Q1 2021 Quarterly Report

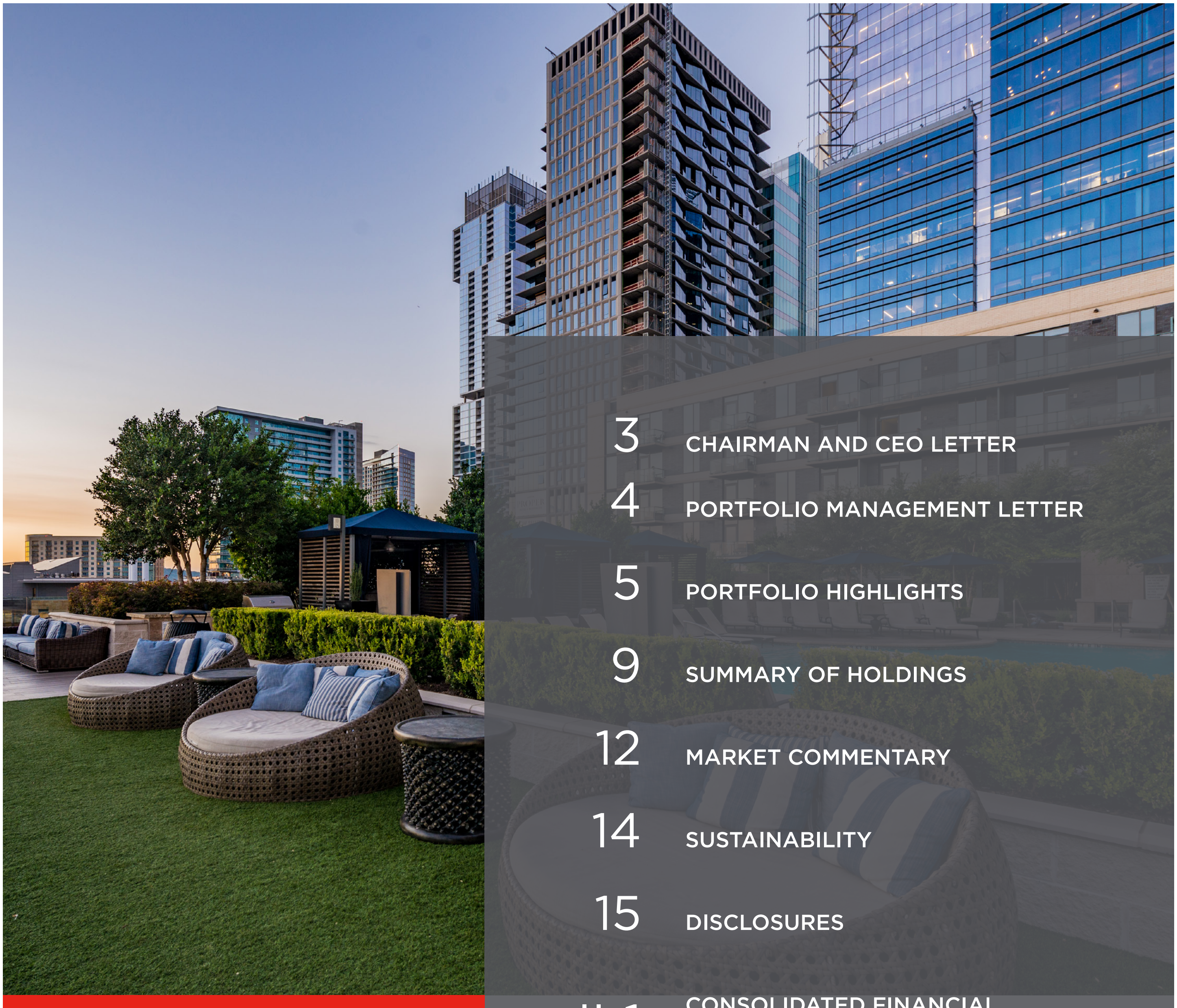
American Core Realty Fund

All data as of March 31, 2021

www.aracapital.com

AMERICAN REALTY ADVISORS
INSTITUTIONAL CAPITAL MANAGEMENT

Teresa Gilles
The Resource Centers
May 19, 2021 13:52



Pictured on Cover: Pacific Commons Logistics Center West | East Bay, CA
Pictured Above: Northshore | Austin, TX

Teresa Gilles
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To Our Valued Investors and Their Consultants,

