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CONFIDENTIAL
PRIVATE PLACEMENT MEMORANDUM

VISIONARY PRIVATE EQUITY GROUP I, LP

a Missouri limited partnership

February 12, 2010
Supplemented October 1, 2010
Supplemented November 30, 2012
Supplemented May 15, 2013

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THE LIMITED PARTNERSHIP INTERESTS OFFERED BY THIS PRIVATE PLACEMENT MEMORANDUM (THIS "MEMORANDUM") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR RESOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

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PRIVATE PLACEMENT MEMORANDUM
FEBRUARY 12, 2010
Supplemented October 1, 2010
Supplemented November 30, 2012

VISIONARY PRIVATE EQUITY GROUP I, LP
Minimum Purchase: $50,000

Visionary Private Equity Group I, LP (the "Fund"), a limited partnership formed under the laws of the State of Missouri is seeking subscriptions for limited partner interest (the "LP Interests" and together with the General Partner's (as defined below) interest in the Fund, the "Partnership Interests") in the aggregate amount of up to $25.0 Million. The investment objective of the Fund is to provide investors with access to an investment portfolio that is designed to deliver a positive overall return of the LP Interests. The Fund will seek to achieve its investment objectives through equity, debt and equity-related securities including venture capital opportunities and public company securities ("Portfolio Investments"). *See "Investment Objectives and Policies."* There can be no assurance that the Fund will achieve its investment objective.

The General Partner of the Fund is Visionary PE GP I, LLC, a Missouri limited liability company (the "General Partner"). In addition to the General Partner, Visionary Fund Manager, LLC, a Missouri limited liability company (the "Fund Manager") will be engaged by the General Partner to server as an Investment Adviser (as defined below). Neither the General Partner nor the Funder Manager are registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940 (the "Adviser Act") (or any similar state law requirement). The Fund Manager as the primary investment adviser to the Fund, may manage all or a portion of the Fund's assets. The Fund Manager may also utilize external investment managers to manage portions of the Fund's assets the Fund Manager does not (together such external investment managers with the Fund Manager, the "Investment Advisers").

The Fund does not intend to make current distributions of income and therefore, may not be a suitable investment for persons seeking current income.

The offering is being made only to a select group of potential investors who meet the suitability standards set forth in this Memorandum. Investors will be limited to "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act. The transferability of the LP Interests is severely limited. *See "Restrictions on Transfer."*

The LP Interests are being offered from time-to-time to a limited number of qualified purchasers (each such purchaser of an LP Interest, a "Limited Partner" and together with the General Partner, the "Partners"). The purchase price of the LP Interests is the net asset value of the LP Interests as of the effective date of the purchase, multiplied by the number of LP Interests purchased. The net asset value of an LP Interest will fluctuate as a result of the fluctuating values of the Fund's assets. The LP Interests are being offered on a best efforts basis by the General Partner. The General Partner also may engage registered broker-dealers to assist in the placement of the LP Interests, and in such event the Fund would pay customary commissions to the broker-dealers in amounts negotiated by the General Partner. Other expenses of the offering will also be paid by the Fund.

CERTAIN MATTERS

INVESTMENT IN THE LP INTERESTS OFFERED BY THIS MEMORANDUM IS SUBJECT TO MANY RISKS. *SEE "RISK FACTORS."* INVESTORS WILL BE REQUIRED TO REPRESENT THAT THEY ARE ABLE TO BEAR THE ECONOMIC RISK OF THEIR INVESTMENT AND THAT THEY (OR THEIR PURCHASER REPRESENTATIVES) ARE FAMILIAR WITH AND UNDERSTAND THE TERMS AND RISKS OF THIS OFFERING. THE GENERAL PARTNER RESERVES THE RIGHT TO REVOKE THE OFFER MADE BY THIS MEMORANDUM AND TO REFUSE TO SELL LP INTEREST TO ANY PROSPECTIVE INVESTOR, IF, AMONG OTHER THINGS, THE PROSPECTIVE INVESTOR DOES NOT MEET THE SUITABILITY STANDARDS SET FORTH IN THIS MEMORANDUM. *SEE "WHO MAY INVEST."*

NEITHER THE OFFER NOR THE SALE OF THE LP INTERESTS OFFERED BY THIS MEMORANDUM IS BEING REGISTERED EITHER UNDER THE SECURITIES ACT, IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 506 OF REGULATION D FOR TRANSACTIONS NOT INVOLVING ANY PUBLIC OFFERING, OR UNDER THE SECURITIES LAWS OF ANY STATE. THE LP INTERESTS PURCHASED UNDER THIS MEMORANDUM MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE DISPOSED OF BY ANY INVESTOR UNLESS SO REGISTERED OR UNLESS IN THE OPINION OF COUNSEL FOR THE FUND REGISTRATION IS NOT REQUIRED. TRANSFER OF ANY LP INTEREST IS ALSO SUBJECT TO SEVERE RESTRICTIONS SET FORTH IN THE LIMITED PARTNERSHIP AGREEMENT OF THE FUND (THE "PARTNERSHIP AGREEMENT"), INCLUDING RECEIPT OF CONSENT OF THE GENERAL PARTNER, RECEIPT OF A LEGAL OPINION SATISFACTORY TO THE FUND AND ITS COUNSEL AND PAYMENT OF CERTAIN EXPENSES BY THE TRANSFERRING LIMITED PARTNER. *SEE "RESTRICTIONS ON TRANSFER."* THE FUND WILL CONDUCT ITS ACTIVITIES SO AS NOT TO BE REQUIRED TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT"), THOUGH THE FUND CANNOT PROVIDE ASSURANCE THAT IT WILL BE ABLE TO MAINTAIN AN EXEMPTION FROM SUCH REQUIREMENT.

THIS OFFERING IS MADE EXCLUSIVELY BY THIS MEMORANDUM AS IT MAY BE AMENDED OR SUPPLEMENTED INCLUDING THE EXHIBITS ATTACHED TO THIS MEMORANDUM. A DECISION TO PURCHASE LP INTERESTS MUST BE BASED SOLELY ON THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS MEMORANDUM (AND ADDITIONAL INFORMATION, IF ANY, FURNISHED AFTER THE DATE OF THIS MEMORANDUM BY THE GENERAL PARTNER AND PERSONS AUTHORIZED TO ACT ON ITS BEHALF).

THIS MEMORANDUM CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PARTNERSHIP AGREEMENT AND OTHER DOCUMENTS THAT WILL GOVERN THE FUND'S AFFAIRS AND THE CONDUCT OF ITS PROPOSED OPERATIONS. WHILE THE GENERAL PARTNER BELIEVES THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES DO NOT PURPORT TO BE COMPLETE AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE TEXTS OF THE ORIGINAL DOCUMENTS. REFERENCE IS MADE TO THE PARTNERSHIP AGREEMENT, A COPY OF WHICH IS ANNEXED TO THIS MEMORANDUM AS EXHIBIT A, AND TO SUCH

OTHER DOCUMENTS FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF THE PARTIES TO THE PARTNERSHIP AGREEMENT AND SUCH OTHER DOCUMENTS. IN THE CASE OF A CONFLICT BETWEEN THIS MEMORANDUM AND THE PARTNERSHIP AGREEMENT OR ANY OTHER AGREEMENT, THE PARTNERSHIP AGREEMENT OR SUCH OTHER AGREEMENT, AS THE CASE MAY BE, SHALL GOVERN. OTHER INFORMATION SET FORTH IN THIS MEMORANDUM HAS BEEN OBTAINED FROM THE GENERAL PARTNER AND THE FUND MANAGER AND FROM OTHER SOURCES DEEMED RELIABLE. SUCH INFORMATION NECESSARILY INCORPORATES SIGNIFICANT ASSUMPTIONS AS TO FACTUAL AND OTHER MATTERS AND NO REPRESENTATION OR WARRANTY IS MADE AS TO ITS ACCURACY OR COMPLETENESS.

THIS MEMORANDUM IS SUBMITTED IN CONNECTION WITH THE OFFER OF THE LP INTERESTS DESCRIBED IN THIS MEMORANDUM TO A RESTRICTED GROUP OF PROSPECTIVE INVESTORS. DELIVERY OF THIS MEMORANDUM TO ANYONE OTHER THAN THE OFFEREE NAMED ON THE COVER PAGE OF THIS MEMORANDUM IS UNAUTHORIZED, AND ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR ANY DIVULGENCE OF ITS CONTENTS, IN WHOLE OR IN PART, WITHOUT THE PRIOR WRITTEN CONSENT OF THE GENERAL PARTNER IS PROHIBITED. THE OFFEREE, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES TO RETURN THIS MEMORANDUM AND ALL ENCLOSED DOCUMENTS TO THE GENERAL PARTNER IF THE OFFEREE DOES NOT AGREE TO SUBSCRIBE FOR ANY OF THE LP INTERESTS OFFERED BY THIS MEMORANDUM. ALL DOCUMENTS RELATING TO THIS OFFERING (AND ANY ADDITIONAL INFORMATION THAT IS AVAILABLE AND CAN BE OBTAINED WITHOUT UNREASONABLE EXPENSE) WILL BE MADE AVAILABLE TO THE OFFEREE, UPON REQUEST, AT THE OFFICES OF THE GENERAL PARTNER, AND THE GENERAL PARTNER WILL BE AVAILABLE TO PROVIDE ANSWERS TO QUESTIONS CONCERNING THIS OFFERING. ANY REPRESENTATIONS (WHETHER ORAL OR WRITTEN) OTHER THAN THOSE SET FORTH IN THIS MEMORANDUM AND ANY INFORMATION (WHETHER ORAL OR WRITTEN) OTHER THAN THAT FURNISHED BY THE GENERAL PARTNER UPON REQUEST MUST NOT BE RELIED UPON.

THE OFFEREE SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY COMMUNICATION, WHETHER WRITTEN OR ORAL, FROM THE GENERAL PARTNER, OR ANY OF ITS AGENTS AS LEGAL, TAX, ACCOUNTING OR OTHER EXPERT ADVICE. THE OFFEREE SHOULD CONSULT HIS OWN COUNSEL, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISORS AS TO LEGAL, TAX, ACCOUNTING AND RELATED MATTERS CONCERNING HIS INVESTMENT.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE UNDER THE MEMORANDUM SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE FUND SINCE THE DATE OF THIS MEMORANDUM. IF ANY MATERIAL CHANGE IN THE FUND'S AFFAIRS OCCURS AT ANY TIME WHEN THIS MEMORANDUM IS REQUIRED TO BE DELIVERED, THIS MEMORANDUM WILL BE AMENDED OR SUPPLEMENTED APPROPRIATELY.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, A SECURITY IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION IN SUCH JURISDICTION.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

THIS MEMORANDUM CONTAINS WHAT MAR BE CHARACTERIZED AS FORWARD-LOOKING STATEMENTS THAT INVOLVE FUTURE EVENTS, THE FUND'S FUTURE PERFORMANCE AND THE FUND'S EXPECTED FUTURE OPERATIONS AND ACTIONS. IN SOME CASES YOU CAN IDENTIFY FORWARD-LOOKING STATEMENTS BY THE USE OF WORDS SUCH AS "MAY," "SHOULD," "ANTICIPATE," "BELIEVE," "EXPECT," "PLAN," "FUTURE," "INTEND," "COULD," "ESTIMATE," "PREDICT," "HOPE," "POTENTIAL," "CONTINUE," OR THE NEGATIVE OF THESE TERMS OR OTHER SIMILAR EXPRESSIONS. THESE FORWARD-LOOKING STATEMENTS ARE ONLY THE FUND'S PREDICTIONS AND INVOLVE NUMEROUS ASSUMPTIONS, RISKS AND UNCERTAINTIES. THE FUND'S ACTUAL RESULTS OR ACTIONS MAY DIFFER MATERIALLY FROM THESE FORWARD-LOOKING STATEMENTS FOR MANY REASONS, INCLUDING THE UNPREDICTABLE MOVEMENTS OF THE SECURITIES MARKETS IN WHICH THE FUND'S INDIRECTLY INVEST, THE ACUMEN OF THE INVESTMENT CONSULTANT OR THE INVESTMENT ADVISERS WHO MANAGE THE FUND'S ASSETS, REGIONAL, NATIONAL AND GLOBAL ECONOMIC TRENDS AND EVENTS, AND CHANGES IN THE LAWS AND REGULATIONS UNDER WHICH THE FUND'S SELECTED INVESTMENT ADVISERS, IN ADDITION TO THE COMPANIES WHOSE SECURITIES THE FUND'S DIRECTLY AND INDIRECTLY INVEST IN, OPERATE UNDER.

