITION THAT IT IS FOR THE USE ONLY BY THE RECIPIENT AND MAY NOT BE PASSED ON TO ANY OTHER PERSON OR REPRODUCED IN ANY PART. THE INTERESTS WILL NOT BE OFFERED IN THE COURSE OF A PUBLIC OFFERING OR OF EQUIVALENT MARKETING IN AUSTRIA AND, THEREFORE, THE PROVISIONS OF THE INVESTMENT FUND ACT 1993 (*INVESTMENTFONDSGESETZ 1993*) AND THE PROVISIONS OF THE CAPITAL MARKETS ACT 1991 (*KAPITALMARKTGESETZ 1991*) AS AMENDED RELATING TO PROSPECTUS REQUIREMENTS DO NOT APPLY. ANY SUBSCRIPTION BY ANY PERSON OTHER THAN THE INITIAL RECIPIENT OF THE MEMORANDUM WILL BE REJECTED.

FOR RESIDENTS OF BELGIUM:

THE FUND HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE BELGIAN BANKING, FINANCE AND INSURANCE COMMISSION ("COMMISSIE VOOR HET BANK-, FINANCIE- EN ASSURANTIEWEZEN" / "COMMISSION BANCAIRE, FINANCIÈRE ET DES ASSURANCES") AS A FOREIGN COLLECTIVE INVESTMENT INSTITUTION UNDER ARTICLE 127 OF THE BELGIAN LAW OF 20 JULY 2004 ON CERTAIN FORMS OF COLLECTIVE MANAGEMENT OF INVESTMENT PORTFOLIOS. THE OFFERING OF INTERESTS IN BELGIUM HAS NOT BEEN AND WILL NOT BE NOTIFIED TO THE BELGIAN BANKING, FINANCE AND INSURANCE COMMISSION, NOR HAS THIS DOCUMENT BEEN NOR WILL IT BE APPROVED BY THE BELGIAN BANKING, FINANCE AND INSURANCE COMMISSION.

A. THE INTERESTS SHALL, WHETHER DIRECTLY OR INDIRECTLY, ONLY BE OFFERED, SOLD, TRANSFERRED OR DELIVERED IN BELGIUM TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE BOTH "QUALIFIED INVESTORS" IN THE SENSE OF ARTICLE 10 OF THE BELGIAN LAW OF 16 JUNE 2006 ON THE PUBLIC OFFER OF PLACEMENT INSTRUMENTS AND THE ADMISSION TO TRADING OF PLACEMENT

INSTRUMENTS ON REGULATED MARKETS (AS AMENDED FROM TIME TO TIME), AND "PROFESSIONAL OR INSTITUTIONAL INVESTORS" IN THE SENSE OF ARTICLE 5, §3 OF THE BELGIAN LAW OF 20 JULY 2004 ON CERTAIN FORMS OF COLLECTIVE MANAGEMENT OF INVESTMENT PORTFOLIOS AND OF ARTICLE 3 OF THE ROYAL DECREE OF 7 JULY 1999 ON THE PUBLIC CHARACTER OF FINANCIAL TRANSACTIONS (AS AMENDED FROM TIME TO TIME), ACTING ON THEIR OWN BEHALF; OR

B. THE MINIMUM INVESTMENT PER INVESTOR AND PER TRANSACTION IN THE PARTNERSHIP INTERESTS IN THE FUND UNDER THIS OFFERING IS AT LEAST €250,000 OR EQUIVALENT IN RELEVANT FOREIGN CURRENCY.

THIS DOCUMENT HAS BEEN ISSUED TO YOU FOR YOUR PERSONAL USE ONLY AND EXCLUSIVELY FOR THE PURPOSES OF THE OFFERING ACCORDINGLY. THIS DOCUMENT MAY NOT BE USED FOR ANY OTHER PURPOSE NOR PASSED ON TO ANY OTHER PERSON IN BELGIUM.

FOR RESIDENTS OF BERMUDA:

THE SECURITIES BEING OFFERED HEREBY ARE BEING OFFERED ON A PRIVATE BASIS TO INVESTORS WHO SATISFY CRITERIA OUTLINED IN THIS MEMORANDUM. THE MEMORANDUM IS NOT SUBJECT TO AND HAS NOT RECEIVED APPROVAL FROM EITHER THE BERMUDA MONETARY AUTHORITY OR THE REGISTRAR OF COMPANIES IN BERMUDA AND NO STATEMENT TO THE CONTRARY, EXPLICIT OR IMPLICIT, IS AUTHORISED TO BE MADE IN THIS REGARD.

FOR RESIDENTS OF DENMARK:

THIS MEMORANDUM DOES NOT CONSTITUTE A PROSPECTUS UNDER DANISH LAW OR REGULATION AND HAS NOT BEEN FILED WITH OR APPROVED BY THE DANISH FINANCIAL SUPERVISORY AUTHORITY AS THIS MEMORANDUM HAS NOT BEEN PREPARED IN THE CONTEXT OF EITHER (I) A PUBLIC OFFERING OF SECURITIES IN DENMARK WITHIN THE MEANING OF THE DANISH SECURITIES TRADING ACT NO. 479/2006 AS AMENDED FROM TIME TO TIME OR ANY EXECUTIVE ORDERS ISSUED IN CONNECTION THERETO OR (II) AN OFFERING OF A COLLECTIVE INVESTMENT SCHEME COMPRISED BY THE DANISH INVESTMENT ASSOCIATION ACT NO. 55/2006 AS AMENDED FROM TIME TO TIME OR ANY EXECUTIVE ORDERS ISSUED IN CONNECTION THERETO.

THIS MEMORANDUM WILL NOT BE DIRECTED TO DANISH INVESTORS, EXCEPT TO (I) QUALIFIED INVESTORS AS DEFINED IN SECTION 2 OF THE EXECUTIVE ORDER NO. 306 OF 28 APRIL 2005 ON PROSPECTUSES FOR SECURITIES ADMITTED FOR LISTING OR TRADE ON A REGULATED MARKET, AND ON THE FIRST PUBLIC OFFER OF SECURITIES EXCEEDING €2,500,000 AND/OR TO (II) LESS THAN 100 INDIVIDUALS OR LEGAL ENTITIES, WHO ARE NOT QUALIFIED INVESTORS, CF. SECTION 2 OF THE EXECUTIVE ORDER NO. 306 OF 28 APRIL 2005 ON PROSPECTUSES FOR SECURITIES ADMITTED FOR LISTING OR TRADE ON A REGULATED MARKET, AND ON THE FIRST PUBLIC OFFER OF SECURITIES EXCEEDING €2,500,000 AND/OR TO (III) INVESTORS, WHO ACQUIRE SECURITIES FOR A PURCHASE PRICE OF AT LEAST €50,000 PER INVESTOR FOR EACH SINGLE OFFER OF SECURITIES AND/OR (IV) THE OFFER OF THE SECURITIES IS SUBJECT TO A MINIMUM DENOMINATION EQUIVALENT TO AT LEAST €50,000 PER SECURITY OR OTHERWISE IN CIRCUMSTANCES WHICH WILL NOT RESULT IN THE OFFER OF THE SHARES BEING SUBJECT TO THE DANISH PROSPECTUS REQUIREMENTS OF PREPARING AND FILING A PROSPECTUS PURSUANT TO CHAPTER 6 OR 12 OF THE DANISH SECURITIES TRADING ACT NO. 843 OF 7 SEPTEMBER 2005, EXECUTIVE ORDER NO. 306 OF 28 APRIL 2005 ON PROSPECTUSES FOR SECURITIES ADMITTED FOR LISTING OR TRADE ON A REGULATED MARKET, AND ON THE FIRST PUBLIC OFFER OF SECURITIES EXCEEDING €2,500,000 AND EXECUTIVE ORDER NO. 307 OF 28 APRIL 2005 ON PROSPECTUSES FOR THE FIRST PUBLIC OFFER OF CERTAIN SECURITIES BETWEEN €100,000 AND €2,500,000.