The First Quarter of 2021 exhibited outstanding trends vis-a-vis economic growth as the number of domestic COVID-19 cases continued to fall, the vaccination roll out gained momentum, and more businesses could open up. The key to a robust economy is not only job creation, consumer consumption, and wage growth, but also in today's world, the feeling and sense of health safety. Real estate as a lagging indicator is dependent on growth in the economy, and although the pandemic remains a serious issue, we are seeing significant changes in behavior with both consumer spending and many employees returning to traditional work models, at least on a hybrid basis. This bodes well for the commercial real estate market as longer-term secular trends are reasserting themselves to drive transaction activity and, absent any unforeseen negative event, the economy appears to be on the track for solid growth in the second half of 2021 and well into 2022.

ARA's risk-controlled and focused strategies continue to work well to protect and increase the capital of our clients. We have actively engaged in transactions for our funds, taking advantage of opportunities that meet our strict and disciplined due diligence process. Despite competition as more investors with robust capital have entered the real estate market, we have successfully closed attractive investment opportunities and executed planned dispositions in a strong demand market that has allowed us to capture significant pricing advantages for our clients. Rent collections are near pre-pandemic normal and we remain a trusted resource to investors who have sought our advice as they re-emerge from the impact of 2020.

"We expect 2021 to be a year for growth in the economy and continued demand for real estate investments."

We expect 2021 to be a year for growth in the economy and continued demand for real estate investments. Our focus on sustainable income, market potential, and our ESG+R initiatives are all positioned to serve our clients well in the coming year and we will be seeking to deploy increasing capital on growth opportunities. However, the market is not without challenges. Core and value-add real estate investment models are changing and we are capitalizing on research that identifies innovative approaches to traditional asset utilization. The resiliency of the commercial real estate market coming off the lows of last year confirm our commitment that the market is fundamentally strong and we believe the assets in which we have invested are poised to achieve competitive returns over the long term.

Thank you for your confidence in ARA during these extraordinary times as we work together to achieve your investment objectives. We look forward to continuing our contribution to your investment success and to helping you serve the participants and beneficiaries of your funds as we move toward healthy and sustainable success in the future.

Stanley Iezman
Chairman &
Chief Executive Officer

American Core Realty Fund First Quarter Update -

The Fund produced a total gross return of 1.86% (1.00% income and 0.86% appreciation) slightly below the NFI-ODCE peer group on a gross basis for the quarter. The Fund's income return continues to outperform resulting in a total fund outperformance since the beginning of 2020. For the last four consecutive calendar years the Fund has outperformed the benchmark on both a gross of fees and net of fees basis.

During the quarter, the Fund acquired a fully entitled 18.4-acre land site to develop Middletown Logistics Center, a to-be-built 250,200 square foot industrial asset located near Harrisburg, PA. This build-to-core investment will increase the Fund's industrial allocation, leverage existing synergies with a past joint venture partner who has a long successful history of delivering best-in-class industrial products, and provide the potential to realize an attractive profit upon completion and successful lease-up of the property. The investment is expected to start construction in May 2021 with an anticipated completion in May 2022. Subsequent to quarter end, the Fund made an investment on a land site in Austin, TX to develop a single-family rental community with construction expected to begin in June 2021. No investments were sold during the quarter; however, we are currently marketing several office and retail properties for sale and are receiving compelling capital market interest indicating transaction levels may be returning to pre-pandemic levels.

Leasing activity is robust and an optimistic harbinger for the year to come. During the quarter, the Fund renewed a 50,000 sq. ft. grocery-anchor tenant and leased a new 45,000 sq. ft. retail space both in separate Miami submarkets, along with a 60,000 sq. ft. office renewal at Moda Tower in Portland, OR. Overall leased percentage remains above the benchmark despite a decrease this quarter due to a few expected vacancies that are already reflected in current valuations.

Fund-level leverage decreased to 22.1% as we prepaid, without prepayment penalty, $130.0 million of property-level fixed rate debt. In turn, we reduced the Fund's overall cost of borrowing and removed property-level encumbrances in advance of the disposition of additional retail assets. We expect to take advantage of the debt markets this year to increase leverage and further reduce overall cost of borrowing, which we project will reduce to approximately 3.25% in 2021.