THE FUND'S ACTUAL RESULTS OR ACTIONS COULD AND LIKELY WILL DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS FOR MANY REASONS, INCLUDING THE REASONS DESCRIBED IN THIS MEMORANDUM. THE FUND IS NOT UNDER ANY DUTY TO UPDATE THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS MEMORANDUM. THE FUND CANNOT GUARANTEE FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS. THE FUND CAUTIONS YOU NOT TO PUT UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE OF THIS MEMORANDUM. YOU SHOULD READ THIS MEMORANDUM AND THE DOCUMENTS THAT THE FUND REFERENCE IN THIS MEMORANDUM AND HAVE INCLUDED AS EXHIBITS COMPLETELY AND WITH THE UNDERSTANDING THAT THE FUND'S ACTUAL FUTURE RESULTS MAY BE MATERIALLY DIFFERENT FROM WHAT THE FUND CURRENTLY EXPECT. THE FUND QUALIFIES ALL OF THE FUND'S FORWARD-LOOKING STATEMENTS BY THESE CAUTIONARY STATEMENTS.

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I. SUMMARY

THIS SUMMARY IS NOT A COMPLETE DESCRIPTION OF THIS PRIVATE PLACEMENT AND IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION CONTAINED ELSEWHERE IN THIS MEMORANDUM AND IN THE EXHIBITS ATTACHED TO THIS MEMORANDUM. PROSPECTIVE INVESTORS MUST READ THIS MEMORANDUM AND THE OTHER DOCUMENTS ATTACHED TO THIS MEMORANDUM OR REFERRED TO IN THIS MEMORANDUM FOR A COMPLETE UNDERSTANDING OF THIS PRIVATE PLACEMENT. INVESTORS MUST NOT RELY SOLELY ON THIS SUMMARY.

A. The Fund. The Fund was formed in January 2010 as a limited partnership pursuant to the Missouri Limited Partnership Act, as amended (the "Missouri Act").

B. Offering. The Fund is offering $25.0 million of LP Interests. However, the General Partner may increase or decrease the size of the offering. The LP Interests are being offered at an offering price equal to the net asset value of an LP Interest as of the effective date of the purchase, multiplied by the number of LP Interests purchased. The initial net asset value of an LP Interest was One Thousand Dollars ($1,000). The net asset value of an LP Interest will fluctuate from the initial LP Interest value as a result of the fluctuating values of the Fund's assets. Each purchaser will be advised of the net asset value of the LP Interest he is purchasing prior to his admission to the Fund. The purchase price for the LP Interest shall be paid in cash, except that the General Partner in its sole discretion may permit the purchase price or a portion of the purchase price to be paid in securities which are permitted investments for the Fund.

The LP Interests are being offered from time to time as determined by the General Partner. The LP Interest may not be subscribed to by persons who are not "accredited investors" as defined in Rule 501(a) of Regulation D under the Securities Act. The minimum purchase must be at least Fifty Thousand Dollars ($50,000), unless otherwise permitted by the General Partner. The entire purchase price for the LP Interests purchased under this Memorandum must be paid at the time the Subscription Agreement is submitted to the Fund. There is no minimum size to the offering.

The LP Interests are being offered on a best efforts basis by the General Partner. The General Partner, however, may engage registered broker-dealers to assist in the placement of the LP Interests, and in such event the Fund would pay customary commissions to the broker-dealers. The expenses of the offering also will be paid by the Fund.

The General Partner, in its sole discretion, has the right to create additional classes of LP Interests which may have terms that are different than those of the existing LP Interests. The creation of an additional class may change the rights or liabilities of an existing class of Limited Partners so as to materially and adversely affect any such class of Limited Partners' share of profits or losses of the Fund, but only upon the consent of the Limited Partners holding not less than 2/3 of the Limited Partnership Interest for such class of Limited Partners.

C. Investment Objectives and Policies. The investment objective of the Fund is to seek above average long-term appreciation of the LP Interests. The Fund will seek its investment objective through investments in equity, debt and equity-related securities including venture capital opportunities and publicly traded securities. There is no assurance that the Fund's investment objective will be achieved. *See "Investment Objectives and Policies"* and "*Risk Factors — Performance and Investment Strategies."*

As a company which is exempt from registration as an investment company under the 1940 Act pursuant to Section 3(c)(1), the Fund may not purchase more than 3% of any investment company which is registered under the 1940 Act.

D. The General Partner and the Fund Manager. Visionary PE GP I, LLC is the general partner of the Fund and is responsible for the general business and administrative decisions of the Fund. Visionary Fund Manager, LLC is the primary investment adviser for the Fund and is responsible for allocation of the Fund's assets among the Portfolio Investments. The General Partner and the Fund Manager are headquartered in Springfield, Missouri and neither is registered with the Securities and Exchange Commission as an investment adviser under the Advisers Act (or any similar state law requirement). The General Partner and/or the Fund Manager and their respective affiliates may invest in the LP Interests on the same terms as other purchasers of the LP Interests.

The Fund Manager, as investment advisor, may manage all or a portion of the Fund's assets. The Fund Manager may also utilize external investment managers to manage portions of the Fund's assets the Fund Manager does not (together such external investment managers with the Fund Manager, the "Investment Advisers").

E. Allocation of Profits, Losses and Tax Items. Generally, profits and losses and tax items will be allocated among the holders of the Partnership Interests as provided in the Partnership Agreement except in cases where the allocation of such items under the Partnership Agreement does not have "substantial economic effect." Distributions by the General Partner may be in cash or in property. A capital account will be established for each Partner with an initial balance equal to the amount of the Partner's initial Capital Contribution (each, a "Capital Account"). There will be credited to each Partner's Capital Account the amount of additional Capital Contributions and allocations of profit, and debited from each Partner's Capital Account the amount of any distributions to such Partner, allocations of loss, expenses and fees, and the amount paid to such Limited Partner on redemption of all or part of the Limited Partner's Interest. *See "Summary of Partnership Agreement — Allocations and Distributions"* and "*Federal Income Tax Aspects — Fund Allocations."*

Under the terms of the Partnership Agreement, General Partner, will be allocated a performance allocation equal to 20% of all Distributions.

F. Management Fees. Under the terms of the LP Agreement and under a separate Institutional Consulting Services Agreement (the "Consulting Agreement"), for acting as a consultant to the Fund and for handling the daily business and administrative decisions of the Fund, tax and audit coordination with the independent accounting firm, as well as the selection and monitoring the Fund Manager and the other Investment Advisors, the Fund pays to the General Partner a quarterly consulting fee equal to 1/4th of 1.5% of the quarter-end value of each Limited Partner's Capital Account (a 1.5% per annum rate), which is debited from each Limited

Partner's Capital Account. This fee is payable quarterly in advance and is determined by the quarter-end value of each Limited Partner's Capital Account on the last day of the immediately preceding quarter. The fee is paid whether or not the Fund is profitable. The General Partner, in its sole discretion, may reduce, rebate or waive entirely the consulting fee as to any Partner. The General Partner is reimbursed by the Fund for all reasonable out-of-pocket expenses incurred on behalf of the Fund.

G. Advisory Fee. Under the terms of a separate Portfolio Management Agreement (the "Management Agreement"), the General Partner pays to the Fund Manager for acting as a consultant to the General Partner and for providing performance evaluation, due diligence, asset allocation reviews, cash flow analysis, and coordination with the third valuation advisor, a quarterly consulting fee under terms to be established between the General Partner and the Fund Manager. This fee is paid whether or not the Fund is profitable. The Fund Manager is reimbursed by the Fund for all reasonable out-of-pocket expenses incurred on behalf of the Fund.

The Fund Manager, will allocate the Fund's assets among Portfolio Investments, which may result in external Investment Advisors managing some Portfolio Investments. The Fund may be obligated to pay investment advisory fees to these external Investment Advisors, as well as the investment advisory fees, carried interest or performance fees and expenses of other Portfolio Investments in which the Fund invests. These fees are paid whether or not the Fund is profitable. To the extent that external Investment Advisors are used for management of a portion of the Fund's assets, the Fund Manager will not receive the advisory fee on those Portfolio Investments.

H. Organizational and Operating Expenses. The Fund will pay all costs and expenses relating to its investment activities, including brokerage fees and commissions, certain non-income taxes, borrowing costs (such as interest and dividends on securities sold short), and indirect expenses (such as expenses incurred by Portfolio Funds, as well as legal, auditing, consulting and accounting expenses, costs for the preparation of the Fund's financial statements, tax returns and K-1s, and other expenses associated with the acquisition, holding and disposition of investments (and securities distributed therefrom, if any), as well as extraordinary expenses. Fees and expenses incurred by the Fund will be allocated to each Limited Partner in the same proportion that such Limited Partner's Capital Account bears to the sum of the Capital Accounts of all Limited Partners.

The Fund, subject to the limits below, will pay (or reimburse the General Partner) for all external costs and expenses relating to this offering of LP Interests. The General Partner, in its sole discretion, may obligate the Fund to incur these expenses over the course of several years through a non-recourse installment program. Each Limited Partner will be responsible for a pro rata share of the organizational expenses of the Fund, up to a limit not to exceed 5.0% of a Limited Partner's capital contribution, the payment of which will reduce such Partner's Capital Account. The General Partner will bear the economic burden of any offering, start-up or organizational expenses in excess of the above specified amount.

On an ongoing basis, the General Partner and the Fund Manger will bear their own overhead expenses relating to their business operations (primarily office space, furnishings, equipment, personnel costs, etc.) without any reimbursement by the Fund. However, the Fund will be responsible for legal, audit, valuation and other applicable professional fees incurred by the General Partner or the Fund Manager in the course of managing the Fund and the evaluation of potential Portfolio Investments.

I. Marketability of LP Interests, Withdrawal Rights. The LP Interest will not be readily marketable. The LP Interests are not being registered with the Securities and Exchange Commission or with any other federal or state commission or regulatory authority. The Partnership Agreement contains severe restrictions on transfers of LP Interests, including without limitation, the consent of the General Partner, the receipt of a legal opinion satisfactory to the Fund and its counsel and the Limited Partner's payment of all expenses incurred by the Fund as a result of the transfer. *See "Summary of Partnership Agreement — Allocations and Distributions"; "Redemptions."*

J. Term. The term of the Fund (the "Term") commenced on date the Fund was formed and will continue until the tenth anniversary of the Final Closing, unless terminated sooner upon the happening of certain events as set forth in the Partnership Agreement, subject to extension of up to two additional two-year periods by the General Partner in its sole discretion. *See "Summary of the Partnership Agreement — Term."*

The acceptance of the General Partner of the first investor's subscription for a LP Interest and the payment by such first investor for such LP Interest is referred to as the "Initial Closing". The General Partner, for a period of seven years following the Initial Closing, is entitled, in its sole discretion, to continue to accept subscriptions and to hold one or more subsequent closings, the last one of which is referred to as the "Final Closing".

K. The General Partner's Capital Commitment. The General Partner has made an initial capital contribution to the Fund in cash of $10,000 and will make additional capital contributions to the Fund in cash with the Initial and each Subsequent Closing (pro rata) so that the General Partner's to total capital contributions to the Fund equal 1% of the total offering ($250,000 aggregate).