FOR RESIDENTS OF FINLAND:

THIS OFFERING OF INTERESTS IS TARGETED ONLY TO A LIMITED NUMBER OF INSTITUTIONAL INVESTORS AND DOES NOT CONSTITUTE A PUBLIC OFFERING OF THE INTERESTS IN THE PARTNERSHIPS IN FINLAND. ACCORDINGLY, THIS MEMORANDUM HAS NOT BEEN SUBMITTED TO THE FINNISH FINANCIAL SUPERVISION AUTHORITY FOR APPROVAL. THIS MEMORANDUM MAY NOT BE USED FOR ANY PURPOSE OTHER THAN EVALUATING A POTENTIAL INVESTMENT IN THE INTERESTS OFFERED

HEREUNDER. THE MEMORANDUM IS SUBMITTED TO A LIMITED NUMBER OF PREDESTINED PROFESSIONAL INVESTORS AND MAY NOT BE RELEASED TO ANY OTHER PERSONS.

FOR RESIDENTS OF FRANCE:

EXCEPT PURSUANT TO ANY AVAILABLE AUTHORIZATION OR CONSENT FROM THE *AUTORITÉ DES MARCHÉS FINANCIERS*, THE INTERESTS IN THE FUND ARE NOT BEING AND MAY NOT BE OFFERED OR SOLD IN FRANCE AND THIS MEMORANDUM OR ANY INFORMATION CONTAINED IN THIS MEMORANDUM OR ANY OFFERING MATERIAL RELATING TO THE INTERESTS IN THE FUND MAY NOT BE DISTRIBUTED OR CAUSED TO BE DISTRIBUTED IN FRANCE.

FOR RESIDENTS OF GERMANY:

NO PROSPECTUS OR OFFER DOCUMENT HAS BEEN ISSUED OR FILED ACCORDING TO THE GERMAN INVESTMENT ACT (INVESTMENTGESETZ) OR ANY OTHER GERMAN SECURITIES REGULATION, NOR HAVE THE SHARES OF THE FUND BEEN LISTED ON A GERMAN STOCK EXCHANGE OR REGISTERED FOR PUBLIC DISTRIBUTION IN GERMANY. THEREFORE, THE INTERESTS MAY NOT BE DISTRIBUTED TO THE PUBLIC IN GERMANY. THE GENERAL PARTNER AND/OR THE PLACEMENT AGENT IS MAKING THIS MEMORANDUM AVAILABLE TO INDIVIDUALLY SELECTED POTENTIAL INVESTORS ONLY. THIS MEMORANDUM IS ONLY DIRECTED TO SUCH RECIPIENTS TO WHOM IT IS DIRECTLY ADDRESSED; IT IS NOT DIRECTED TO THE PUBLIC AND MAY NOT BE DISSEMINATED TO THE PUBLIC IN GERMANY, NOR MAY ANY RECIPIENT DISCLOSE AND/OR PASS THE MEMORANDUM ON TO ANY THIRD PARTY WITHOUT THE EXPLICIT PRIOR PERMISSION OF THE GENERAL PARTNER OR THE PLACEMENT AGENT, AS APPLICABLE.

FOR RESIDENTS OF GREECE:

THE FUND HAS NOT BEEN APPROVED BY THE GREEK CAPITAL MARKET COMMISSION FOR DISTRIBUTION TO THE PUBLIC IN GREECE. THIS MEMORANDUM AND THE INFORMATION CONTAINED HEREIN DO NOT AND SHALL NOT BE DEEMED TO CONSTITUTE AN INVITATION TO THE PUBLIC IN GREECE TO PURCHASE INTERESTS. THIS MEMORANDUM MAY NOT BE DISTRIBUTED, AND INTERESTS MAY NOT BE OFFERED OR IN ANY WAY SOLD IN GREECE EXCEPT AS PERMITTED BY GREEK LAW. THE FUND DOES NOT HAVE A GUARANTEED PERFORMANCE AND PAST RETURNS DO NOT GUARANTEE FUTURE ONES.

FOR RESIDENTS OF ICELAND:

THIS MEMORANDUM HAS BEEN ISSUED TO YOU FOR YOUR PERSONAL USE ONLY AND EXCLUSIVELY FOR INFORMATION PURPOSES. ACCORDINGLY, THIS MEMORANDUM MAY NOT BE USED FOR ANY OTHER PURPOSE NOR PASSED ON TO ANY OTHER PERSON IN ICELAND. THE INTERESTS IN THE FUND ARE OFFERED TO A LIMITED NUMBER OF PROFESSIONAL INVESTORS AND, THEREFORE, NO ACTION HAS OR WILL BE TAKEN THAT WOULD ALLOW AN OFFERING OF SUCH INTERESTS TO THE PUBLIC IN ICELAND. FURTHERMORE, THIS MEMORANDUM IS NOT AND WILL NOT BE REGISTERED BY THE ICELANDIC FINANCIAL SUPERVISORY AUTHORITY PURSUANT TO THE ICELANDIC ACT ON SECURITIES TRANSACTIONS NO. 33/2003 OR SUPPLEMENTARY REGULATIONS. THE INTERESTS IN THE FUND MAY NOT BE OFFERED OR SOLD BY MEANS OF THIS MEMORANDUM, OR ANY WAY LATER RESOLD, TO OTHER THAN ENTITIES OR PERSONS DEFINED AS PROFESSIONAL INVESTORS UNDER THE ICELANDIC ACT NO. 33/2003 ON SECURITIES TRANSACTIONS, EXCEPT IN CIRCUMSTANCES WHICH ARE NOT DEEMED TO BE PUBLIC OFFERING IN ICELAND.

FOR RESIDENTS OF IRELAND:

THE FUND HAS NOT MADE AND WILL NOT MAKE AN OFFER OF SECURITIES TO THE PUBLIC IN IRELAND PRIOR TO THE PUBLICATION OF A PROSPECTUS IN RELATION TO AN OFFER OF SECURITIES THAT HAS BEEN APPROVED BY THE IRISH FINANCIAL SERVICES REGULATORY AUTHORITY OR WHERE APPROPRIATE, APPROVED IN ANOTHER MEMBER STATE OF THE EUROPEAN UNION AND NOTIFIED TO THE IRISH FINANCIAL SERVICES REGULATORY AUTHORITY IN IRELAND, ALL IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE 2003/71/EC, THE IRISH PROSPECTUS (DIRECTIVE 2003/71/EC) REGULATIONS, 2005, AND THE INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT, 2005 AND ANY

SUCH MARKETING IN IRELAND IS SUBJECT TO THE PRIOR APPROVAL OF THE IRISH FINANCIAL SERVICES REGULATORY AUTHORITY.

FOR RESIDENTS OF ITALY:

THIS OFFERING OF INTEREST AND THIS MEMORANDUM HAS NOT BEEN AUTHORIZED NOR REGISTERED PURSUANT TO ITALIAN SECURITIES LEGISLATION. THIS MEMORANDUM IS STRICTLY PRIVATE AND CONFIDENTIAL AND IS INTENDED ONLY FOR THE PERSONS TO WHOM IT IS DIRECTLY ADDRESSED. THEREFORE, THIS MEMORANDUM IS NOT DIRECTED TO THE PUBLIC NOR CAN IT PUBLICLY CIRCULATE IN ITALY.

THE FUND AND THE GENERAL PARTNER OR THE PLACEMENT AGENT HAVE NOT ISSUED, OFFERED, MARKETED OR SOLD THE INTERESTS, NOR CIRCULATED OR DISTRIBUTED ANY MARKETING OR PROMOTIONAL MATERIAL IN RELATION THERETO IN ITALY AND WILL NOT ISSUE, OFFER, MARKET OR SELL ANY INTERESTS, NOR CIRCULATE OR DISTRIBUTE ANY MARKETING OR PROMOTIONAL MATERIAL IN RELATION THERETO IN ITALY AND THAT ANY SALE OF THE INTERESTS TO RESIDENTS OF ITALY SHALL ONLY BE EFFECTED ON AN INDIVIDUAL BASIS AND AT THE INITIATIVE OF THE INVESTOR, IN ACCORDANCE WITH ALL ITALIAN SECURITIES, TAX AND EXCHANGE CONTROL AND OTHER APPLICABLE LAWS AND REGULATIONS.

ACCORDINGLY, THE INTERESTS MAY NOT BE ISSUED, OFFERED, MARKETED, SOLD OR DELIVERED OR MADE AVAILABLE IN ITALY, UNLESS (I) SUCH ACTIVITIES ARE CARRIED OUT BY ENTITIES DULY AUTHORIZED TO CONDUCT SUCH ACTIVITIES IN ITALY AND IN ACCORDANCE WITH APPLICABLE ITALIAN LAWS AND REGULATIONS, INCLUDING, INTER ALIA, LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998 AND LEGISLATIVE DECREE NO. 385 OF SEPTEMBER 1, 1993, AS AMENDED AND (II) ANY OTHER NOTIFICATION REQUIREMENTS, PROVISIONS OR LIMITATIONS APPLICABLE FROM TIME TO TIME ARE FULLY COMPLIED WITH.