The Core Fund had a 97% collection rate for the first quarter which based on a survey outperformed the core peer group. We are recognizing revenue (the "receivable approach") for tenant rent relief agreements during the deferred payment periods and recording partial reserves for the allowance for doubtful accounts, which have been evaluated on a tenant-by-tenant basis. See the Disclosure section of this report for a general summary of rent relief granted to our tenants and our general assessment of collectability.

2021 OUTLOOK

U.S. core real estate returns should accelerate into 2021 continuing to provide reliable income streams, an inflation hedge, and the potential for appreciation gains as the pace of economic growth quickens. We believe the Fund is poised to provide attractive returns compared to its benchmark due to property type and market allocations, outperforming income returns, strong relative rent collections, build-to-core portfolio growth, asset quality, tenant composition, balance sheet strength and our overall active risk management. We plan continued reduction of our office and retail allocations in favor of expanding further into residential and industrial sectors including adding a 10-20% allocation to expanded residential and industrial property sub-types including purpose-built single family rental communities, cold storage and data centers.

ARA has successfully navigated various market conditions for more than 32 years, including over 17 years managing the Core Fund. We remain committed to providing investors with transparent information with a goal of generating favorable absolute and relative returns driven by durable and growing income.

We hope you stay safe and we appreciate your continued trust and partnership in the American Core Realty Fund.

Scott Darling
President,
Portfolio Manager

Austin Maddux
Executive Vice President,
Deputy Portfolio Manager

Jay Butterfield
Executive
Managing Director

Teresa Gilles
The Resource Centers
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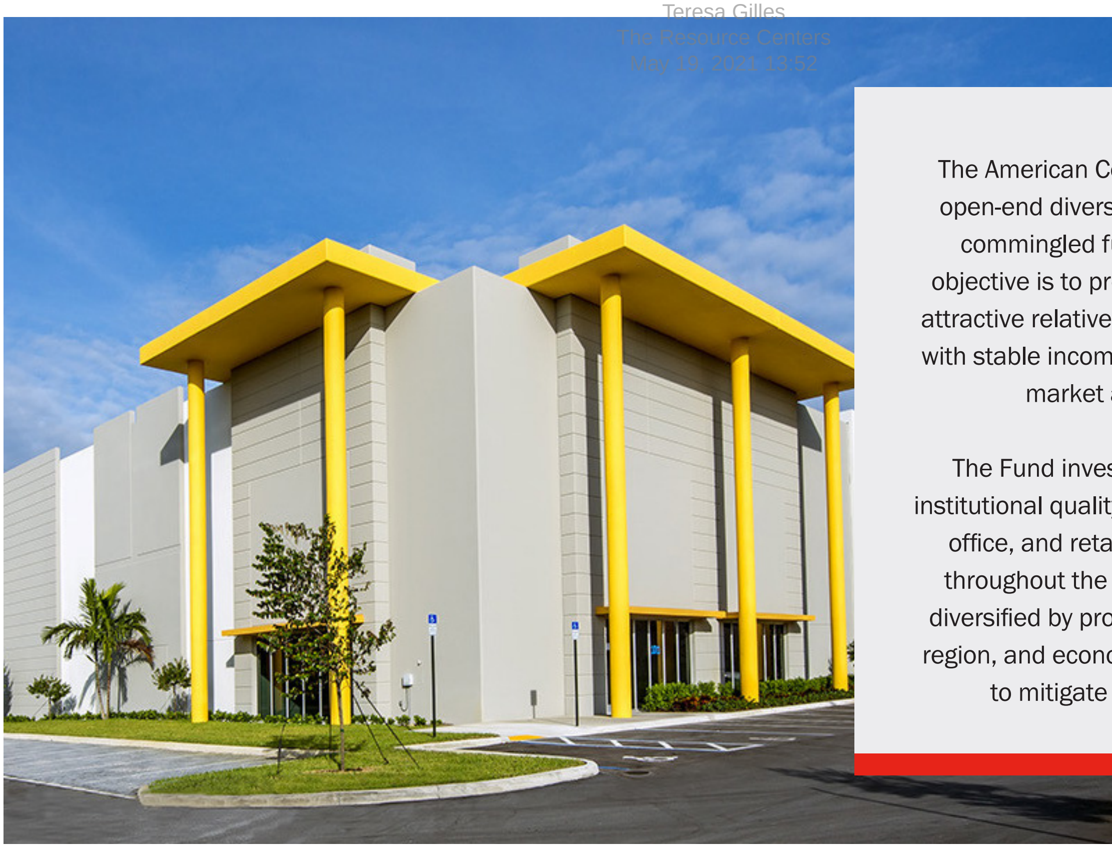


Miami Central Commons | Miami, FL

The American Core Realty Fund is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive relative to other asset classes with stable income and the potential for market appreciation.