II. WHO MAY INVEST

The LP Interests offered by this Memorandum have not been registered under the Securities Act, as amended, and are offered pursuant to the exemption from registration contained in Rule 506 of Regulation D to the Securities Act and any applicable state laws or regulations. The General Partner undertakes no obligation to register the LP Interests or to perfect any exemption from such registration at any later date. The LP Interests will be offered and sold only to "accredited investors" as defined in Rule 501(a) of Regulation D and a "qualified client", as defined in the Advisers Act, all of whom meet certain suitability standards and make specific written representations and warranties.

III. THIS INVESTMENT INVOLVES INVESTMENT RISKS

Investors will be required to represent that they are familiar with and understand the terms, risks and merits of an investment in the Fund, and that they have such knowledge and experience in financial and business matters generally, and in investments in securities in particular, that they are capable of evaluating the merits and risks of an investment in the Fund.

The LP Interests may not be sold, transferred, hypothecated or otherwise disposed of by an investor unless registered under the Securities Act or if in the opinion of counsel for the Fund (1) registration is not required under the Securities Act and (2) the sale, transfer, hypothecation or disposal will not terminate or jeopardize the status of the Fund as a partnership for tax purposes.

This Memorandum contains references to or summaries of certain provisions of the Partnership Agreement and various other documents. All such summaries are qualified in their entirety by reference to the original of each such document, copies of which will be made available upon request.

In addition to the restrictions discussed in this Memorandum in "*Restrictions on Transfer"*, subscribers seeking to transfer their LP Interests subsequent to their initial investment may be subject to the securities ("Blue Sky") laws of the state in which the transfer takes place, including the imposition of "suitability standards" of the type described above to resales of LP Interests by investors.

Each prospective investor is invited to examine all documents relating to the Fund and to ask questions of and obtain additional information from the General Partner concerning the terms and conditions of the offering or any other relevant matters (including, but not limited to, additional information necessary to verify the accuracy of the information set forth herein) to the extent the General Partner possesses such information or can acquire it without unreasonable effort or expense. If the Offeree or the Offeree's purchaser representatives have questions or desire additional information should contact the General Partner as provided in the Subscription Agreement.

IV. SUBSCRIPTION PROCEDURE

The LP Interests will be sold only to persons who meet the qualifications described under "*Who May Invest"*. An investor who meets the qualifications set forth in this Memorandum may subscribe for LP Interests by delivering the following documents to the General Partner:

A. One (1) executed copy of the Subscription Agreement with signatures properly acknowledged (attached as Exhibit B to this Memorandum).

B. (a) A check payable to "Visionary Private Equity Group I, LP" or wire transfer for the full amount of the prospective investor's subscription; or (b) If permitted by the General Partner, delivery of securities in proper form which are permitted investments for the Fund with a value at the time of purchase equal to the amount of the investor's subscription.

C. Such evidence of the authority of any investor which is a corporation, partnership, trust or other entity to become a Limited Partner, as may be required in the sole discretion of the General Partner.

V. RESTRICTIONS ON TRANSFER

The LP Interests are not being registered under the Securities Act in reliance on an exemption from registration provided by Rule 506 of Regulation D. The General Partner undertakes no obligation to register the LP Interests or perfect any exemption from registration currently or at any later date. The General Partner does not contemplate any registration of the LP Interests in the future. As a result, the LP Interests are not marketable and no market for the LP Interests is expected to develop. Furthermore, no transfer will be permitted which will cause the Fund to be treated for tax purposes as a publicly traded partnership.

If a Limited Partner wishes to sell, assign, pledge, exchange, hypothecate, transfer or otherwise dispose of his investment, the manner and method of such disposition will be controlled and limited by the terms of the Partnership Agreement. Pursuant to the Partnership Agreement, a Limited Partner may not sell, assign, pledge, exchange, hypothecate, transfer, or otherwise dispose of any LP Interest without an opinion from the Fund's counsel that such sale, assignment, pledge, exchange, hypothecation, transfer or disposal does not require registration under federal or state securities laws, or if the sale, etc., of such LP Interest, when added to the total of the other LP Interest sold or disposed of within the period of twelve (12) consecutive months prior thereto, might result in the termination of the Fund under the provisions of Section 708(b) of the Internal Revenue Code of 1986, as amended to the date of this Memorandum (the "Code") and the regulation thereunder (the "Treasury Regulations"), or any successor statute or jeopardize the status of the Fund as a partnership (other than a publicly traded partnership) for tax purposes. Expenses incurred by the Fund as a result of any transfer by a Limited Partner, such as legal and accounting fees, are payable by the Limited Partner transferring his interest. In addition, the sale of a Limited Partner's interest is subject to the prior approval of the General Partner in its sole discretion. The foregoing restrictions to transfers in the Partnership Agreement are illustrative and not exhaustive. For the detailed restrictions.

VI. RISK FACTORS

An investment in the Fund involves a high degree of risk and other considerations and, therefore, should be undertaken only by investors capable of evaluating the risks of the Fund and bearing the risks it represents. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Memorandum, prior to investing in the Fund. This Memorandum does not purport to be a complete disclosure of all risks that may be relevant to a decision to purchase an LP Interest in the Fund. Prospective investors must rely upon their own examination of and ability to understand the nature of this investment, including the risks involved, in making a decision to invest in the Fund. There can be no assurance that the Fund will be able to achieve its investment objective or that investors will receive a return on their capital.

A. The Changing Regulatory Landscape.

Regulations affecting unregistered investment advisers and investment companies are subject to change. Dramatic incidents of fraud and loss in recent months and years have resulted in several legislative proposals respecting the registration of funds which presently are exempt from registration under the 1940 Act, the registration of advisers which are presently exempt from registration under the Advisers Act, and other proposals seeking to increase regulation on the hedge fund industry. Further, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have also led to increased governmental as well as self-regulatory scrutiny of the private equity fund industry in general. In addition to proposed and actual accounting changes, there have recently been certain well-publicized incidents of regulators unexpectedly taking positions which prohibited trading strategies which had been implemented by non-registered funds in a variety of formats for many years.

Legislation has been introduced in Congress which would require advisers to certain unregistered funds to both register as investment advisers and provide the SEC with specific information about such funds. Other proposed legislation would require many unregistered funds themselves to register under the 1940 Act. We cannot predict what Congress will enact in this regard, or what regulations the SEC will adopt under such legislation. Similarly, we cannot predict the costs that will be imposed on the Fund, Investment Advisers or the General Partner to comply with such laws and regulations. Furthermore, we may be forced to alter the manner in which the Fund is structured and operated in order to comply.

In the current unsettled regulatory environment, it is impossible to predict if future regulatory developments might adversely affect the structure of the Fund or its investments, and in turn the value of an investment in the Fund. In addition to legislation proposing greater regulation of the industry considered by Congress, the governing bodies of U.S. states and foreign jurisdictions have also proposed to increase regulations on the industry. It is impossible to predict what, if any, changes in the regulations applicable to the Fund, the Investment Advisers, the General Partner and/or the investments, and the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of the Fund.

B. Reliance on the General Partner and the Fund Manager. The success of the Fund will be highly dependent on the financial and managerial expertise of the General Partner and the Fund Manager's ability to analyze and select investments in which to invest. The success of the Fund will also depend on the ability of the external Investment Advisers, if any, utilized by the Fund Manager. The principals of the General Partner and Fund Manager (the "Principals") do not intend, and are not required, to devote all of their time to the Fund. Further, the Principals will be under no contractual obligation to remain with the Fund for all or any portion of the life of the Fund. The Partnership Agreement, Consulting Agreement and Management Agreement do not require the General Partner, the Fund Manager or the Principals or their respective affiliates to devote all or any specified portion of their time to managing the Fund's affairs but only to devote so much of their time to the Fund's affairs as they determine to be necessary to accomplish the Fund's purposes and to properly conduct the Fund's operations.

The ability of the Fund to carry on its activities successfully will be dependent upon the skill and experience of the General Partner, the Fund Manager and the Principals.

C. Investment Risk. The Fund's task of identifying and evaluating investment opportunities, managing such investments and realizing a positive return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize on such investments successfully. There is no assurance that the Fund will be able to invest its capital on attractive terms or continue to generate positive returns for its investors over the long term.

D. Illiquidity of Portfolio Investments. There may be little or no active market for many of the investments held by the Fund. Consequently, the Fund may not be able to dispose of an investment when it desires to do so. Many of the securities purchased by the Fund are issued in private placement transactions and may be subject to legal or contractual restrictions on resale or redemption by the Fund. A potential exists for securities that cannot be liquidated within the time constraints of the Fund may need to be distributed in-kind to the Limited Partners upon a redemption request or upon the dissolution of the Fund.

E. Lack of Transferability and Marketability of the LP Interests. The LP Interest offered by this Memorandum have not been registered under the Securities Act or under the securities law of any state and, therefore, cannot be resold unless they are subsequently registered under the Securities Act or unless an exemption from registration is available. The Fund does not intend to register any of the LP Interest for resale under the Securities Act. Accordingly, the LP Interests have no marketability. There is no public trading market for the LP Interests and none is anticipated to develop. The Partnership Agreement contains severe restrictions on the transfer of LP Interest. However, the Partnership Agreement provides that LP Interests may be redeemed by the Fund. Except as otherwise provided in the Partnership Agreement, holders of LP Interests may not be able to liquidate their investments in the event of financial emergency or for any other reason, and the purchase of LP Interests should be considered as a long-term investment.

F. Distributions. Pursuant to the Partnership Agreement, at such times as the General Partner may designate, the Fund may make distributions of cash to its Limited Partners in accordance with their respective Sharing Ratios (as defined below) in the Fund. Consistent with the Fund's overall investment strategy, it is the intent of the General Partner to evaluate each liquidity event with respect to a Portfolio Investment and make distributions from those liquidity events that provide excess cash proceeds to the Fund. *See "Tax Considerations" and "Distributions."*

G. Distributions in Cash or Kind; Deferred Distributions. The Fund is not required to distribute cash or other property to the Limited Partners, but consistent with the Fund's overall investment strategy, it is the intent of the General Partner to evaluate each liquidity event with respect to a Portfolio Investment and make distributions from those liquidity events that provide excess cash proceeds to the Fund. Amount of any deferred distribution will remain an asset of the Fund (even though it may be placed in a separate account) and as such will remain subject to the risks of Fund and claims of creditors of the Fund.

H. Dissolution and Forced Withdrawal. The General Partner may, at any time and in its sole discretion, require a Limited Partner to withdraw from the Fund, or dissolve, liquidate and terminate the Fund. Upon the dissolution, liquidation and/or termination of the Fund, its assets will either be distributed to the Limited Partners directly or be liquidated and the proceeds distributed to the Limited Partners, in the sole discretion of the General Partner.

I. Performance and Investment Strategies. The Fund was organized in January 2010, and as such has not operating or performance history. Trading in securities involves substantial risks, many of which are outside of the control of the General Partner or the Fund Manager. Although the Fund Manager attempts to make informed investment decisions regarding securities, the Fund is exposed to the risk that substantial declines in the equity market may adversely affect the performance of the Fund. There can be no assurance that the Fund or the underlying investments which it makes will achieve targeted returns. Actual realized returns on investments 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 and the performance of the underlying portfolio investments selected by the Fund.

J. Availability of and Ability to Acquire and Maintain Suitable Investments. The Fund may be unable to find a sufficient number of attractive investment opportunities to meet its investment objectives. Even if the Fund is able to invest in a suitable investment, such investments are often subject to their own limitations.

K. Limited Partners' Lack of Control. Limited Partners will have no opportunity to control the operations, including investment and disposition decisions, of the Fund. In order to limit their liability for the obligations of the Fund, investors must rely entirely on the General Partner and the Investment Advisers (including the Fund Manger) to make investments and to conduct and manage the affairs of the Fund. Neither the General Partner nor the Investment Advisers will be liable to the Fund or the Limited Partners for any liability or loss of the Fund due to any act or omission by it to the extent not involving willful misfeasance, bad faith or gross negligence on their part. The Fund will also indemnify the General Partner and the Fund Manager against any such liability or loss.