FOR RESIDENTS OF JAPAN:

THIS MEMORANDUM IS CONFIDENTIAL AND IS INTENDED SOLELY FOR THE USE OF ITS RECIPIENT. ANY DUPLICATION OR REDISTRIBUTION OF THIS MEMORANDUM IS PROHIBITED. THE RECIPIENT OF THIS MEMORANDUM, BY ACCEPTING DELIVERY THEREOF, AGREES TO RETURN IT AND ALL RELATED DOCUMENTS TO THE GENERAL PARTNER IF THE RECIPIENT ELECTS NOT TO PURCHASE ANY OF THE INTERESTS OFFERED HEREBY OR IF REQUESTED EARLIER BY THE GENERAL PARTNER.

NEITHER RETURN OF THE PRINCIPAL AMOUNT NOR THE DISTRIBUTION OF ANY PROFIT IS GUARANTEED. ANY INVESTMENT IN THE INTERESTS INVOLVES CERTAIN RISKS OF LOSS CAUSED BY FLUCTUATION OF INTEREST RATES, CURRENCY AND OTHER MARKET FACTORS, OR THE CREDIT RISK OF THE COUNTER-PARTIES OR RELEVANT PARTIES THEREOF. PLEASE READ THE TERMS OF THE INVESTMENT CAREFULLY, IN PARTICULAR, THOSE RELATING TO LIMITATIONS ON THE PERIOD IN WHICH RIGHTS RELATING TO SUCH INVESTMENT CAN BE EXERCISED.

A SOLICITATION OF AN OFFER TO ACQUIRE ISSUANCE OF THE INTERESTS OF THE LIMITED PARTNERS UNDER THE LIMITED PARTNERSHIP AGREEMENT RELATING TO BERKSHIRE MULTIFAMILY VALUE FUND II, L.P. APPLIES TO (I), ITEM 1, PARAGRAPH 3, ARTICLE 2 OF THE SECURITIES AND EXCHANGE LAW OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED, "SEL") AND NO SECURITIES REGISTRATION STATEMENT PURSUANT TO THE PROVISIONS OF PARAGRAPH 1 OF ARTICLE 4 OF THE SEL HAS BEEN FILED REGARDING SUCH SOLICITATION. A PERSON WHO ACQUIRES OR PURCHASES AN INTEREST IS PROHIBITED FROM ASSIGNING THEIR INTEREST TO ANY PERSON OTHER THAN A QUALIFIED INSTITUTIONAL INVESTOR EVEN IF THE GENERAL PARTNER GIVES ITS CONSENT TO SUCH ASSIGNMENT.

FOR RESIDENTS OF KUWAIT:

THE INTERESTS OF THE FUND AND THE PRIVATE PLACEMENT THEREOF HAVE NOT BEEN REGISTERED WITH THE MINISTRY OF COMMERCE AND INDUSTRY OR APPROVED BY THE CENTRAL BANK OF KUWAIT, NOR WILL IT BE MARKETED OR DISTRIBUTED IN KUWAIT IN ACCORDANCE WITH THE KUWAITI SECURITIES AND INVESTMENT FUNDS LAW NO. 31/1990. ACCORDINGLY, THIS MEMORANDUM SHALL NOT BE DISTRIBUTED BY THE PLACEMENT AGENT UNDER THE SAID LAW, NOR BY ANY

INVESTOR THEREIN WHO (I) ACQUIRES IT BASED ON ITS INTEREST OR (II) REQUESTS IT FOR ANY OTHER PERSON.

FOR RESIDENTS OF LUXEMBOURG:

THE FUND HAS NOT BEEN REGISTERED AS A FOREIGN FUND WITH THE LUXEMBOURG REGULATORY AUTHORITIES FOR PUBLIC DISTRIBUTION IN OR FROM THE TERRITORY OF LUXEMBOURG. THIS MEMORANDUM MAY NOT BE PROVIDED TO ANY PERSON WHO IS NOT A QUALIFIED INVESTOR WITHIN THE MEANING OF THE LUXEMBOURG LAW OF JULY 10, 2005 ON PROSPECTUSES FOR SECURITIES AND MAY NOT BE REPRODUCED OR USED FOR ANY PURPOSE OTHER THAN THIS PRIVATE PLACEMENT.

FOR RESIDENTS OF THE NETHERLANDS:

THE INTERESTS WILL NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE NETHERLANDS, OTHER THAN

- (I) WITH A MINIMUM DENOMINATION OF €50,000 OR THE EQUIVALENT AMOUNT IN ANOTHER CURRENCY;
- (II) FOR A MINIMUM CONSIDERATION OF €50,000 PER INVESTOR OR THE EQUIVALENT IN ANOTHER CURRENCY;
- (III) SOLELY TO QUALIFIED INVESTORS; OR
- (IV) TO FEWER THAN 100 INDIVIDUALS OR LEGAL ENTITIES OTHER THAN QUALIFIED INVESTORS

ALL WITHIN THE MEANING OF ARTICLE 4 OF THE FINANCIAL SUPERVISION ACT EXEMPTION REGULATION (VRIJSTELLINGSREGELING WET OP HET FINANCIËEL TOEZICHT).

IF THE INTERESTS WILL BE OFFERED OR SOLD IN RELIANCE ON THE EXEMPTIONS REFERRED TO IN (I) OR (II) ABOVE, THE FOLLOWING ADDITIONAL REQUIREMENTS APPLY:

- (A) THE FIRST DRAWDOWN AMOUNT PER INVESTOR MUST BE AT LEAST €50,000 OR THE EQUIVALENT IN ANOTHER CURRENCY (EXCLUSIVE OF ANY COSTS), PAYABLE AS A LUMP SUM;
- (B) ANY SUBSEQUENT DRAWDOWN MAY BE IN AN AMOUNT LESS THAN €50,000 OR THE EQUIVALENT IN ANOTHER CURRENCY;
- (C) THE AMOUNT INVESTED BY EACH INVESTOR MAY NEVER BE LESS THAN €50,000 OR THE EQUIVALENT IN ANOTHER CURRENCY (EXCLUSIVE OF A DECREASE OF THE VALUE OF THE AMOUNT INVESTED),

ALL IN ACCORDANCE WITH THE INTERPRETATION OF THE NETHERLANDS AUTHORITY OF THE FINANCIAL MARKETS (STICHTING AUTORITEIT FINANCIËLE MARKTEN) DATED 11 JANUARY 2007 ON THE DENOMINATION AND PACKAGE EXCEPTIONS/EXEMPTIONS (COUPURE EN PAKKET UITZONDERINGEN / VRIJSTELLINGEN AANBIEDEN EFFECTEN AAN HET PUBLIEK EN AANBIEDEN DEELNEMINGSRECHTEN IN BELEGGINGSINSTELLINGEN).

IN RESPECT OF THE OFFER, THE FUND IS NOT REQUIRED TO OBTAIN A LICENSE AS A COLLECTIVE INVESTMENT SCHEME PURSUANT TO THE NETHERLANDS FINANCIAL SUPERVISION ACT (WET OP HET FINANCIËLE TOEZICHT) AND IS NOT SUBJECT TO MARKET CONDUCT SUPERVISION OF THE NETHERLANDS AUTHORITY FOR THE FINANCIAL MARKETS AND PRUDENTIAL SUPERVISION OF THE DUTCH CENTRAL BANK (DE NEDERLANDSCHE BANK N.V.).

FOR RESIDENTS OF NEW ZEALAND:

NO PROSPECTUS HAS BEEN REGISTERED WITH THE NEW ZEALAND REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE SECURITIES ACT 1978 (NEW ZEALAND) (THE "NEW ZEALAND SECURITIES ACT"). ACCORDINGLY, NOTHING IN THIS MEMORANDUM MAY BE RECEIVED BY A PERSON IN NEW ZEALAND

NOR MAY THE INTERESTS BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN NEW ZEALAND UNLESS THE FOLLOWING EXCEPTION APPLIES OR IN OTHER CIRCUMSTANCES WHERE THERE IS NO CONTRAVENTION OF THE NEW ZEALAND SECURITIES ACT (OR ANY STATUTORY MODIFICATION OR RE-ENACTMENT OF, OR STATUTORY SUBSTITUTION FOR, THE NEW ZEALAND SECURITIES ACT).