The Fund invests primarily in core, institutional quality industrial, residential, office, and retail properties located throughout the United States and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk.

KEY STATISTICS

Inception Date	Q4 2003	Leverage Ratio	22.1%
Gross Assets	$6.87 billion	Units (Residential) [1]	2,673
Net Assets	$5.17 billion	Size (Commercial SF)[1]	15.2 million
Number of Investors	461	Number of Markets	25
Percentage Leased	92.3%	Number of Investments	67

FUND PERFORMANCE (%)

	Q1 2021	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception* (Q4 2003)
Income (Gross)	1.00	3.96	3.91	3.93	4.18	4.48	4.77
Appreciation	0.86	-2.01	1.41	2.17	3.81	4.74	2.21
Total Portfolio (Gross)	1.86	1.90	5.36	6.16	8.11	9.38	7.06
Total Portfolio (Net)	1.61	0.90	4.33	5.12	7.05	8.31	6.03

*Inception date: November 21, 2003.

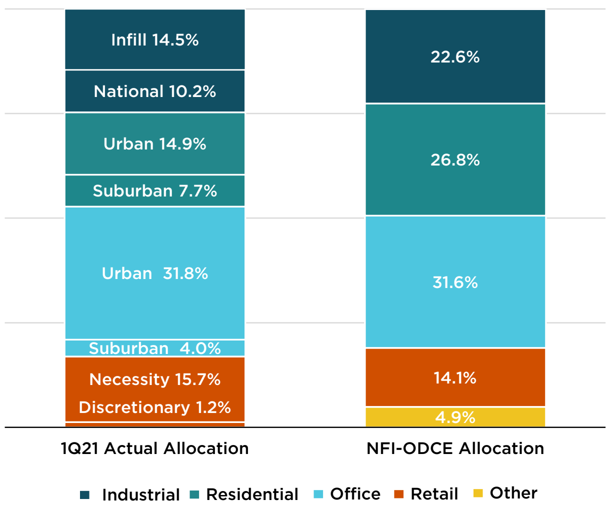
Note: The American Core Realty Fund returns above include leveraged returns before (gross) and after (net) the deduction of investment management fees and reflect the reinvestment of some income. The above returns are calculated at the Fund level and may not be reflective of the actual performance returns experienced by any one investor. Returns for periods greater than one year are annualized. The sum of annualized component returns may not equal the total return due to the chain-linking of quarterly returns. This performance information is considered supplemental information and complements the Core Commingled Real Estate Investment Composite performance. Past performance is not a guarantee of future results and it is important to understand that investments of the type made by the Core Fund pose the potential for loss of capital over any time period. Many factors affect fund performance including changes in market conditions and interest rates in response to other economic, political, or financial developments. Investment returns, and the principal value of any investment will fluctuate, so that when an investment is sold, the amount received could be less than what was originally invested. Use of leverage may create additional risks. Please refer to Notes to performance on page 16 for additional information.

With respect to the information on pages 4 to 11, please refer to the Notes on page 15.

[1] Units and commercial square feet represent operating properties only.

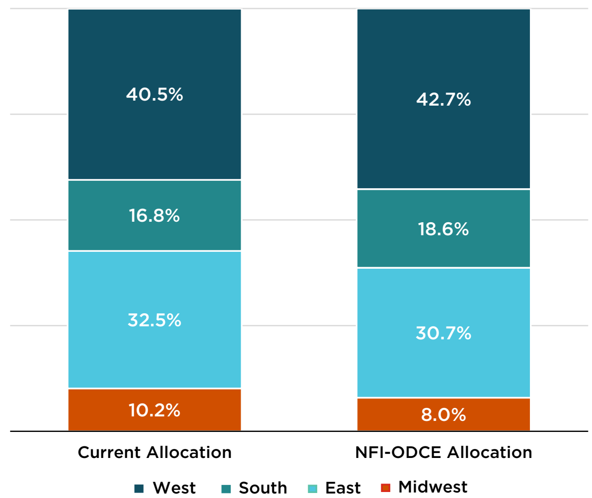
Holdings

PROPERTY TYPE



Note: All data based on Gross Fair Value.