L. Registration and Qualification Under the 1940 Act. The Fund will not be registered under the 1940 Act (or any similar state law). Investors in an entity such as the Fund which is not required to so register are not accorded the protective measures provided by the 1940 Act or similar state laws.

M. Concentrations of Investments. Because a high percentage of the Fund's total capital may be invested in a few investments, any single loss may have a significant adverse impact on the Fund's capital. In addition, the Fund is not required to diversify its investments among particular industries or regions..

N. Manager's Non-Liability Under the Partnership Agreement. Except for matters arising out of the Fund Manager's investment advisory activities, the Fund Manager and its employees will not be liable to the Fund or to the Limited Partners for any act or omission, provided that the Fund Manager or such person was acting in good faith, with the care of a corporate officer of like position would exercise under similar circumstances, and in the manner the Fund Manager or such employees reasonably believes to be in the best interests of the Fund, and under certain circumstances the Fund Manager and such employees will be entitled to indemnification from the Fund for certain losses. *See "Fiduciary Responsibilities of the Fund Manager."*

O. Claims of Creditors. In the event of dissolution or termination of the Fund, the proceeds, if any, realized from the liquidation of assets will be distributed to the Partners only after satisfaction of the claims of creditors. Accordingly, the ability of the Limited Partners to recover all or any portion of their investment upon dissolution or termination will depend upon the amount of funds realized and the claims to be satisfied from such dissolution or termination of the Fund.

P. Investment Advisory Fees. The fee, payable to the Fund Manager for its investment advisory services, will be based upon committed capital and then the net assets of the Fund and will be payable regardless of the performance of the Fund.

Q. Representation by Attorneys and Accountants. The Fund, the General Partner and the Fund Manager are not represented by separate counsel or accountants. *See "Conflicts of Interest — Legal and Accounting Representation."* Therefore, investors should retain their own legal and tax advisors, since the legal counsel and accountants for the Fund have not been retained, and will not be available, to provide personal legal counsel or personal tax advice to investors.

R. Unrelated Business Taxable Income. Limited Partners who are generally exempt from federal income taxation under Code Section 501(a), will be subject to tax to the extent its aggregate unrelated business taxable income from the Fund and other investments exceeds One Thousand Dollars ($1,000) in any taxable year. The Fund does not anticipate that it will have unrelated business taxable income. For a detailed discussion of the tax laws relating to unrelated business taxable income, *see "Federal Income Tax Aspects — Unrelated Business Taxable Income"*, and for a more detailed discussion of the obligations of trustees and custodians *see "Certain ERISA Considerations."*

S. Limited Liability. While the liability of each Limited Partner with respect to the Fund is limited to the extent of its investment therein, if the Fund becomes insolvent and one or more Limited Partners are aware of such insolvency when they receive a distribution, such Limited Partners may be required to return distributions paid to them by the Fund.

T. Tax Considerations. An investment in the Fund may involve complex U.S. federal income tax considerations that will differ for each Limited Partner. Under certain circumstances, Limited Partners could be required to recognize taxable income in a taxable year for U.S. federal income tax purposes, even if the Fund either has no net profits in such year or has an amount of net profits in such year that is less than such amount of taxable income.

As a holder of a LP Interest, a Limited Partner must report on his or her federal income tax return his or her allocable share of income, gain, losses, deductions and credits, whether or not any actual cash distribution is made to the Limited Partner during the taxable year. Since the Fund does not intend to make any distributions to its Limited Partners, a Limited Partner's tax liability attributable to his or her investment in the Fund likely will exceed the cash distributed. The Fund may invest in entities which would cause it to have to report for U.S. Federal income tax purposes to report taxable income prior to the time the Fund receives any distributions from such Portfolio Investments. In addition, the Fund's portfolio investments might expose the Fund to income taxation in foreign jurisdictions.

U. Possible Delays in Tax Information. The majority of the Fund's portfolio investments will consist of interests in other private investment companies. As such, those private investment companies will be required to prepare tax reports and provide them to the Fund prior to the Fund being able to prepare any tax reports to provide to its Limited Partners. While the Fund will utilize its best efforts to provide the Limited Partners with tax reporting information in a timely manner, it is possible that the Fund will not receive all of the information from its portfolio investments in sufficient time to permit the Fund to provide reports to the Limited Partners prior to the Limited Partners having to file their tax returns. As such, it may be necessary for the Limited Partner s to file extensions for filing their tax returns.

VII. DISTRIBUTIONS

A. Priority Return. Each Limited Partner shall be entitled to a return equal to eight percent (8%) per annum (the "Priority Return") of the average daily balance of the aggregate capital contributions that have been made to the Fund by such Limited Partner in exchange for the LP Interests held by such Limited Partner, reduced by the amount of distributions that are attributable to capital contribution returns to such Limited Partner (the "Unreturned Capital Contributions").

B. Memorandum Accounts.

1. Memorandum accounts shall be established to account for the accrual and payment of Priority Returns ("Memorandum Accounts"). There shall be a Memorandum Account for the benefit of each Limited Partner with respect to such Limited Partner's Priority Return. For bookkeeping and accounting purposes, the respective Limited Partners' Memorandum Accounts shall be credited (increased) on a quarterly basis with the applicable amount of Priority Return. Each Limited Partner's Memorandum Accounts shall be decreased by the distributions described below.

2. The respective Limited Partners' Unreturned Capital Contributions shall be decreased by distributions not characterized as a Priority Return.

3. For purposes of maintaining the Memorandum Accounts and the Unreturned Capital Contribution amounts, the payment of Tax Distributions to the Limited Partners as set forth below shall be applied as follows: first, to reduce (but not below zero) on a pro-rata basis, the respective Limited Partners' Memorandum Accounts.

C. General Partner's Carrier Interest. The General Partner shall be entitled to incentive allocation (the "Carried Interest Allocation"), as described below:

1. An account shall be established to account for the accrual and payment of the General Partner's incentive distributions (the "Carried Interest Accounts"). For bookkeeping and accounting purposes, the Carrier Interest Accounts shall be credited (increased) or debited (reduced) on an annual basis by an amount equal to 20% of all Distributions to the Limited

Partners. The Carrier Interest Account Accounts shall be decreased (but not below zero) by the distributions described below.

2. For purposes of maintaining the Carried Interest Account, the payment of Tax Distributions to the General Partner as set forth below shall be applied to reduce (but not below zero) the Carried Interest Account.

D. Distributions. Any distributions shall be made at such time or times as the General Partner determines in its sole discretion; provided, however, that any such distributions shall be made only after the provision of reserves that the General Partner from time to time determines are required or are reasonably appropriate to be retained to meet any accrued or foreseeable expenses, expenditures, liabilities or other obligations of the Fund. Distributions shall be made in the following order of priority:

1. First, to the Limited Partners in proportion to their respective Memorandum Accounts until their respective Memorandum Accounts have been reduced to zero at the time of the distribution (in each case measuring Memorandum Accounts after giving effect for any Tax Distributions).

2. Second, the General Partner until the Carried Interest Account has been reduced to zero at the time of the distribution (in each case measuring the Carried Interest Account after giving effect for any Tax Distributions).

3. Last, after all of the balances in the Memorandum Accounts and the Carried Interest Account have been reduced to zero, 80.0% to the Limited Partners (in proportion to their respective Sharing Ratios) and 20.0% to the General Partner.

E. Tax Distributions. The Fund shall not be required to make any specific or particular distributions in respect of net profits allocated to the Partners ("Tax Distributions"), but the General Partner may, in its sole discretion, make such distributions from time to time. Any Tax Distributions shall be distributed in amounts among the General Partner and the Limited Partners (on a collective basis) as the General Partner reasonable determines each such group has been or will be allocated the net profits giving rise to the Tax Distributions. Tax Distributions shall be made among the Limited Partners on a pro-rata basis.

VIII. INVESTMENT OBJECTIVES AND POLICIES

The investment object of the Fund is to invest in early-stage high growth companies in several industries that will yield superior investment returns to the Fund. The Fund will provide investment capital to business enterprises early in their development cycle at a time when conventional financing sources is non-existent or extremely limited. The Fund will invest in private companies and early-stage public companies.

The Fund seeks to offer its investors a diverse portfolio by investing, from time to time, in several industry sectors including, but not limited to (some or none of which may from time to time comprise a Portfolio Investment):

- Green technology
- Energy
- Extractive industries
- Consumer products
- Higher education
- Healthcare technology and services
- Agribusiness

Investment selection and monitoring process. The General Partner will be responsible for managing the investment selection and will contract with the Fund Manager to manage the investment monitoring process. These processes will generally function in the following manner:

Investment selection. Investment opportunities will be solicited from numerous sources from relationships with accounting firms, banks, law firms, and other private equity funds. The General Partner utilize preexisting relationships of the Principals with individuals having expertise in the industries targeted by the Fund, including, but not limited to, green technology, oil and gas exploration and extraction, medical technology, food safety, other natural resource extractive processes and web-based businesses (collectively, such individuals the "Advisory Team"). The Advisory Team will also identify and refer investment opportunities to the General Partner.

The General Partner will establish committee comprised of key members of the General Partner management team (to possibly include members of the Advisory Team) who possess appropriate expertise in finance, accounting, business development, and entrepreneurial investments (such committee, the "Investment Committee"). The Investment Committee will develop a set of criteria for investments that will be documented in the form of checklists that identify key hurdles that investments will be required to meet for consideration of investment by the Fund. These criteria will include industry suitability, current stage of the business opportunity, management capabilities, past performance, market assessment, availability of other financial resources, and exit strategies. The investment opportunity must meet these key criteria for further consideration of investment by the Fund.

Assuming the investment opportunity meets the criteria identified above; the Investment Committee will determine whether the investment is suitable to accomplish the long term objectives of the Fund. These objectives will take into consideration various factors such as diversity of the portfolio, timing of exit, synergy of the investment with other Fund portfolio companies, availability of Fund capital resources, and other subjective factors to be established by the Investment Committee.

Upon the Investment Committee making a decision to invest in a new opportunity, a term sheet will be developed and negotiated with the investee. The term sheet will include provisions for the investee to allow the Fund to conduct due diligence and reimburse the Fund for due diligence expenses include audit, legal, and subject matter expert consulting fees.

The due diligence process will be managed by the Fund Manager who will contract with appropriate professionals including accounting firms, law firms, and subject matter expert consultants. Upon completion of the due diligence process the Fund Manager will submit a report to the General Partner Investment Committee that will outline the findings and recommendations for investment (or non-investment) in the deal. The decision to invest will be made by the Investment Committee.

Investment Monitoring. The Fund Manager, under contract with the General Partner, will be responsible for monitoring investments and recommending corrective measures, if necessary. The Fund Manager may subcontract certain financial monitoring activities to one or more outside accounting firm(s). Other investment monitoring activities will be conducted by members of the Fund Manager who may also call upon industry subject matter experts from the General Partner Advisory Team.

Our Due Diligence Processes. Before making investments, the Investment Committee will conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Investment Committee may be required to evaluate important and complex financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, the Investment Committee will rely on the resources available to them, including information provided by a potential Portfolio Investment. The due diligence investigation that will be carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, including, among other things, the existence of fraud or other illegal or improper behavior. Moreover, such an investigation will not necessarily result in the investment being successful.

Concentration of Investments. Because a high percentage of the Fund's total capital may be invested in a few investments, any single loss may have a significant adverse impact on the Fund's capital. In addition, the Fund is not required to diversify its investments among particular industries or regions.