THIS MEMORANDUM MAY BE RECEIVED BY, AND THE INTERESTS MAY BE OFFERED OR SOLD TO, PERSONS: (I) WHOSE PRINCIPAL BUSINESS IS THE INVESTMENT OF MONEY OR WHO, IN THE COURSE OF AND FOR THE PURPOSES OF THEIR BUSINESS, HABITUALLY INVEST MONEY; AND/OR (II) WHO ARE EACH REQUIRED TO PAY A MINIMUM SUBSCRIPTION PRICE OF AT LEAST N.Z.\$500,000 FOR THE INTERESTS BEFORE THE ALLOTMENT OF THOSE INTERESTS.

FOR RESIDENTS OF NORWAY:

THIS MEMORANDUM HAS NOT BEEN PRODUCED IN ACCORDANCE WITH THE PROSPECTUS REQUIREMENTS LAID DOWN IN THE NORWEGIAN SECURITIES TRADING ACT 1997 NOR IN ACCORDANCE WITH THE PROSPECTUS REQUIREMENTS LAID DOWN IN THE NORWEGIAN SECURITIES FUND ACT 1981 AS AMENDED. THIS MEMORANDUM HAS NOT BEEN APPROVED OR DISAPPROVED BY, OR REGISTERED WITH, NEITHER THE OSLO STOCK EXCHANGE NOR THE NORWEGIAN REGISTRY OF BUSINESS ENTERPRISES. NEITHER HAS THE SALE OF OWNERSHIP INTERESTS IN FUND II TO INVESTORS DOMICILED IN NORWAY BEEN APPROVED BY KREDITILSYNET, THE NORWEGIAN FINANCIAL SUPERVISORY AUTHORITY.

THIS MEMORANDUM IS ONLY AND EXCLUSIVELY ADDRESSED TO THE ADDRESSEES AND CANNOT BE DISTRIBUTED, OFFERED OR PRESENTED, EITHER DIRECTLY OR INDIRECTLY TO OTHER PERSONS OR ENTITIES DOMICILED IN NORWAY.

FOR RESIDENTS OF THE PEOPLE'S REPUBLIC OF CHINA (CHINA):

THE INTERESTS MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY IN THE PEOPLE'S REPUBLIC OF CHINA (WHICH, FOR SUCH PURPOSES, DOES NOT INCLUDE THE HONG KONG OR MACAU SPECIAL ADMINISTRATIVE REGIONS OR TAIWAN) (THE "PRC"). THE INFORMATION CONTAINED IN THIS MEMORANDUM WILL NOT CONSTITUTE AN OFFER TO SELL ANY INTERESTS WITHIN THE PRC. THE MEMORANDUM OR THE INFORMATION CONTAINED IN THIS MEMORANDUM HAVE NOT BEEN APPROVED BY OR REGISTERED WITH ANY RELEVANT GOVERNMENTAL AUTHORITIES IN THE PRC AND MAY NOT BE OFFERED FOR SALE IN THE PRC. PRC INVESTORS ARE RESPONSIBLE FOR OBTAINING ALL RELEVANT GOVERNMENT REGULATORY APPROVALS/LICENSES THEMSELVES, INCLUDING, BUT NOT LIMITED TO, ANY WHICH MAY BE REQUIRED FROM THE STATE ADMINISTRATION OF FOREIGN EXCHANGE, THE CHINA SECURITIES REGULATORY COMMISSION AND OTHER REGULATORY BODIES, AND COMPLYING WITH ALL RELEVANT PRC REGULATIONS, INCLUDING, BUT NOT LIMITED TO, ANY RELEVANT FOREIGN EXCHANGE REGULATIONS AND/OR OVERSEAS INVESTMENT REGULATIONS.

FOR RESIDENTS OF PORTUGAL:

THIS MEMORANDUM AND THE INFORMATION CONTAINED THEREIN ARE PRIVATE AND CONFIDENTIAL AND ARE FOR THE USE SOLELY OF THE PERSON TO WHOM SUCH MATERIALS ARE ADDRESSED.

NO ACTION HAS BEEN TAKEN, OR IS INTENDED TO BE TAKEN, THAT WOULD CAUSE THIS DISTRIBUTION TO BE QUALIFIED UNDER PORTUGUESE SECURITIES LAW AS A PUBLIC OFFER OF SECURITIES OR, IN PARTICULAR, AS A COMMERCIALIZATION OF UCITS, PURSUANT TO DECREE LAW NO. 252/2003, DATED AS OF OCTOBER 17, 2003, AS AMENDED.

ACCORDINGLY, NEITHER THIS MEMORANDUM NOR ANY OTHER INFORMATION RELATED THERETO SHALL BE MADE AVAILABLE TO THE PUBLIC, ADVERTISED IN ANY PUBLIC MANNER IN PORTUGAL OR USED FOR SOLICITATION PURPOSES TO UNDETERMINED INVESTORS IN PORTUGAL OR IN ANY OTHER MANNER THAT WOULD CAUSE THIS DISTRIBUTION TO BE QUALIFIED UNDER PORTUGUESE LAW AS A PUBLIC OFFER OR COMMERCIALIZATION OF UCITS.

FOR RESIDENTS OF THE REPUBLIC OF CHINA (TAIWAN):

THE INTERESTS ARE BEING MADE AVAILABLE IN THE R.O.C. ON A PRIVATE PLACEMENT BASIS ONLY TO BANKS, BILLS HOUSES, TRUST ENTERPRISES, FINANCIAL HOLDING COMPANIES AND OTHER QUALIFIED ENTITIES OR INSTITUTIONS (COLLECTIVELY, "QUALIFIED INSTITUTIONS") AND OTHER ENTITIES AND INDIVIDUALS MEETING SPECIFIC CRITERIA ("OTHER QUALIFIED INVESTORS") PURSUANT TO THE PRIVATE PLACEMENT PROVISIONS OF THE R.O.C. RULES GOVERNING OFFSHORE FUNDS. NO OTHER OFFER OR SALE OF THE SHARES IN THE R.O.C. IS PERMITTED. R.O.C. PURCHASERS OF THE SHARES MAY NOT SELL OR OTHERWISE DISPOSE OF THEIR HOLDINGS EXCEPT BY REDEMPTION, TRANSFER TO A QUALIFIED INSTITUTION OR OTHER QUALIFIED INVESTOR, TRANSFER BY OPERATION OF LAW OR OTHER MEANS APPROVED BY THE R.O.C. FINANCIAL SUPERVISORY COMMISSION.

FOR RESIDENTS OF SINGAPORE:

THIS MEMORANDUM HAS NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE AND THIS OFFERING IS NOT REGULATED BY ANY FINANCIAL SUPERVISORY AUTHORITY PURSUANT TO ANY LEGISLATION IN SINGAPORE. YOU SHOULD ACCORDINGLY CONSIDER CAREFULLY WHETHER THE INVESTMENT IS SUITABLE FOR YOU.

EACH INVESTOR AGREES THAT THIS MEMORANDUM AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF INTERESTS MAY NOT BE CIRCULATED OR DISTRIBUTED, NOR MAY THE INTERESTS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN INSTITUTIONAL INVESTORS (AS DEFINED IN SECTION 4A OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA")), ACCREDITED INVESTORS (AS DEFINED IN SECTION 4A OF THE SFA) OR ANY PERSON PURSUANT TO AN OFFER THAT IS MADE ON TERMS THAT THE INTERESTS ARE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S\$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION, WHETHER SUCH AMOUNT IS TO BE PAID FOR IN CASH OR BY EXCHANGE OF SECURITIES OR OTHER ASSETS.

FOR RESIDENTS OF SPAIN:

THE PROPOSED OFFER OF INTERESTS IN THE FUND HAS NOT BEEN REGISTERED WITH THE COMISIÓN NACIONAL DEL MERCADO DE VALORES. ACCORDINGLY, NO INTERESTS WILL BE OFFERED IN SPAIN SAVE IN ACCORDANCE AND IN COMPLIANCE WITH THE PROVISIONS OF LAW 24/1988, AS AMENDED, ROYAL DECREE 1310/2005, AND ANY REGULATION ISSUED THEREUNDER.