GEOGRAPHIC



Geographic Distribution

WEST	$ MILLIONS	(%)
Industrial	711.6	10.6
Residential	546.3	8.2
Office	1,149.5	17.2
Retail	299.6	4.5
TOTAL	**2,707.0**	**40.5**

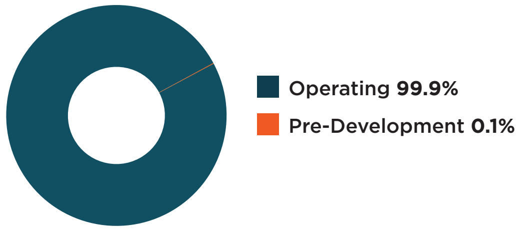
MIDWEST	$ MILLIONS	(%)
Industrial	108.4	1.6
Residential	107.0	1.6
Office	340.0	5.1
Retail	124.0	1.9
TOTAL	**679.4**	**10.2**

SOUTH	$ MILLIONS	(%)
Industrial	321.0	4.8
Residential	526.6	7.9
Office	81.4	1.2
Retail	194.6	2.9
TOTAL	**1,123.6**	**16.8**

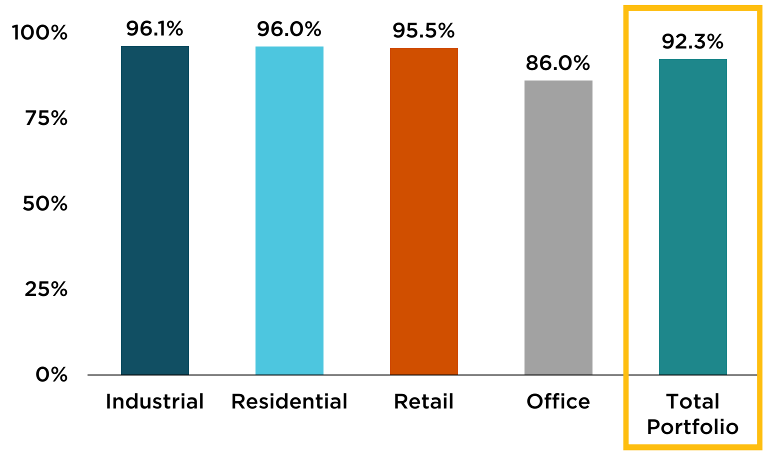
EAST	$ MILLIONS	(%)
Industrial	532.2	7.9
Residential	254.1	3.8
Office	859.5	12.9
Retail	528.8	7.9
TOTAL	**2,174.6**	**32.5**

Note: Holdings by Geography and Geographic Distribution excludes investments in non-guaranteed mortgage-backed certificates.

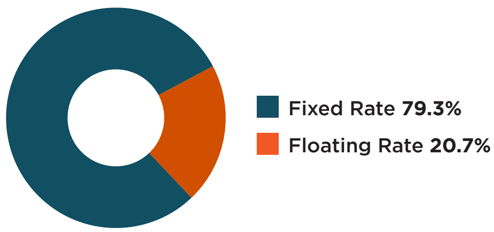
LIFE CYCLE DIVERSIFICATION



PERCENTAGE LEASED BY PROPERTY TYPE

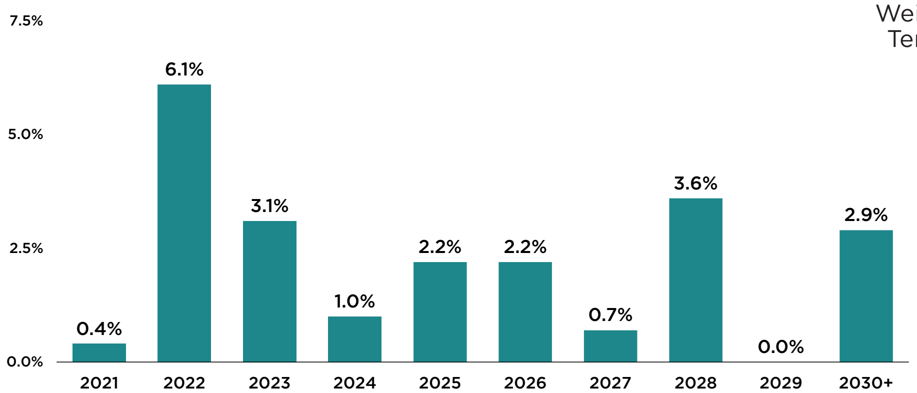


DEBT COMPOSITION



DEBT MATURITIES

(Percentage of total gross assets)