High Risk Trading Strategies. Certain of the Fund's investments may engage in trading strategies which are considered high risk. These strategies may include, among others, option writing and purchases for speculation, short selling, interest rate swaps and other high risk strategies employed by aggressive investors. The Investment Committee will research the history of each potential investment before approval of an investment by the Fund; however, once the investment is made, the Fund will have little, if any, control of transactions by the investment and also may have limited ability to timely liquidate the investment.

Material, Non-Public Information. By reason of their responsibilities in connection with the Fund and other investment activities, personnel of the General Partner, the Fund Manager or other Investment Advisers may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Fund will not be free to act upon any such information. Due to these restrictions, the Fund may not be able to initiate a transaction that it might otherwise have initiated and may not be able to sell an investment that it otherwise might have sold.

Risks Associated with the "Fund of Funds" Structure. The Fund will primarily investment in small limited liability companies, corporations, limited partnership and other private equity. This investmenr structure poses various risks, including without limitation:

- **No 1940 Act or Advisers Act Protections.** The Fund seeks to maintain its structure so as to not be required to register as investment company under the 1940 Act and, therefore, the Limited Partners will not have the benefit of various protections afforded by the 1940 Act. Furthermore, most of the Portfolio Investments will seek to remain exempt from registration under the 1940 Act, and therefore the Fund, as an investor such Portfolio Investments, will not have the protections afforded shareholders of registered funds. Although the Investment Advisers receive periodic information regarding the Portfolio Investments' performance and operational strategies, in most cases the Investment Advisers will have little or no means of independently verifying this information. Some external Investment Advisers may use proprietary investment strategies that are not fully disclosed to the Fund Manger or the General Partner, which may involve risks under some market conditions that are not anticipated by the Fund Manager. In addition, external Investment Advisers may not be registered as an investment adviser under the Advisers Act. Accordingly, the Investment Advisers may not be subject to various disclosure requirements and rules that apply to registered investment advisers.

  Because neither the Fund nor the majority of Portfolio Invsetment will be registered as an investment company, they will not be required to limit themselves to any particular asset allocation or diversify their exposure to a type of security or sector, but instead are only limited by their respective governing documents. As a result, the Fund's assets may be subject to greater risk and volatility than if its assets were invested in the securities of a broad range of issuers.

- **No Control over the Investment Advisers.** The Fund Manager causes the Fund to invest in the Portfolio Investment because the Investment Committee is of the belief that the Portfolio Investments will be managed in a manner consistent with our investment objective. The Fund Manager does not and will not control any Portfolio Investment, however, and there can be no assurances that a Portfolio Investment will be managed or operated in the manner described in any offering materials. Further, a Portfolio Investment may be terminate and accordingly reduce the Fund's return on its investment as provided in the offering materials or in any underlying Portfolio Investment's organizational documents, and the Fund will be relying on the management of the Portfolio Investments' abilities to implement their respective management and operational strategies. Because it may be possible that the Fund manager will not trade all of the Fund's assets itself, prospective investors should consider that their return will be largely dependent on the ability of the external Investment Advisers' performance.

IX. CONFLICTS OF INTEREST

A. No Limitation on the Fund Manager's Business. The Fund Manager is not a registered investment advisor. The Fund Manager believes, however, that it is fully capable of discharging its responsibilities to the Fund.

The Fund Manager may engage for its own account, or for the account of others, in other business ventures, in investment funds or otherwise, and neither the Fund nor any Partner will be entitled to any interest therein solely by reason of any relationship arising from the Fund. Thus, there may be competition between the Fund and other partnerships or entities with which the Fund Manager is affiliated and conflicts may arise.

Such conflicts are mitigated by the fiduciary obligations of the Fund Manager to the Partners which require it to act with integrity and in good faith, as well as its fiduciary obligations as an investment advisor. *See "Fiduciary Responsibilities of the Fund Manager."*

B. Professional Representation. The Fund, the General Partner and the Fund Manager will be represented by the same professional advisors. Without independent legal and other professional representation, investors may not receive legal and other advice regarding certain matters that might be in their interests but contrary to the interest of the Fund, General Manager or the Fund Manager. However, should a dispute arise between the Fund, General Partner and/or the Fund Manager, or should there be a need in the future to negotiate and prepare contracts and agreements between the Fund, General Partner and/or and the Fund Manager, other than those existing or contemplated on the date of this private placement Memorandum, the General Partner will cause the Fund to retain separate counsel and, if necessary, other professionals for such matters.

C. The General Partner's Management Team and the Fund Manager's Principals. Several individuals of the General Partner's targeted management team and the principals of the Fund Manager hold position as officers, directors and consultants with or equitable or other interests (some significant) in one or more of the companies the Fund is considering as a Portfolio Investment.

X. FIDUCIARY RESPONSIBILITIES OF THE FUND MANAGER

The Fund Manager is accountable to the Fund as a fiduciary and consequently must exercise good faith and integrity with respect to Fund affairs. This is in addition to the duties and obligations of the Fund Manager set forth in the Partnership Agreement and the Fund Manager's fiduciary obligations as an investment advisor to the Fund.

Except with respect to matters arising out of the Fund Manager's investment advisory activities, the Partnership Agreement provides that the Fund Manager will not be liable to the Fund or to the Partners for any act or omission except for acts which are not taken in good faith, with the care a corporate officer of like position would exercise under similar circumstances, in the manner the Fund Manager reasonably believes to be in the best interests of the Fund. Therefore, except with respect to matters arising out of the Fund Manager's investment advisory activities, the purchasers of LP Interests may be entitled to a more limited right of action than they otherwise would have, absent the limitations on the Fund Manager's liability set forth in the Partnership Agreement. The Partnership Agreement also provides that, except for matters arising out of the Fund Manager's investment advisory activities, the Fund shall indemnify the Fund Manager against any claim or liability incurred by, or imposed upon, the Fund Manager in the good faith exercise of his judgment relative to the Fund, provided such claim or liability was not the result of his act which is fraudulent, deliberately dishonest or constitutes willful misconduct. Such indemnification shall only be recoverable from the assets of the Fund and not from the Partners.

To the extent that the indemnification provisions purport to include indemnification for liability arising under the Securities Act, such indemnification, in the opinion of the Securities and Exchange Commission, is contrary to public policy and therefore unenforceable.

XI. SUMMARY OF PARTNERSHIP AGREEMENT

The following summary of certain provisions of the Partnership Agreement contains many generalizations and simplifications and does not include or summarize all of the provisions thereof. Certain provisions of the Partnership Agreement are described elsewhere in this Memorandum. No person should subscribe for LP Interests in the Fund without having read carefully the entire Partnership Agreement, which is set out as Exhibit A.

A. Formation. The Fund is a limited partnership formed under the Missouri Act. The General Partner of the Fund is Visionary PE GP I, LLC.

B. Capital Contributions. An ownership interests in the Fund will be represented by Partnership Interest. Unless otherwise permitted by the General Partner, the minimum contribution of a Limited Partner shall be Fifty Thousand Dollars ($50,000) in cash or, if permitted by the General Partner, in securities which are permitted investments for the Fund.

C. Allocations and Distributions. A capital account will be established for each Partner. Net profits and net losses shall be determined on an income tax basis for federal income tax purposes, and the Fund's books and records on an interim basis shall be kept on the accrual basis of accounting. All open investment positions will be valued at cost in connection with the maintenance of books and records and for tax reporting purposes. All open investment positions will be marked to fair market value for all other purposes, including for all calculations of Net Asset Value (as defined in the Partnership Agreement) of the Fund.

Items of income, deduction, gain, loss or credit will be allocated among the Partners in accordance with the fair market value statement of the Fund at the time of allocation. Distributions to Partners will be made in proportion to their Partnership Interests owned at the time of the distribution. The General Partner will have complete discretion as to whether to make distributions and, if so, as to the timing and amount thereof. Accrued but unpaid distributions will be reinvested in the Fund. Such reinvestments would be added to a Partner's capital account.

D. Powers, Duties and Liabilities of the General Partner. The General Partner has broad authority to act in furtherance of the Fund's business, including the authority to have the Fund invest in or acquire other entities; however, the General Partner may not, without the consent of the Limited Partners who own a majority of LP Interest, dispose of all or substantially all of the assets of the Fund (except in the ordinary course of business or as otherwise limited or conditioned in the Partnership Agreement) or merge with any other entity.

The General Partner shall not be liable to the Fund or to any Limited Partner except by reason of acts or omissions where the General Partner did not discharge its duties in good faith, with the care a corporate officer of like position would exercise under similar circumstances, in the manner it reasonably believes to be in the best interests of the Fund or actions taken without authorization. The General Partner shall not be personally liable for the return or payment of any or all of the capital or profits of any Limited Partner. The Fund shall indemnify the General Partner and, in the discretion of the General Partner, other persons acting as agents, employees and consultants of the Fund against losses or claims incurred while acting on behalf of the Fund. The General Partner and such other persons are entitled to receive advances from the Fund to cover the costs of defending any such claims, provided that such advances shall be repaid to the Fund if it is ultimately determined that the General Partner and such other persons were not entitled thereto pursuant to the Partnership Agreement.

E. Rights and Liabilities of the Limited Partners. No Limited Partner shall take part in the management or control of the Fund business, transact any business for the Fund or have any power to bind or obligate the Fund. However, this does not preclude members of the General Partner from also being Limited Partners.

Assuming that a Limited Partner acts in conformity with the provisions of the Partnership Agreement, his liability under the Missouri Act will be limited generally to the amount of capital contributed to the Fund in respect of his LP Interests plus his share of any assets and undistributed profits of the Fund. Under the Missouri Act, a Limited Partner is liable for the return of a distribution from the Fund if the distribution violates the provisions of the Partnership Agreement or, after giving effect to the distribution, to the extent that (1) the Fund would not be able to pay its debts as they became due in the usual course of business; or (2) the Fund's total assets would be less than the sum of its total liabilities to which such assets are subject.

F. Power of Attorney. By executing the Subscription Agreement, each Limited Partner will appoint the General Partner as his attorney-in-fact to make all filings on his behalf in connection with the Fund. The power of attorney granted is irrevocable and survives the bankruptcy, incapacity or death of a Limited Partner.

G. Term. The Fund will continue until it is dissolved upon the first to occur of the following events:

1. The 10th anniversary of the date of the Final Closing, unless extended in the sole and absolute discretion of the General Partner for up to a maximum of 2 consecutive one-year periods to permit an orderly sale and dissolution of the Fund's assets.

2. The election of the General Partner, in its sole discretion, to dissolve the Fund;

3. The General Partner shall have withdrawn from the Fund, within the meaning of the Missouri Act, or any "event of withdrawal" specified in the Missouri Act shall have occurred;

4. The General Partner shall have (a) made a general assignment for the benefit of creditors, (b) filed a voluntary petition in bankruptcy, (c) filed a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any bankruptcy or debtor relief law, (d) filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding brought against it or (e) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidating trustee of the General Partner or of all or any substantial part of its property;

5. If within sixty (60) days after the commencement of any proceeding against the General Partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any bankruptcy or debtor relief law, the proceeding shall not have been dismissed;

6. If within sixty (60) days after the appointment (without the General Partner's consent or acquiescence) of a trustee, receiver or liquidating trustee of the General Partner or of all or any substantial part of its property, the appointment shall not have been vacated or stayed; or

7. If within sixty (60) days after the expiration of any such stay, the appointment shall not have been vacated.

Notwithstanding the foregoing, the Fund shall not be dissolved upon the occurrence of an event specified in paragraph 1 of this Section G if a plan to continue, merge or combine the Fund is proposed and approved as provided in the Partnership Agreement, and the Fund shall not be dissolved upon the occurrence of an event specified in paragraphs 3 through 7 of this Section G if, within ninety (90) days after such occurrence ,the Limited Partners by a Majority Consent agree in writing to continue the business of the Fund and to the appointment, effective as of the date of withdrawal, of a successor General Partner.

H. Liquidation. Upon the liquidation of the Fund, the General Partner shall adopt a plan of liquidation, pay or discharge all obligations and liabilities of the Fund and distribute the remaining assets to the Partner in accordance with their capital accounts.