FOR RESIDENTS OF SWEDEN:

THE FUND IS NOT AUTHORIZED UNDER THE SWEDISH INVESTMENT FUNDS ACT. THE INTERESTS ARE BEING OFFERED TO A LIMITED NUMBER OF INVESTORS AND THEREFORE THIS MEMORANDUM HAS NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY UNDER THE SWEDISH FINANCIAL INSTRUMENTS TRADING ACT (1991:980). FURTHER, NO SINGLE INVESTOR MAY INVEST AN AMOUNT LESS THAN €50,000 IN THE OFFER AND/OR THIS OFFER IS ONLY DIRECTED TO FEWER THAN ONE HUNDRED SELECTED SWEDISH INVESTORS. ACCORDINGLY, THIS MEMORANDUM MAY NOT BE MADE AVAILABLE, NOR MAY THE UNITS IN THE FUND OTHERWISE BE MARKETED AND OFFERED FOR SALE IN SWEDEN, OTHER THAN IN CIRCUMSTANCES WHICH ARE DEEMED NOT TO BE AN OFFER TO THE PUBLIC IN SWEDEN UNDER THE FINANCIAL INSTRUMENTS TRADING ACT.

FOR RESIDENTS OF SWITZERLAND:

THIS MEMORANDUM DOES NOT CONSTITUTE AN ISSUE PROSPECTUS PURSUANT TO ART 652A OR ART 1156 OF THE SWISS CODE OF OBLIGATIONS AND THE ISSUER HAS NOT AND WILL NOT REGISTER WITH THE SWISS FEDERAL BANKING COMMISSION AS A FOREIGN INVESTMENT FUND. THE FUND WILL NOT BE LISTED ON THE SWX SWISS EXCHANGE AND, THEREFORE, THE MEMORANDUM MAY NOT COMPLY WITH THE DISCLOSURE STANDARDS OF THE LISTING RULES OF THE SWX SWISS EXCHANGE. ACCORDINGLY, THE FUND MAY NOT BE OFFERED TO THE PUBLIC IN OR FROM SWITZERLAND, BUT ONLY TO A SELECTED AND LIMITED CIRCLE OF INVESTORS. THE INVESTORS WILL BE INDIVIDUALLY APPROACHED BY THE ISSUER FROM TIME TO TIME. THIS MEMORANDUM IS PERSONAL TO EACH

OFFEREE AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON. THE MEMORANDUM MAY ONLY BE USED BY THOSE PERSONS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE OFFER OF INTERESTS DESCRIBED THEREIN AND MAY NEITHER BE COPIED NOR DIRECTLY OR INDIRECTLY BE DISTRIBUTED OR MADE AVAILABLE TO OTHER PERSONS WITHOUT THE EXPRESS CONSENT OF THE ISSUER. THE OFFEREE MAY NOT SELL OR OFFER THE PRODUCTS TO ANY OTHER PERSON EXCEPT THAT BANKS, SECURITIES DEALERS AND ASSET MANAGERS MAY ACQUIRE THE PRODUCTS FOR THE ACCOUNT OF THEIR CLIENTS BASED ON A WRITTEN ASSET MANAGEMENT AGREEMENT COMPLYING WITH THE PORTFOLIO MANAGEMENT GUIDELINES OF THE SWISS BANKING ASSOCIATION OR EQUIVALENT STANDARDS.

FOR RESIDENTS OF THE UNITED ARAB EMIRATES AND DUBAI:

THIS MEMORANDUM DOES NOT, AND IS NOT INTENDED TO, CONSTITUTE AN INVITATION OR AN OFFER OF SECURITIES IN THE UNITED ARAB EMIRATES (INCLUDING THE DUBAI INTERNATIONAL FINANCIAL CENTRE) AND ACCORDINGLY SHOULD NOT BE CONSTRUED AS SUCH.

THIS MEMORANDUM IS BEING ISSUED TO A LIMITED NUMBER OF INSTITUTIONAL/ SOPHISTICATED INVESTORS (A) UPON THEIR REQUEST AND CONFIRMATION THAT THEY UNDERSTAND THAT THE FUND AND THE INTERESTS HAVE NOT BEEN APPROVED OR LICENSED BY OR REGISTERED WITH THE UNITED ARAB EMIRATES CENTRAL BANK OR ANY OTHER RELEVANT LICENSING AUTHORITIES OR GOVERNMENTAL AGENCIES IN THE UNITED ARAB EMIRATES; AND (B) ON THE CONDITION THAT IT WILL NOT BE PROVIDED TO ANY PERSON OTHER THAN THE ORIGINAL RECIPIENT, IS NOT FOR GENERAL CIRCULATION IN THE UNITED ARAB EMIRATES AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE.

THIS MEMORANDUM HAS NOT BEEN APPROVED BY OR FILED WITH THE DUBAI INTERNATIONAL FINANCIAL SERVICES AUTHORITY.

FOR RESIDENTS OF THE UK:

THIS MEMORANDUM IS ISSUED IN THE UNITED KINGDOM BY BERKSHIRE PROPERTY ADVISORS, L.L.C. WHICH IS NOT AUTHORIZED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000. THIS MEMORANDUM (INCLUDING ITS CONTENTS) IS CONFIDENTIAL AND FOR DISTRIBUTION BY BERKSHIRE PROPERTY ADVISORS, L.L.C. ONLY TO PERSONS IN THE UNITED KINGDOM WHO ARE DESCRIBED IN EITHER ARTICLE 19 OR ARTICLE 49 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED, (THE "ORDER") OR TO WHOM IT WOULD BE OTHERWISE LAWFUL TO DO SO. ANY PERSON IN RECEIPT OF THIS DOCUMENT FROM BERKSHIRE PROPERTY ADVISORS, L.L.C. WHO DOES NOT FALL WITHIN THAT ORDER OR TO WHOM DISTRIBUTION IS NOT LAWFUL SHOULD RETURN THIS DOCUMENT TO BERKSHIRE PROPERTY ADVISORS, L.L.C. AT ONE BEACON STREET, BOSTON, MA 02108, USA IMMEDIATELY AND TAKE NO OTHER ACTION.

THIS MEMORANDUM MAY BE COMMUNICATED IN THE UNITED KINGDOM BY MONUMENT GROUP (UK) LIMITED WHICH IS AUTHORIZED AND REGULATED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000. WHERE THIS MEMORANDUM IS COMMUNICATED IN THE UNITED KINGDOM BY MONUMENT GROUP (UK) LIMITED IT WILL BE PROVIDED ONLY TO PERSONS WHO ARE DESCRIBED IN EITHER ARTICLE 14 OR ARTICLE 22 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES) (EXEMPTIONS) ORDER 2001 (THE "CIS ORDER") OR TO WHOM IT WOULD OTHERWISE BE LAWFUL TO DO SO. ANY PERSON IN RECEIPT OF THIS DOCUMENT FROM MONUMENT GROUP (UK) LIMITED WHO DOES NOT FALL WITHIN THE CIS ORDER OR TO WHOM DISTRIBUTION IS NOT LAWFUL SHOULD RETURN THIS DOCUMENT TO MONUMENT GROUP (UK) LIMITED, 7 SAVILE ROW, 4th FLOOR, LONDON W1S 3PE IMMEDIATELY AND TAKE NO OTHER ACTION. MONUMENT GROUP (UK) LIMITED IS ACTING ONLY FOR THE FUND AND IS NOT RESPONSIBLE FOR ADVISING RECIPIENTS OF THIS MEMORANDUM OR ANY OTHER PERSON, OR FOR PROVIDING THEM WITH THE PROTECTIONS WHICH WOULD BE GIVEN TO THOSE WHO ARE CLIENTS OF MONUMENT GROUP (UK) LIMITED UNDER THE RULES OF THE FINANCIAL SERVICES AUTHORITY.

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APPENDIX A. REPRESENTATIVE TRANSACTION SUMMARIES

The following transaction summaries provide an overview of assets acquired by Berkshire and are generally indicative of the types of transactions that will be included in the Fund. The Fund intends to invest in assets with characteristics similar to those described in the pages that follow.