4.3yrs

Weighted Average Term to Maturity

3.5%

Weighted Average Cost of Debt[1]

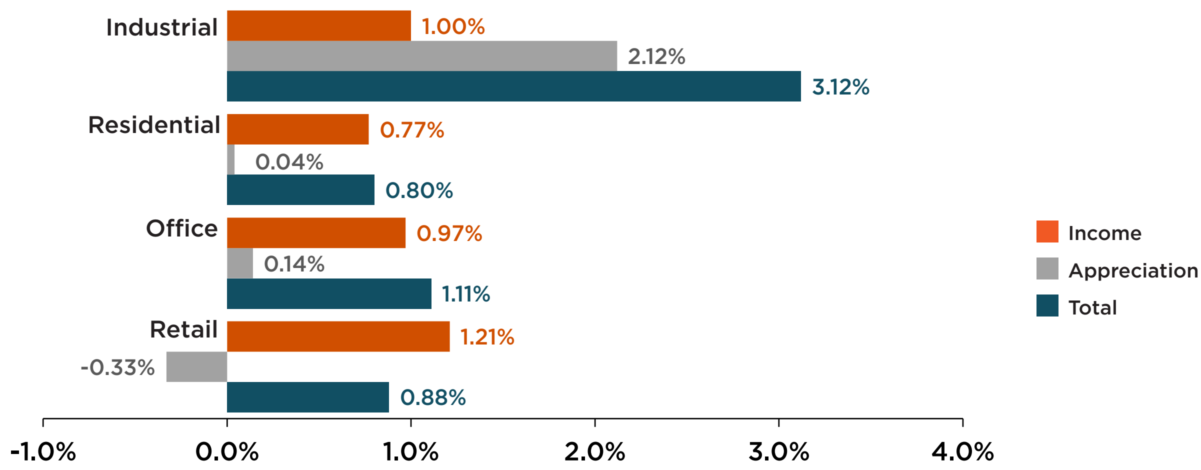
LEASE EXPIRATION STATISTICS BY PROPERTY TYPE

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030+
Office	3.4%	5.8%	0.7%	13.3%	10.7%	4.5%	1.8%	14.5%	8.3%	22.8%
Industrial	8.0%	11.6%	14.6%	5.1%	2.3%	1.7%	0.2%	2.4%	2.1%	47.4%
Retail	3.2%	4.0%	3.0%	4.9%	12.6%	17.9%	11.6%	2.6%	3.7%	29.4%
TOTAL	**4.8%**	**7.2%**	**5.7%**	**8.8%**	**8.4%**	**6.6%**	**3.4%**	**8.0%**	**5.3%**	**32.1%**

Note: The weighted average unexpired lease term length is 6.3 years.
[1]Weighted average cost of debt including the line of credit is 3.45%.

Q1 2021 PROPERTY PERFORMANCE

Unleveraged (%)

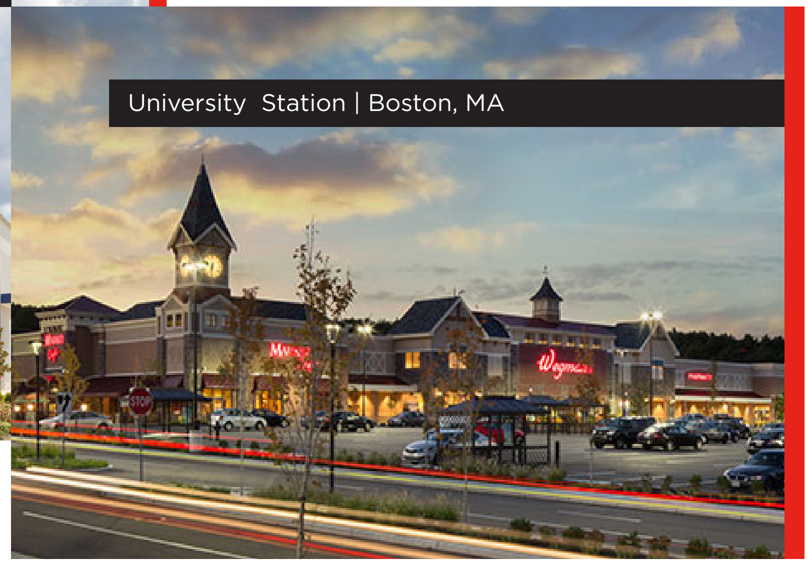


KEY VALUATION STATISTICS (%)