I. Review and Reports to Limited Partner. The General Partner will use its best efforts to cause each Limited Partner to receive (1) quarterly fair value statements of the Fund, which shall include a list of the investments held by the Fund for the quarter reported on; (2) within 120 days after the close of each fiscal year, financial statements (including a balance sheet, income statement, statement of change in financial position and related footnotes) audited by an independent public accountant for such year; and, (3) within the later of 120 days after the close of each fiscal year or 30 business days after the receipt from third parties of necessary information, information necessary to complete his federal tax return.

J. Amendments. In general, the Partnership Agreement may be modified or amended, or any provision of the Partnership Agreement waived, only with the written consent of the General Partner and the Majority Consent of the Limited Partners. "Majority Consent" means the written consent or vote at a duly called meeting of Limited Partners whose Sharing

Ratio is greater than fifty percent (50%). "Sharing Ratio" means a fraction, the numerator of which is the original capital contribution at the time in question of the particular Limited Partner and the denominator of which is the original capital contribution at the time in question of all of the Limited Partners. The General Partner may, without a Majority Consent of the Limited Partners, amend or waive any provision of the Partnership Agreement which (1) reflects the admission of one or more Limited Partners in accordance with the Partnership Agreement, (2) corrects an error or clarifies an ambiguity in the Partnership Agreement, (3) is required to cause the Fund to conduct its business in accordance with applicable law, or (4) does not adversely affect any Limited Partner in any material respect. No amendment to or waiver shall be effective against a given Partner without the consent or vote of such Partner if such amendment or waiver would (a) cause the Fund to fail to be treated as a limited partnership under the Missouri Act or cause a Limited Partner to become liable as a general partner of the Fund, (b) change specific provisions of the Partnership Agreement to increase a Partner's obligations to contribute to the capital of the Fund, (c) change specific sections of the Partnership Agreement to affect adversely any Partner's rights to exculpation or indemnification, (d) change specific sections of the Partnership Agreement to affect adversely the participation of such Partner in the income, gains, losses, deductions, expenses, credits, capital or distributions of the Fund or (e) change the percentage of Partners necessary for any consent or vote required hereunder to the taking of any action.

XII. THE FUND MANAGER AND INVESTMENT ADVISERS

The Fund Manager is not a registered investment advisor. The Fund Manager shall be responsible for:

- Review Portfolio Investment opportunities; conduct due diligence, engage experts where needed, structure and fund investments.
- Monitor Portfolio Investment performance; provide technical support.
- Manage ongoing operations of the Fund including quarterly reporting, annual audit, investor relations, and administration.

The General Partner has entered into an investment advisory agreement with the Fund Manager under which the Fund Manager will manage the assets of the Fund on a discretionary basis.

Investment decisions are the responsibility of the Fund Manager. The Fund Manager is responsible for implementing these decisions, including the allocation of portfolio brokerage and principal business.

The Fund Manager places orders for the Fund's transactions. The Fund Manager seeks to obtain the best available prices in its transactions taking into account the costs and quality of executions. When, in the opinion of the Fund Manager, two or more brokers are in a position to obtain the best price and execution, preference may be given to brokers or who have provided investment research, statistical, or other related services to the Fund Manager. The Fund does not consider that it has an obligation to obtain the lowest available commission rate to the exclusion of price, service and qualitative considerations. The Fund will not pay a mark-up for research in principal transactions.

XIII. THE GENERAL PARTNER

General Partner is not responsible for the daily investment decisions of the Fund. The General Partner's role is primarily to:

- Coordinate the initial launch of the Fund, including legal formation, setup of systems and processes, recruit the General Partner's managment team and identify initial investors.
- handle the daily business and administrative decisions of the Fund, tax and audit coordination with the independent accounting firm, as well as the selection and monitoring the Fund Manager and any external Investment Advisors.
- provide management expertise and assistance to targeted Portfolio Investments.

Additionally, the General Partner's management team will assist Fund Manager to identify potential Portfolio Investment opportunities and assist the Fund Manager in its due diligence in such management team member's area of expertise.

XIV. REGULATORY & OTHER CONSIDERATIONS

The legal and regulatory factors affecting the Fund involve many rapidly-developing and changing areas of the law, including, among others, securities laws, tax and ERISA considerations. The following discussion provides only a summary of certain of such issues. In addition, special tax considerations are discussed elsewhere in this Memorandum. See "Tax Considerations." Potential investors in the Fund with questions concerning any legal issues should consult with their counsel.

A. Securities Act. The LP Interests offered hereby are "securities," as defined in the Securities Act, and state securities laws. The Securities Act provides, among other things, that no sale of any securities may be made except pursuant to a registration statement that has been filed with the SEC, and has become effective, unless such sale (or the security sold) is specifically exempted from registration. State securities laws have analogous provisions.

The LP Interests being offered hereby have not been registered under the Securities Act. This Memorandum has not been reviewed by the SEC, nor has the SEC or any state securities commission or regulatory authority approved, passed upon or endorsed the merits of this offering. The offering and sale of Interests will be made to a limited number of investors: (i) in reliance upon the exemption from registration provided in Section 4(2) of the Securities Act and Rule 506 of Reg. D; and (ii) where available, in reliance upon appropriate exemptions from state registration or qualification requirements, or pursuant to registration or qualification under such state requirements.

To ensure compliance with the requirements for such exemption, Interests will be offered and sold only to investors who meet certain financial criteria and suitability requirements so as to qualify them as "accredited investors" within the meaning of Rule 501 of Reg. D by the SEC. Accordingly, in order to invest you must complete a Subscription Agreement confirming that you qualify as an "accredited investor."

B. The Investment Company Act of 1940. The Fund will be exempt from the provisions of the 1940 Act pursuant to the exemption contained in Section 3(c)(1) thereunder. Section 3(c)(1) exempts issuers who are not making and do not presently propose to make a public offering of their securities and which does not have more than 100 owners. The General Partner may need to modify the structure or size of the Fund in order to maintain an exemption from the 1940 Act in the event the exemption the Fund now relies upon is modified by either the Congress or the SEC.

Legislation has been introduced in Congress which would require unregistered funds to register under the 1940 Act. We cannot predict what Congress will enact in this regard, or what regulations the SEC will adopt under such legislation. Similarly, we cannot predict the costs that will be imposed on Portfolio Funds or the Fund to comply with such laws and regulations. Furthermore, we may be forced to alter the manner in which the Fund is structured and operated in order to comply.

The General Partner may organize other funds exempt under the 1940 Act which have similar or identical investment policies and strategies as the Fund does. Such other funds have/will have differing investor qualifications in order to remain exempt from registering under the 1940 Act. When the General Partner organizes such other funds, even though they may utilize the same investment program of the Fund, the General Partner will not co-mingle funds among such vehicles, and the General Partner will fairly allocate all investment opportunities meeting such vehicles' investment strategies among such vehicles in an equitable fashion.

C. The Advisers Act. The General Partner and the Fund Manager are not registered as an investment adviser with the SEC (or any similar state authority). Legislation has been introduced in Congress which would require advisers to certain unregistered funds to provide the SEC with specific information about such funds. We cannot predict what Congress will enact in this regard, or what regulations the SEC will adopt under such legislation. Similarly, we cannot predict the costs that will be imposed on Investment Advisers or the General Partner to comply with such laws and regulations.

D. Anti-Money Laundering - USA Patriot Act. The Fund and its affiliates intend to comply with the USA Patriot Act. In addition, many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively, the "Requirements") and the Fund will be required to obtain certain assurances from investors subscribing for Interests, disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is the Fund's policy to comply with the Requirements to which they are or may become subject and to interpret them broadly in favor of disclosure. Each investor will be deemed to have agreed by reason of owning any Interests in the Fund that it will provide additional information or take such other actions as may be necessary or advisable for the Fund (in the sole and absolute discretion of the General Partner) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each investor by executing the Subscription Agreement consents, and by owning Interests is deemed to have consented, to disclosure by the Fund and its agents to relevant third parties of information pertaining to it in respect of the Requirements or information requests related thereto. Failure to honor any such request may result, in the sole and absolute discretion of the General Partner, in withdrawal by the Fund or a forced sale to another investor of such investor's Interests.

The Fund and its affiliates reserve the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the General Partner may refuse to accept the application and the subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided.

E. ERISA Considerations. ERISA imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) that are subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the "Plans") and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. A separate and more restrictive category of prohibited transactions applies to plan fiduciaries.

The U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101 (the "Plan Asset Regulation"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction rules of Section 406 of ERISA and Section 4975 of the Code. The Fund intends to operate in a manner such that investment in the Fund by "benefit plan investors" will not be "significant" for purposes of the Plan Asset Regulation so that the underlying assets of the Fund should not be treated as plan assets for purposes. In this regard, there may be circumstances in which transfers of Interests may be required to be restricted. In addition, there can be no assurance that, despite the restrictions relating to purchases by, or proposed transfers to, benefit plan investors and "controlling persons" (within the meaning of the Plan Asset Regulation) and the procedures to be employed by the General Partner, investment in the Fund by benefit plan investors will not be significant. The Fund may require "benefit plan investors" to withdraw all or some portion of their Interests if the General Partner determines that investment in the Fund by benefit plan investors may become "significant" under ERISA.

To the extent the investment in the Fund by benefit plan investors is not significant, neither the General Partner nor any Investment Adviser will be considered fiduciaries of the Plans under ERISA. Instead, only the Plan fiduciaries who make the decision to purchase and hold Interests will have fiduciary responsibility under ERISA with respect to such decision and with respect to the investment performance of the Fund.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold Interests should determine whether, under the general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, a proposed investment in the Fund is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in the Fund should consult with its counsel to confirm that such investment will not result in a prohibited transaction and will satisfy the other requirements of ERISA and the Code. The sale of any Interests to a Plan is in no respect a representation by the General Partner that such an investment meets any relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan..

XV. FEDERAL INCOME TAX ASPECTS

THIS SECTION SUMMARIZES MATERIAL FEDERAL INCOME TAX MATTERS RELATING TO AN INVESTMENT IN THE FUND. THE DISCUSSION IS BASED ON EXISTING CODE PROVISIONS, EXISTING AND PROPOSED TREASURY REGULATIONS THEREUNDER, CURRENT ADMINISTRATIVE RULINGS AND PUBLISHED PROCEDURES, AND JUDICIAL DECISIONS. THIS SUMMARY IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING, PARTICULARLY BECAUSE CERTAIN OF THE INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND MAY NOT BE THE SAME FOR ALL INVESTORS. SPECIFICALLY, THIS SECTION GENERALLY DOES NOT ADDRESS THE SPECIFIC TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND BY "NONRESIDENT ALIEN INDIVIDUALS" OR STATE AND LOCAL TAX CONSEQUENCES. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR PERSONAL TAX ADVISORS WITH REFERENCE TO THEIR OWN TAX SITUATION.

A. Tax Legislation.

As of the date of this Memorandum, a number of tax proposals continue to be introduced in the Congress. Many of the proposals involve changes to the tax law that would affect Partners. As of this time it is not possible to predict what changes, if any, will become law.

Prospective investors should not rely on the prospect that tax benefits provided by existing law will continue to be afforded or that changes in the interpretation of applicable income tax laws will not be made by administrative or judicial action that will adversely affect the tax consequences of investment in the Fund. Each prospective investor is urged to consult with his tax advisor concerning the possible effect that such proposals could have on his personal tax situation.