Berkshire Income Realty, Inc. and Affiliates — Realized Investments

The historical unleveraged performance information for the following transactions represents actual cash flows received through March 31, 2007 and includes actual sales proceeds for assets sold or under binding purchase and sale contract as of May 31, 2007. The pro forma leveraged information is based on an assumed 65% leverage level with fixed, interest-only financing. For more details regarding the performance calculations, see the Endnotes to Section VII, *Investment Performance*.

Property	Investment Strategy	Location
Berkshires at Marina Mile	Significant Repositioning	Fort Lauderdale, FL
Trellis at Lee's Mill	Significant Repositioning	Newport News, VA

Berkshire Multifamily Value Fund, L.P. — Unrealized Investments

The historical unleveraged performance information for the following transactions represents actual cash flows received through March 31, 2007 and includes projected sales proceeds based on the assumption that the assets are sold at their estimated fair value. The projected unleveraged and leveraged performance information is prospective in nature and represents actual and projected cash flows and performance results generated from projections prepared by Berkshire as of December 31, 2006, assuming a five- to seven-year hold period, as indicated.

Property	Investment Strategy	Location
Clackamas Village	Renovation/Rehabilitation	Portland, OR
Berkshires at Howell Station	Renovation/Rehabilitation	Duluth, GA
Berkshires of Glen Ellyn	Deep Discount Opportunity	Glen Ellyn, IL
The North Carolina Portfolio	Significant Repositioning	Charlotte, Greensboro, Raleigh and Wilmington, North Carolina
The Parkville Maryland Portfolio	Renovation/Rehabilitation	Parkville, MD
Berkshires at Walden Lake	Renovation/Rehabilitation	Miami, FL
Logan's Mill	Significant Repositioning	Austin, TX
Ashton Heights	Renovation/Rehabilitation	Suitland, MD
Monarch Crossing	Deep Discount Opportunity	Newport News, VA
Ponderosa Villas	Renovation/Rehabilitation	Aurora, CO

BERKSHIRES AT MARINA MILE

Market	Fort Lauderdale, FL
Fund	BIR
Acquisition Price	\$23.4 million
Investment Strategy	Significant Repositioning
Investment Date	January 2004
Disposition Date	April 2006
Project Size	306 Units
Year Built	1990

Summary and Investment Opportunity

The Berkshires at Marina Mile, a 306-unit class B asset in the River Oaks submarket, was acquired directly at a price well below market from a motivated seller. The transaction was sourced through the "Berkshire Incentive Referral Program," an incentive program offered to employees to source potential acquisitions. Berkshire identified an opportunity to invest in a submarket that was in the process of significant regentrification due to its proximity to the Fort Lauderdale central business district, allowing for the strategic repositioning of this asset. In addition, this submarket has a limited supply of affordable single-family housing, further driving demand for apartments in the area. Upon acquisition, Berkshire implemented a renovation plan aimed at enhancing the exterior curb appeal and upgrading the resident amenity package. Specific opportunities included:

Repositioning an undermanaged, but well-located garden-style apartment complex

Capitalizing on improving demographics of a thriving market and unique status as the only class B asset in a five-mile radius, close to downtown Fort Lauderdale

Taking advantage of increasing demand for apartment homes due to a lack of affordable single-family housing in the submarket

- Rehabilitating the property with emphasis on improving the underutilized common areas, including the clubhouse

Investment Results

During the hold period, the asset performed at better than expected levels with significant improvement in both resident quality and overall asset financial performance. The asset was sold to a condominium converter after a limited auction process, liquidating the asset prior to the downturn in the South Florida market.

- Realized unleveraged gross IRR of 33.3%
- Realized pro forma leveraged gross IRR of 69.4% and realized multiple of 3.3x on pro forma invested equity of \$8.2 million

Berkshire Value Add

- Enhanced return by negotiating a joint venture with an institutional partner, which contributed 65% of the equity commitment

Upgraded community amenities including the clubhouse and fitness facility, enhanced curb appeal through comprehensive landscaping upgrade, and repositioned unit pricing relative to comparable rents in the area

Installed professional management and significantly increased focus on off-site marketing to increase qualified resident traffic to the asset

- Reduced annual expenses by over \$150,000 through implementation of a utility recovery program for both water and sewer and cable television expenses

TRELLIS AT LEE'S MILL

Market	Newport News, VA
Fund	BIR
Acquisition Price	\$9.0 million
Investment Strategy	Significant Repositioning
Investment Date	November 2004
Disposition Date	May 2007
Project Size	176 Units
Year Built	1974

Summary and Investment Opportunity

Trellis at Lee's Mill, a 176-unit class C+ asset located adjacent to the Fort Eustice Army base in Northern Newport News, Virginia, was purchased as part of a four-property, 729-unit portfolio. Berkshire saw an opportunity to maximize the asset's potential through implementation of a modest capital improvement plan aimed at enhancing the exterior curb appeal and addressing existing obsolescence. Specific opportunities included:

Acquiring a well maintained, C+ quality asset in an attractive planned development community surrounded by newer, higher quality single-family homes

- Acquiring at a cost of \$51,000 per unit, which represented a significant discount to replacement cost

Investment Results

During the hold period, the asset performed as projected with success in reducing reliance on residents from the Fort Eustice Military Base. Berkshire liquidated the asset through a competitive bid process producing results that significantly exceeded expectations.

- Realized unleveraged gross IRR of 19.7%
- Realized pro forma leveraged gross IRR of 41.7% and realized multiple of 2.1x on pro forma invested equity of \$3.1 million

Berkshire Value Add

- Enhanced asset curb appeal through implementation of a comprehensive landscaping plan
Reduced utility costs and addressed obsolescence by replacing existing windows throughout the property
 - Installed professional management team whose primary focus was to achieve a resident balance between dependence on Fort Eustice Military Base and alternative resident sourcing

CLACKAMAS VILLAGE

Market	Portland, OR
Fund	BMVF I
Acquisition Price	\$19.8 million
Investment Strategy	Renovation/ Rehabilitation
Investment Date	February 2006
Project Size	372 Units
Year Built	1985
Capital Plan	\$1.5 million

Summary and Investment Opportunity

Clackamas Village, a 372-unit class B asset in Portland, Oregon, was purchased in an off-market transaction at an attractive price of \$53,000 per unit. The asset's location provides significant upside potential, given its location adjacent to the Clackamas Town Center Mall. The mall is undergoing significant renovation including the addition of light rail service, which will provide access to downtown Portland. Berkshire saw an opportunity to reposition the asset by implementing a modest capital improvement plan and maximizing operations in a submarket experiencing positive employment and rent growth. Specific opportunities include:

Acquiring on a direct basis, at a significant discount to replacement cost, a well-located class B asset adjacent to a large mall undergoing a major renovation, and near the addition of light rail service to downtown Portland

- Repositioning the asset through exterior improvements and unit upgrades, which should assist with growing revenue and attracting an improved resident profile

Investment Status

To date, the asset is significantly outperforming underwritten operating performance assumptions with monthly net rental income improvement in excess of 15% since acquisition.

- Historical unleveraged gross IRR of 18.8% over 14-month ownership period as of March 31, 2007
- Projected seven-year unleveraged gross IRR of 9.2% and leveraged gross IRR of 15.5%, accounting for actual results through December 31, 2006

Berkshire Value Add

- Opportunity sourced through secondary broker relationship with owner; limited competition with only one other bidder
- Enhanced asset curb appeal through completion of exterior paint, siding replacement, landscaping and outdoor amenity improvements

Moderate interior unit rehabilitation including the installation of washers and dryers

- Implemented direct marketing program targeting Clackamas Mall employees

BERKSHIRES AT HOWELL STATION

Market	Duluth, GA
Fund	BMVF I
Acquisition Price	\$14.8 million
Investment Strategy	Renovation/ Rehabilitation
Investment Date	August 2006
Project Size	228 Units
Year Built	1985
Capital Plan	\$2.8 million

Summary and Investment Opportunity

The Berkshires at Howell Station, a 228-unit class B asset in Duluth, Georgia, was purchased at an attractive price. The well-located (North Fulton/Alpharetta) asset had underperformed competition due to dated interiors and poor management. Berkshire saw an opportunity to rehabilitate unit interiors and improve overall curb appeal allowing for the strategic repositioning of the asset to a level just below the "A" quality assets in the submarket. Moreover, the asset was purchased at a price below other bidders due to Berkshire's broker relationships and aggressive timing for completion of the transaction. Specific opportunities include:

Acquiring a well-located garden apartment property asset at \$65,000 per unit, representing a significant discount to replacement cost

Repositioning an undermanaged and undercapitalized asset

- Improving resident profile by upgrading the property through an extensive interior and exterior rehabilitation plan

Investment Results

To date, approximately 35% of the units have undergone full rehabilitation, with monthly rent premiums on the renovated product in excess of \$120 being achieved, generating an unleveraged yield of approximately 16% on the invested rehabilitation capital.

- Historical unleveraged gross IRR of 15.4% over seven-month ownership period as of March 31, 2007
- Projected seven-year unleveraged gross IRR of 11.1% and leveraged gross IRR of 17.8%, accounting for actual results through December 31, 2006

Berkshire Value Add

- Interior unit rehabilitation of \$9,000 per unit with kitchens and bathrooms undergoing full modernization, including new appliances, cabinets and countertops, resulting in rental premiums of \$120 per month on average over non-rehabilitated product

Enhanced asset curb appeal through exterior asset improvements, common area upgrades and comprehensive landscape plan

- Installed professional management with a priority focus on attracting improved resident profile through direct marketing campaign

BERKSHIRES OF GLEN ELLYN

Market	Glen Ellyn, IL
Fund	BMVF I
Acquisition Price	\$15.6 million
Investment Strategy	Deep Discount Opportunity
Investment Date	March 2006
Project Size	264 Units
Year Built	1973
Capital Plan	\$4.6 million

Summary and Investment Opportunity

Berkshires of Glen Ellyn, a 264-unit class C asset located in a market dominated by class B+ assets just west of Chicago, was sourced through Berkshire's CMBS tracking process and purchased through a foreclosure auction where Berkshire and the lender were the only bidders. Berkshires of Glen Ellyn presented Berkshire with the opportunity to acquire a value-add asset in a highly desirable submarket at a very attractive price. The property was significantly undermanaged and undercapitalized. Specific opportunities include:

Repositioning of an undermanaged, undercapitalized asset (36 down units at acquisition), but well-located garden style apartment complex

Pricing at approximately \$59,000 per unit, representing a significant discount to replacement cost and comparable sales in the submarket

- Substantially upgrading the property through interior and exterior rehabilitation

Berkshire Value Add

- Significant overall capital program has addressed deferred maintenance and provided additional and upgraded amenities
Modernization of interiors, through \$9,000 per unit rehabilitation of kitchens and bathrooms, including new cabinets, countertops, and appliances, has resulted in average rental premiums of \$80 per month

Installed professional management focused on attracting an improved resident profile and providing improved customer service

Strong emphasis on improving the asset's reputation, including changing the name of asset (formerly known as Rambletree)

Upgraded community amenities, curb appeal, and repositioned unit pricing relative to comparable rents in the area

- Initiated direct marketing campaign to wider range of residents to minimize reliance on students from nearby college

Investment Status

To date, the asset has performed as expected with close to 60% of the unit interior rehabilitations complete. Rental premiums of \$80 to unrenovated product are generating an unleveraged yield of 11% on the invested rehabilitation capital.

- Historical unleveraged gross IRR of 11.3% over 12-month ownership period as of March 31, 2007
- Projected seven-year unleveraged gross IRR of 9.6% and leveraged gross IRR of 15.0%, accounting for actual results through December 31, 2006

THE NORTH CAROLINA PORTFOLIO

Market	Charlotte, NC Greensboro, NC Raleigh, NC Wilmington, NC
Fund	BMVF I
Acquisition Price	\$60.8 million
Investment Strategy	Significant Repositioning
Investment Date	November 2005 and December 2005
Project Size	1,643 Units
Year Built	1972 - 1986
Capital Plan	\$8.2 million

Summary and Investment Opportunity

The acquisition of this eight-asset, 1,643-unit portfolio in North Carolina provides Berkshire the opportunity to acquire undermanaged and undercapitalized assets at a purchase price averaging \$37,000 per unit, which is far below replacement cost. The portfolio consists of five class B and three class C quality assets located in Charlotte, Greensboro, Raleigh, and Wilmington. Importantly, the assets are located in areas surrounded by other B quality properties; therefore, the generally well-located assets should benefit from exterior capital programs coupled with professional management that is focused on attracting an improved resident profile. Specific opportunities include:

Acquiring units at an attractive price of \$37,000 per unit, significantly below replacement cost

Value-add repositioning with moderate exterior capital improvements will allow assets to successfully compete at market levels

- Improving resident profile and asset desirability through focused direct marketing campaign coupled with property repositioning and asset name changes

Investment Status

To date, the portfolio's performance has met expectations. The value creation process has been completed for three assets (located in Greensboro, Charlotte and Raleigh), which have been marketed for sale. Berkshire expects the asset sales to generate a leveraged gross IRR in excess of 20% and expects a late August 2007 closing. The attractive sales values and investment returns are driven by strong net operating income growth, which is up 8% since acquisition, and the low capitalization rate environment in the respective submarkets. Berkshire is liquidating these assets as it believes it has maximized the value in submarkets that have limited growth potential.

- Historical unleveraged gross IRR of 18.0% for the portfolio in the aggregate, over 16-month ownership period, as of March 31, 2007
- Projected unleveraged gross IRR of 11.6% and leveraged gross IRR of 21.9%, for the portfolio in the aggregate, over a five- to seven-year hold period, accounting for actual results through December 31, 2006

Berkshire Value Add

- Substantially upgraded the property through a moderate level of capital expenditures targeted mainly on the exterior, amenity and curb appeal aspects of the properties, which were seriously neglected by the prior owner

Installed professional management with an initial focus on direct marketing to attract an improved resident profile

- Acquired as a portfolio, the assets will be sold in smaller groups to maximize value

THE PARKVILLE MARYLAND PORTFOLIO

Market	Parkville, MD
Fund	BMVF I
Acquisition Price	\$59.5 million
Investment Strategy	Renovation/ Rehabilitation
Investment Date	August 2006
Project Size	657 Units
Year Built	1965 - 1973
Capital Plan	\$10.5 million

Summary and Investment Opportunity

The Parkville Maryland portfolio consists of three assets, comprising 657 units, located in Parkville, Maryland: Arbor Station, Revere Park, and Berkshires at Satyr Hill (formerly known as Lowell Ridge). The acquisition of these three class C quality assets presents Berkshire with significant rehabilitation-driven upside potential, as each asset is in need of significant interior and exterior rehabilitation. The interior rehabilitation will include the addition of washers and dryers in all units and thereby will help to transform the assets to class B quality, attracting a higher quality resident profile. Specific opportunities include:

Acquiring three C+ quality assets in solid B locations, at attractive per unit pricing significantly under replacement cost

- Repositioning the assets to a B quality through significant interior rehabilitation including washer and dryer installation

Investment Status

To date, the assets have performed at or above expectations with close to 45% of the units' rehabilitations being completed with rent premiums for the rehabilitated units between \$100 and \$130.

- Historical unleveraged gross IRR of 10.8%, for the portfolio in the aggregate, over seven-month ownership period as of March 31, 2007
- Projected unleveraged gross IRR of 10.6% and leveraged gross IRR of 16.9%, for the portfolio in the aggregate, over a seven-year hold period, accounting for actual results through December 31, 2006

Berkshire Value Add

- Significant interior unit renovation of \$10,000 per unit, including rehabilitation of kitchens, bathrooms and installation of washers and dryers
- Installed professional management with significant focus on direct marketing to improve qualified resident traffic
- Significant exterior renovations focused on modernizing a dated curb appeal

BERKSHIRES AT WALDEN LAKE

Market	Miami, FL
Fund	BMVF I
Acquisition Price	\$36.7 million
Investment Strategy	Renovation/ Rehabilitation
Investment Date	December 2005
Project Size	400 Units
Year Built	1986
Capital Plan	\$2.7 million

Summary and Investment Opportunity

The Berkshires at Walden Lake, a 400-unit class B asset located in Miami, Florida, was purchased for \$92,000 per unit. The acquisition, which included a \$15.7 million bond financing assumption, provides Berkshire with an opportunity to improve property management, as well as reposition the asset through an interior rehabilitation program. Specific opportunities include:

Acquiring a well-located, undermanaged asset at an attractive price per unit, which is well below replacement cost

Maximizing revenue through proper management of Section 8 rental restrictions in place

- Repositioning the asset to improve resident profile through rehabilitation

Investment Status

To date, the asset has significantly outperformed expectations from a revenue perspective driven by physical occupancy in excess of 98%, coupled with net rental income growth of 19% since acquisition.