B. General Taxation of Partners. Under the Code, no federal income tax is payable by a partnership as an entity. Each Partner of a limited partnership is required to report on his federal income tax return his allocable share (usually as determined by the operating agreement unless its allocation provisions lack "substantial economic effect") of the income, gains, profits, losses, deductions and credits of such a partnership, whether or not any actual distribution is made to such Limited Partner. Each Partner, other than a tax exempt entity, may deduct his share of the Fund's taxable losses, if any, for any Fund tax year on his individual return to the extent of the adjusted basis of his interest in the Fund as of the end of such year, subject to the "at risk" rules and all other relevant limitations on the deductibility of the expenses of the Fund. *See "Federal Income Tax Aspects — Deduction of Losses."* The characterization of an item of profit or loss (*e.g.*, as capital gain or ordinary income) will usually be the same for a Partner as for the Fund.

Finally, since the Fund does not plan to make any distributions, Partners should not expect to receive any payments from the Fund with which to pay any income taxes due on Fund income.

C. Fund Status.

1. *In General*. The avoidance of adverse tax consequences to the Partners is dependent upon the Fund being treated as a partnership for federal income tax purposes and not as an association taxable as a corporation under Code Section 7701. Treasury Regulations Section 301.7701-3 (commonly known as the "Check the Box Regulations") provides that an unincorporated business entity organized under the laws of the United States or any state thereof can elect to be treated as a partnership rather than an "association" taxable as a corporation for federal income tax purposes. Accordingly, the Fund intends to elect to be taxed as a partnership for federal income tax purposes.

2. *Publicly Traded Partnership*. Code Section 7704 treats certain partnerships, the interests of which are either publicly traded on an established securities market or readily tradable on a secondary market (or the substantial equivalent thereof) ("publicly traded partnership") as corporations for federal income tax purposes. The Conference Agreement accompanying the Revenue Act of 1987 provides, in relevant part, that an established securities market includes any national securities exchange or any over-the-counter market. The Treasury Regulations promulgated under Code Section 7704 provide that an interest in a partnership will not be considered readily tradable on a secondary market if (1) all interests in such partnership were issued in a transaction which is not registered under the Securities Act and (2) the partnership does not have more than 100 partners at any time during the taxable year of the partnership. Each person who indirectly owns an interest in the partnership through another partnership or S corporation is treated as a partner in the partnership for this purpose if substantially all of the value of such person's interest in such flow-through entity is attributable to the flow-through entity's interest in the partnership and a principal purpose of the use of the tiered arrangement is to permit the partnership to satisfy the 100 partner limitation.

The Fund should not be considered to be a publicly traded partnership under the Treasury Regulations because it does not intend to be registered or to have more than one hundred (100) partners as determined under the Treasury Regulations.

The remainder of this discussion of "*Federal Income Tax Aspects"* assumes that the Fund will be classified as a partnership, and not as a corporation, for federal income tax purposes. Thus, the following rules applicable to partnerships and their partners will apply to the Fund and its Partners unless otherwise indicated.

D. Fund Allocations. Generally, under Code Section 704, the allocation of overall taxable income or loss, as well as any item of income, gain, loss, deduction or allowance, among Partner of a limited partnership will be controlled by the partnership agreement, unless the allocation does not have "substantial economic effect." In that case, such items will be allocated in accordance with the partners' interests in the partnership.

The Treasury Regulations promulgated under Code Section 704(b) provide certain "safe harbors" with respect to allocations which, under the Treasury Regulations, will be deemed to have economic effect. In addition to having "economic effect" under the Treasury Regulations, an allocation must be "substantial." This means there must be a reasonable possibility that the allocation will affect substantially the dollar amounts to be received by the partners from the partnership. The validity of an allocation which does not satisfy any of the "safe harbors" for economic effect or is not "substantial" under the Treasury Regulations is determined by taking into account all facts and circumstances relating to the economic arrangements among the Partners. The allocations provided in the Partnership Agreement may not meet the standards required to come within the "safe harbors" set forth in these Treasury Regulations, and the IRS may allege that certain allocations are not "substantial." Thus, the validity of the allocations for tax purposes may be determined in light of all the facts and circumstances. While no assurance can be given, a reasonable argument supports the position that allocations provided for in the Partnership Agreement have substantial economic effect and should be sustained under the facts and circumstances test. However, if it were determined by the IRS or otherwise that an allocation provided for in the Partnership Agreement with respect to a particular item does not have substantial economic effect, each Partner's distributive share of that item would be determined for tax purposes in accordance with that Partner's interest in the Fund, taking into account all facts and circumstances. In some circumstances, this could result in such Partner recognizing a smaller or larger amount of income, gain, loss, deduction, or credit than he would have recognized under the allocation provided for in the Partnership Agreement, or in such Partner recognizing an amount of income, gain, loss, deduction or credit at a different time than he would have recognized such amount under the allocation provided for in the Partnership Agreement.

E. Partner's Tax Liabilities Could Exceed Distribution. No distributions are anticipated by the Fund and Partners may have annual taxable income which would, therefore, have to be paid with other funds of the Partner. Even if the Fund makes distributions, a Partner's tax liability from income from the Fund in any year may exceed distributions to him in the same year.

F. Deduction of Losses and Expenses. In general, a partner is entitled to deduct, on his individual federal income tax return, his allocable share of partnership losses, if any, to the extent of the tax basis of his partnership interest at the end of the partnership year in which such losses occur. A partner's ability to deduct his allocable share of these losses, however, may be limited by (1) the limitations on the deductibility of (a) miscellaneous itemized deductions under

Code Sections 67 and 68, (b) capital losses, and (c) investment interest expense, (2) the "at risk" rules of Code Section 465, (3) the passive activity loss rules, and (4) the alternative minimum tax system.

1. *Basis Limitation, "At Risk" Rules, and Passive Activity Rules.* The above rules are applicable to limited partnerships and their Partners. In the event that the amount of Fund losses allocated to a Partner for any fiscal year exceeds the basis of his Partnership Interests, such excess amount may be carried forward to such time, if ever, when the basis of his Partnership Interests is sufficient to absorb such excess losses. Code Section 465 prohibits noncorporate members and certain closely held corporate members from deducting or offsetting other income with a loss from an activity to the extent such loss exceeds the amount that the member has "at risk" in the activity at the close of the taxable year. Any unused losses may be deducted in subsequent years to the extent the member is "at risk" in those years. If, in any year, a member has a negative amount "at risk" (for example, due to the limited liability company's distribution of property to the member), the member must recapture and include in his income an amount equal to his negative "at risk" amount to the extent of any losses previously claimed in the activity in excess of any amounts previously recaptured. Each Partner will be considered to be "at risk" for his investment in the Fund to the extent of his capital contributions, provided such capital contributions were not borrowed from a person who has an interest (other than an interest as a creditor) in the Fund or from a "related" party (such as a family member or a closely held corporation). The passive activity loss rules should not apply to the investment activities of the Fund.

2. *Limitation on Deduction of Expenses*. Certain miscellaneous itemized deductions, including expenses related to the production of income, under current tax law are deductible by individuals to the extent that such aggregate expenses exceed two percent (2%) of such individual's adjusted gross income. Deductions of the Fund related to its investment activities will likely be characterized as expenses related to the production of income, and will be separately stated on each Partner's Form K-1 and aggregated with miscellaneous itemized deductions from other sources. Therefore, some or all of each Partner's distributive share of the expenses of the Fund, including the advisor's fee, may be limited to the extent that such expenses in the aggregate do not exceed two percent (2%) of such Partner's adjusted gross income. Thus, an individual Partner (as distinguished from a Tax-Qualified Retirement Plan) must combine the expenses allocated to him by the Fund along with other miscellaneous itemized deductions and such amounts will not be deductible in whole or in part, to the extent that the aggregate does not exceed the two percent (2%) floor. Additionally, such amount will be subject to the overall limitation on itemized deductions imposed on certain "high-income" individual taxpayers under Code Section 68. If Code Section 68 applies to a Partner, the amount of the Partner's itemized deductions otherwise allowable for a taxable year will be reduced by the lesser of (i) three percent (3%) of the excess of the Partner's adjusted gross income over an indexed amount, or (ii) eighty percent (80%) of the amount of the itemized deductions otherwise allowable for such taxable year. For purposes of Code Section 68, the phrase "itemized deductions" does not include the deduction under Code Section 213 relating to medical, etc. expenses, any deduction for investment interest and the deduction under Code Section 165(a) for certain losses.

G. Investment by the Fund in Financial Instruments. The discussion of Federal Income Tax Aspects in this Memorandum provides a general analysis of the federal income tax rules related to several types of financial instruments in which the Fund will likely invest. Sales of assets used to hedge against the risk of a decline in the value of capital assets should result in capital gain or loss. However, income or loss generated by some derivatives may result in ordinary income or loss, and certain other special tax rules may apply. The Code contains numerous special rules for determining the timing, character and amount of gains and losses, as well as other tax consequences, resulting from option transactions, certain straddle and hedging transactions, certain transactions in debt instruments and certain "section 1256 contracts." A "section 1256 contract" means any regulated futures contract, foreign currency contract, nonequity option contract and dealer equity option contract. Additionally, Congress has indicated that it is considering additional legislation which would further impact the tax consequences associated with certain transactions in financial instruments. A detailed discussion of these rules is beyond the scope of this Memorandum, and PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR PERSONAL TAX ADVISORS WITH REFERENCE TO THE IMPACT OF THESE RULES ON THEIR OWN TAX SITUATION.

H. Capital Gains and Losses. If a Partner sells or exchanges his Partnership Interest, the Partner will recognize a net taxable gain or loss in an amount equal to the difference between the Partner's adjusted income tax basis in the Partnership Interests sold and the amount realized on the sale. As a general rule, the sale by a partner of an interest in a limited liability partnership is considered to be a sale of a capital asset by such partner, and the gain or loss will be taxed as a capital gain or loss, as the case may be. Further, since the Fund intends to acquire securities primarily for investment purposes, it is anticipated that most or all of its assets will be capital assets and the gain or loss thereon will be taxed as capital gain or loss to the Partner. Under current law, net long-term capital gains are generally taxed at a rate of not greater than twenty percent (20%). To the extent that the Fund is considered to hold substantially appreciated inventory or unrealized receivables at the time of a sale or exchange by a Partner, a portion of the gain recognized could be characterized as ordinary income rather than capital gain.

The twenty percent (20%) rate on net long-term capital gains is substantially lower than the highest marginal rate of thirty-nine and six-tenths percent (39.6%) on non-compensatory ordinary income. Thus, to the extent that income is generated from interest, dividends and short-term capital gains, the tax imposed upon upper income individuals will be higher than the tax imposed upon such individuals from gains from the sale of capital assets held for more than one year. *See,* however, "*Federal Income Tax Aspects — Personal Tax Consequences — Limitation on Investment Interest Deductions"* for an election which can be made to include all or a part of a Partner's net capital gain in the determination of investment income if he elects to reduce the net capital gain eligible for the twenty percent (20%) maximum rate by the same amount.

Losses from the sale or exchange of capital assets by individuals are allowed only to the extent of the gains from such sales or exchanges, plus the lesser of (1) $3,000 ($1,500 in the case of a married individual filing a separate return), or (2) the excess of such losses over such gains.

To qualify for long-term capital gain or loss treatment, a capital asset must be held for a period of more than 1 year. A capital asset held for a period of not more than 1 year will qualify for short-term capital gain or loss treatment.

I. Investment in Other Entities. The Fund may invest funds in other limited liability companies and partnerships ("lower-tier partnerships") thereby itself becoming a member or partner in such entities, and, if it does so, the income of the Fund will include its distributive share of items of income, gain, loss, deduction and credit for each of these lower-tier partnerships. As such, the Fund is subject to the rules and provisions discussed herein applicable to the taxability of a partner in a partnership. However, the Fund will *not* be taxable on items of income of these lower-tier partnerships and instead such income will flow through and be allocated among the Partners of the Fund. Investment in lower-tier partnerships could delay the Fund in furnishing timely tax and accounting information to its Partners based upon the failure by lower-tier partnerships to timely provide the information to the Fund.

J. Personal Tax Consequences. The provisions of the Code discussed below relate to items that may have tax consequences to each Partner beyond those arising directly from his investment in the Fund, the applicability of such provisions to a Partner must be considered with regard to such Partner's individual tax situation, which is beyond the scope of the discussion in this Memorandum.