- Historical unleveraged gross IRR of 13.6% over 15-month ownership period as of March 31, 2007
- Projected seven-year unleveraged gross IRR of 10.2% and leveraged gross IRR of 15.9%, accounting for actual results through December 31, 2006

Berkshire Value Add

- Rehabilitation of kitchen and bathrooms expected to drive revenue increases and generate a yield in excess of 13% on invested rehabilitation capital

Installed professional management focused on maximizing revenue levels at or above market

Negotiated a significant discount to purchase price when Berkshire's interpretation of financing documents indicated that prepayment of the bond financing was not permissible

- Negotiated \$4.9 million supplemental financing with bond holder after initial assumption of existing bond debt

LOGAN'S MILL

Market	Austin, TX
Fund	BMVF I
Acquisition Price	\$12.1 million
Investment Strategy	Significant Repositioning
Investment Date	August 2006
Project Size	256 Units
Year Built	1986
Capital Plan	\$729,000

Summary and Investment Opportunity

Logan's Mill, a 256-unit class B asset located in south Austin was purchased at an attractive price. The asset, which was significantly undermanaged, will benefit from a modest \$3,000 per unit capital program along with professional management focused on an improved resident profile. Specific opportunities include:

Acquisition of an undermanaged, but well-located garden style apartment complex

Acquiring at an attractive price of \$47,000 per unit, significantly below replacement cost

- Substantially upgrading the property by improving the common area amenities including the clubhouse

Investment Status

To date, the asset performance has exceeded expectations driven by higher than expected physical occupancy levels of approximately 95% and net rental income growth, which has improved 11% since acquisition. This asset, while modeled as a six-year hold, will be evaluated upon stabilization to time potential exit with Austin market cycles.

- Historical unleveraged gross IRR of 14.8% over eight-month ownership period as of March 31, 2007
- Projected six-year unleveraged gross IRR of 11.3% and leveraged gross IRR of 18.6%, accounting for actual results through December 31, 2006

Berkshire Value Add

- Significantly enhanced curb appeal through improved landscape design and addressed significant deferred maintenance, including exterior paint, roofing, foundation, drainage and parking lots

Modernized unit interiors with modest upgrades

- Installed professional management focused on a direct marketing campaign to attract a higher level of qualified resident traffic to this quality south Austin location

ASHTON HEIGHTS

Market	Suitland, MD
Fund	BMVF I
Acquisition Price	\$23.4 million
Investment Strategy	Renovation/ Rehabilitation
Investment Date	August 2006
Project Size	283 Units
Year Built	1968
Capital Plan	\$3.0 million

Summary and Investment Opportunity

Berkshire acquired Ashton Heights, a 15-story 283-unit class C quality high-rise, located in Suitland, Maryland. The asset, which has been undermanaged and undercapitalized, is well located in Prince George's County with convenient access to employment and entertainment destinations of the greater Washington, D.C. area. Berkshire's plan for the asset includes a full interior rehabilitation. Specific opportunities include:

Repositioning of an undermanaged and undercapitalized, but well-located high-rise apartment, in improving Prince George's County (immediately adjacent to Washington, D.C.) at an attractive price of approximately \$83,000 per unit

Improving the asset through an interior unit rehabilitation and substantial upgrade of the exterior of the property by installing new windows and slider doors, along with common area amenity upgrades

- Capitalizing on high rise structure by increasing revenue through amenity and view based pricing

Investment Status

To date, the asset has performed as expected and has generated a 6% increase in monthly net rental income since acquisition.

- Historical unleveraged gross IRR of 15.9% over seven-month ownership period as of March 31, 2007
- Projected seven-year unleveraged gross IRR of 12.3% and leveraged gross IRR of 20.2%, accounting for actual results through December 31, 2006

Berkshire Value Add

- Interior unit renovations, averaging \$11,000 per unit, of bathrooms and kitchens, generating a \$130 per month rent premium over unrenovated units, which equates to a 13% unleveraged yield on the invested rehabilitation capital. Significant capital improvement program, including new windows and slider doors, upgrades to elevators, heating and cooling systems, and common area improvements
 - Installed professional management, and significantly increased focus on direct marketing to surrounding government-based employers and government agencies in an effort to increase traffic and attract an improved resident profile

MONARCH CROSSING

Market	Newport News, VA
Fund	BMVF I
Acquisition Price	\$9.7 million
Investment Strategy	Deep Discount Opportunity
Investment Date	March 2006
Project Size	260 Units
Year Built	1970
Capital Plan	\$3.7 million

Summary and Investment Opportunity

Monarch Crossing, a 260-unit class C asset located in Newport News, Virginia, was acquired through foreclosure auction at a very attractive price. The foreclosure auction opportunity was sourced through the "Berkshire Incentive Referral Program" by a property management employee working at another Berkshire property in Newport News. Berkshire saw a chance to acquire a value-add opportunity in a non-competitive bid environment. Specific opportunities include:

Acquiring a well-located garden style apartment complex at \$37,000 per unit cost, which is significantly below both replacement cost and comparable sales in the submarket. Substantially upgrading curb appeal through significant exterior improvements, to both structure and landscaping, and by improving underutilized common area amenities. Interior unit upgrade opportunity

- Repositioning of an undermanaged, undercapitalized asset

Investment Status

To date, the asset has significantly outperformed expectations with strong net rental income growth of 33% from acquisition. More than 60% of the unit interior upgrades have been completed with premiums of \$125 over unrenovated units. The asset's physical occupancy of 98% represents an 11% improvement since acquisition.

- Historical unleveraged gross IRR of 6.7% over 12-month ownership period as of March 31, 2007
- Projected seven-year unleveraged gross IRR of 13.0% and leveraged gross IRR of 20.7%, accounting for actual results through December 31, 2006

Berkshire Value Add

- Significant capital expenditures to address deferred maintenance mainly on the exterior and common areas. Modest interior unit upgrades averaging \$3,000 per unit have modernized the property's appearance. The interior upgrades, coupled with the exterior capital expenditures, has allowed for a \$125 per month rental rate premium over unrenovated units, which equates to an 11% unleveraged yield on invested rehabilitation capital.

Installed professional management and marketing teams

- Name change of asset (from St. Michael's), coupled with new management and capital, has repositioned the property in the marketplace

PONDEROSA VILLAS

Market	Aurora, CO
Fund	BMVF I
Acquisition Price	\$24.2 million
Investment Strategy	Renovation/ Rehabilitation
Investment Date	June 2006
Project Size	404 Units
Year Built	1986
Capital Plan	\$5.9 million

Summary and Investment Opportunity

Berkshire acquired Ponderosa Villas, a 404-unit B quality asset located in Aurora, Colorado, eight miles from downtown Denver. The asset, which had undergone a failed condominium conversion, came to Berkshire in an off market fashion through a mortgage brokerage relationship. It was acquired at an attractive price after negotiations with the seller that included an extremely quick close. The property, which had 108 down units at the time of acquisition, presents Berkshire with an excellent value-add opportunity through interior rehabilitation, implementation of a utility recovery program and amenity upgrades. Specific opportunities include:

Repositioning an undermanaged, undercapitalized asset which had undergone a failed condo attempt that resulted in 108 of the assets being off-line

- Acquiring a well-located, garden style apartment complex, in the desirable Aurora section of the recovering Denver market, at an attractive price of \$60,000 per unit, which is at a significant discount to replacement cost or comparable sales

Investment Status

To date, the asset has performed as expected, and currently has 75% of the interior unit rehabilitation complete with monthly rental premiums to unrenovated product of \$85, which equates to an unleveraged yield on invested rehabilitation capital in excess of 10%.

- Historical unleveraged gross IRR of 7.5% over ten-month ownership period as of March 31, 2007
- Projected five-year unleveraged gross IRR of 11.3% and leveraged gross IRR of 18.6%, accounting for actual results through December 31, 2006

Berkshire Value Add

- Significant interior renovation of kitchens, bathrooms, lighting, flooring and installation of washers and dryers
Upgraded the property amenities with the addition of a business and fitness centers, and two pools
- Reduced costs by implementing a submetered water billing program which passes water and sewer costs to residents

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APPENDIX B. CONTACT INFORMATION

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