1. *Alternative Minimum Tax Liability*. The alternative minimum tax is payable by a Partner to the extent that the Partner's alternative minimum tax exceeds its regular tax. The alternative minimum tax is calculated based on the Partner's alternative minimum taxable income. As a general rule, alternative minimum taxable income is equal to a taxpayer's taxable income for regular tax purposes (a) adjusted to reflect differences in the treatment of items of income and deduction for minimum tax purposes and (b) increased by items of tax preference.

Because of the flow-through nature of an entity characterized as a partnership for federal income tax purposes, the alternative minimum tax is not imposed on the Fund as such. Instead, items of income, gain, loss, deduction and tax preference are allocated to a Partner by the Fund and will affect the calculation of the Partner's alternative minimum tax liability. The extent to which any items of tax preference of the Fund will subject a Partner to the alternative minimum tax will depend on each Partner's overall tax situation.

2. *Limitation on Investment Interest Deductions*. The Code provides limitations on the amount of investment interest expense which may be deducted by an individual taxpayer. Specifically, Code Section 163(d) limits that amount allowed as a deduction for investment interest for any taxable year to the amount of the taxpayer's "net investment income" for that taxable year. Code Section 163(d)(4) defines net investment income as the excess of investment income over investment expenses. Code Section 163(d)(4) further defines the term "investment income" to mean "the sum of (i) gross income from property held for investment (other than any gain taken into account under clause (ii)(I)), (ii) the excess (if any) of (I) the net gain attributable to the disposition of property held for investment, over (II) the net capital gain determined by only taking into account gains and losses from dispositions of property held for investment, plus (iii) so much of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net gain referred to in clause (ii)(I) as the taxpayer elects to take into account under this clause." Stated differently, net capital gain from dispositions of property held for investment are not taken into account in the calculation of investment income unless the taxpayer elects to forego the twenty percent (20%) maximum long-term capital gain rate with respect to

such capital gains. The term "investment expenses" means deductions which are directly connected with the production of investment income, other than those for interest. Investment income and investment expenses do not include any income or expenses taken into account in computing income or loss from a passive activity.

The Fund is permitted to borrow money and purchase securities on margin. If such borrowings are made or if a Partner pays or incurs any interest on indebtedness used to purchase or carry its Partnership Interests, some or all of the interest paid by the Fund or the Partner, respectively, may not be deductible. The deductibility will be determined by the rules discussed in the immediately preceding paragraph taking into account the individual Partner's own tax situation.

3. *Deductibility of Interest Incurred to Purchase or Carry Tax-Exempt Obligations*. In the case of an investor who holds tax-exempt securities and plans to borrow money to purchase his LP Interests, it is possible that the Service might seek to disallow the deductibility of all or a portion of such investor's expenses incurred in connection with such borrowing, claiming that the indebtedness was incurred to "purchase or carry" tax-exempt securities under Code Section 265(2). Such risk would substantially increase for an investor whose tax-exempt obligations were used as security for the debt incurred to purchase LP Interests.

4. *Passive Losses and Portfolio Income*. Individuals, estates, trusts and certain corporations may not utilize losses or credits from passive trade or business activities to reduce their tax liability from other types of income, including "portfolio income". All of each Limited Partner's share of the Fund's income and gain will be considered portfolio income and not passive income. Therefore, such taxpayers will not be permitted to offset their losses or credits from passive trade or business activities against income or gain derived from the Fund.

5. *Estimated Income Tax Payments*. A Partner may be required to make estimated income tax payments based on the income, if any, generated by the Fund. The amount of the estimated income tax payments may exceed the amount of cash distributed to the Partner as of the date the estimated income tax payments are due. Additionally, the Fund may not prepare and distribute financial reports in time for the Partners to use the information to compute the amount of the required estimated income tax payments. This could result in a Partner being subject to an IRS penalty for failing to pay sufficient estimated income taxes in a timely manner.

K. Retroactive Allocations. A Partner's share of Fund income and loss will be determined by taking into account his varying interests in the Fund during the taxable year. This prevents any allocation to a Partner of income realized or loss incurred prior to the admission of the Partner to the Fund. Therefore, a Partner who is admitted to the Fund subsequent to the day on which investors are initially admitted to the Fund as Partners, will be allocated his pro rata share of income realized or loss incurred by the Fund subsequent to the admission of such Partner to the Fund.

L. Basis of Partnership Interests. Generally, under Code Section 705, the basis of a partner's interest in a partnership is equal to the amount of money plus the adjusted basis in the hands of the contributing partner at the time of the contribution of any property that the partner contributes to the partnership, (i) increased by the partner's share of (a) partnership taxable income, (b) any partnership liabilities for which the partner is deemed to be personally liable, and (c) partnership liabilities with respect to which no partner is personally liable ("nonrecourse liabilities") to the extent that, as of the date on which such nonrecourse liabilities are incurred by the partnership, such nonrecourse liabilities do not exceed the fair market value of the property subject to such liabilities (shared in accordance with the partner's share of profits), and (ii) reduced (but not below zero) by the partner's share of partnership distributions and losses. A decrease in a partner's share of partnership liabilities (as, for example, when a partnership liability is paid off in whole or in part) will be treated as a cash distribution to the partner.

These basis rules will apply to each Partner with respect to its investment in the Fund. A Partner's tax basis in its Partnership Interests in the Fund determines the amount of gain or loss the Partner must recognize upon the receipt of cash distributions or distributions of certain marketable securities from the Fund and upon the sale or other disposition of its investment. Additionally, a Partner may not deduct Fund losses to the extent they exceed the Partner's basis in its Partnership Interests in the Fund. Any losses that cannot be deducted because they exceed the Partner's basis in its Partnership Interests in the Fund may be carried forward indefinitely and deducted in future years to the extent the Partner has additional basis at that time. The limitations on the deductibility of miscellaneous itemized deductions, the deductibility of capital losses, the passive loss rules and the at risk rules may, however, further limit a Partner's ability to deduct its share of Fund losses.

It is anticipated that each Partner's initial basis in the Fund will be equal to the amount of its initial capital contribution to the Fund.

M. Death of a Partner. For federal estate tax purposes, Partnership Interests will be included in the gross estate of a deceased Partner at their fair market value on the date of death of the Partner or, in some cases, an alternate valuation date. A new Partner's basis in inherited Partnership Interests will be determined by adding the decedent's share of the liabilities of the Fund to the estate tax value of the Partnership Interests. As a result, the taxable gain which a successor may realize upon the sale of Partnership Interests may be different than the taxable gain which would have been realized by the decedent if the decedent had transferred the Partnership Interests during his lifetime. A transfer of an interest in a passive activity by reason of death causes the suspended passive losses from that activity to be deductible on the final tax return of the deceased taxpayer to the extent they exceed the amount, if any, by which the basis of the interest in the activity is increased at death under Code Section 1014. Suspended losses to the extent of this basis increase are never deductible. Prospective Partners are urged to consult their tax advisors in connection with the effect of an acquisition of Partnership Interests on their estate plan.

N. State and Local Income Taxes. This summary does not discuss the state tax consequences of owning an Partnership Interest in the various states in which investors may reside, and an investor is advised to consult his own tax counsel as to the state tax consequences in his particular state of residence.

O. Unrelated Business Taxable Income. Partners exempt from federal income taxation under Code Section 501(a), nevertheless are subject to tax to the extent that their unrelated business taxable income ("UBTI") exceeds One Thousand Dollars ($1,000) during any taxable year. In general, "unrelated business taxable income" is the gross income derived by organizations otherwise exempt from federal income taxation under Code Section 501(a) from an unrelated trade or business regularly carried on by it, less certain deductions incurred in carrying on that trade or business. Unrelated business taxable income does not include dividends, interest, payments with respect to securities loans, and lapses or terminations of options, as well as gains from the sale, exchange or other disposition of property other than inventory and property held primarily for sale to customers in the ordinary course of a trade or business unless the property is "debt financed property." It is anticipated that most, if not all, of the income from the Fund will be in the categories that do *not* constitute unrelated business taxable income. However, there is no assurance that the Fund will not borrow or have income that constitutes UBTI.

P. Audits by the Internal Revenue Service. The tax return filed by the Fund may be audited. In the event of any adjustment in the Fund's tax return, the Partners would be required at a minimum to amend their returns and may experience an audit of their own returns. Any audit of a Partner's individual return could result in adjustment of non-Fund as well as Fund income and loss. Moreover, the Code may provide for an extension of the statute of limitations for adjusting Fund items until the later of three years after the Fund income tax return is filed or one year after the name and address of a Partner against whom the deficiency is assessed is provided to the Service if such name and address does not appear on the Fund return. Controversies regarding determination of Fund taxable income will be resolved, under regulations, through settlement or litigation at the Fund level. The General Partner will serve as the "tax matters partner" as defined in Code Section 6231. The Code grants the tax matters partner certain discretion and authority regarding (i) extensions of time for assessment of additional tax against Partners with respect to Fund income, profits, gains, losses or credits, and (ii) settlement or litigation of controversies involving such items.

Each Limited Partner whose interest in revenues of the Fund is one percent (1%) or more will receive notice of any tax controversy from the Service, and the Fund Manager will attempt to provide notice to other Limited Partners. Each Limited Partner will have the right to participate in settlement or litigation of any tax controversy, if such right is exercised in a timely manner. Limited Partners who do not reserve their right to reject settlements accepted by the Fund Manager will be bound by the settlement. All Partners will be bound by the outcome of any litigation that may result.

Q. Other Aspects.

1. *Method of Accounting*. The Fund intends to use an accrual method of accounting for federal income tax purposes. As a general rule, under an accrual method of tax accounting, income will be recognized for tax purposes in the year in which it is earned, and expenses will be deductible in the year in which (i) all events have occurred that establish the fact of liability, (ii) the amount of the liability can be determined with reasonable accuracy, and (iii) economic performance has occurred. This means that, under an accrual method of tax accounting, the Fund, and therefore the Partners, could recognize income and receive deductions attributable to the Fund's activities in taxable years *other than* the taxable year in which the cash attributable to such income or deduction is actually received or spent by the Fund.

2. *Tax Elections*. In the event of certain distributions of assets or sales or exchanges of a Partner's Interests, the Fund may file an election under Code Section 754 in accordance with the procedures set forth in the applicable Treasury Regulations. There can be no assurance that the Fund will file an election under Code Section 754. In the case of a sale or exchange of Partnership Interests, a Code Section 754 election would affect only the transferee Partner by requiring an adjustment to the basis of the Fund's property reflecting the difference between the cost of the Partnership Interests to the transferee Partner and that Partner's proportionate share of the Fund's basis in its property. Such an election by the Fund could decrease the amount of gain recognized by the transferee Partner when the Fund sells property and could increase the transferee Partner's share of certain Fund deductions. Such an election, once made, is irrevocable without the consent of the IRS. If the Fund determines that such an election is not beneficial and, therefore, does not make such an election, such determination could inhibit the salability of an Partnership Interest and reduce the value of Partnership Interests to a transferee receiving it by bequest or inheritance on the death of a Partner.

XVI. PENDING LEGAL PROCEEDINGS

The Fund, the General Partner and/or the Fund Manager are not parties to any pending legal proceedings that are material to the Fund. The General Partner and Manager are not an adverse party in any legal proceedings individually or with the partners or members of any other entity.

XVII. EXHIBITS

The documents listed below are attached to this Memorandum and are identified by the Exhibit letter set out opposite the title of each such document. These Exhibits are incorporated into this Memorandum by this reference. Each of these Exhibits must be reviewed by a prospective investor before an investment decision is made. The General Partner and his representatives are available to answer any questions concerning these documents and this Memorandum which the prospective investor may have.

A. Partnership Agreement

B. Subscription Agreement (to be supplied by the General Partner)

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