	Q1 2021			Q1 2020		
	Yr 1 Cap Rate	Discount Rate	Exit Cap Rate	Yr 1 Cap Rate	Discount Rate	Exit Cap Rate
Office	3.20	6.13	5.14	3.93	6.05	5.12
Residential	3.39	5.81	4.61	3.57	5.78	4.64
Industrial	3.93	5.76	4.79	3.99	5.70	5.03
Retail	4.57	6.50	5.54	4.57	6.19	5.47
TOTAL	**3.66**	**6.04**	**5.01**	**3.99**	**5.95**	**5.07**

TOP 10 INVESTMENTS

PROPERTY	PROPERTY TYPE	MSA	GFV ($)	GFV (%)
499 Park Avenue	Office	New York, NY	453,000,000	6.68
Foundry Square III	Office	San Francisco, CA	415,000,000	6.12
1K Fulton	Office	Chicago, IL	340,000,000	5.01
Northshore	Residential	Austin, TX	320,000,000	4.72
NYC Urban Logistics Center	Industrial	New York, NY	291,000,000	4.29
2201 Westlake	Office	Seattle, WA	274,000,000	4.04
121 Seaport	Office	Boston, MA	264,000,000	3.89
Pacific Commons Logistics Center West	Industrial	East Bay, CA	235,000,000	3.46
153 Townsend Street	Office	San Francisco, CA	221,000,000	3.26
University Station	Retail	Boston, MA	216,000,000	3.18



INDUSTRIAL ASSETS

INVESTMENT	MSA	SF	NET FAIR VALUE	GROSS FAIR VALUE
NYC Urban Logistics Center	New York, NY	362,474	$291,000,000	$291,000,000
Pacific Commons Logistics Center West	East Bay, CA	814,901	$235,000,000	$235,000,000
Miami Central Commons[1]	Miami, FL	999,677	$143,195,807	$143,195,807
Logan Logistics Center	Philadelphia, PA	1,016,116	$129,000,000	$129,000,000
Arrow Center I & II	Inland Empire, CA	430,972	$45,705,933	$75,900,000
Sumner 167 Logistics Center - Building 2	Seattle, WA	358,598	$70,800,000	$70,800,000
Rancho Cucamonga Distribution Center	Inland Empire, CA	434,871	$42,473,627	$60,600,000
King Mill Distribution Center	Atlanta, GA	846,496	$59,400,000	$59,400,000
I-88 Gateway Logistics Center	Chicago, IL	604,565	$56,700,000	$56,700,000
California Rosslynn	Orange County, CA	257,246	$53,100,000	$53,100,000
SouthWoods Business Center	Atlanta, GA	531,774	$52,900,000	$52,900,000
McCook Logistics Center	Chicago, IL	365,359	$51,700,000	$51,700,000
Crossroads Logistics Center	Harrisburg, PA	398,250	$44,900,000	$44,900,000
Park 78 Logistics	Harrisburg, PA	345,600	$40,800,000	$40,800,000
Shoemaker Distribution Center	Los Angeles, CA	174,342	$39,700,000	$39,700,000
1730 South Anaheim Way	Orange County, CA	143,930	$37,700,000	$37,700,000
GSW Gateway 1 & 2	Dallas, TX	423,330	$36,500,000	$36,500,000
Sumner 167 Logistics Center - Building 1	Seattle, WA	234,750	$35,800,000	$35,800,000
Walnut Avenue Industrial Park	Orange County, CA	170,331	$35,100,000	$35,100,000
3100 West Segerstrom	Orange County, CA	159,163	$34,500,000	$34,500,000
Broadway Center Business Park	Los Angeles, CA	189,056	$33,400,000	$33,400,000
Transal Park	Miami, FL	134,175	$29,000,000	$29,000,000
Dulles Woods III	Washington, DC	101,880	$21,200,000	$21,200,000
Middletown Logistics Center[1]	Harrisburg, PA	Pre-Development	$5,264, 879	$5,264, 879
TOTAL INDUSTRIAL		**9.5 million**	**$1,624,840,246**	**$1,673,160,686**

[1] Joint venture investment partnership accounted for using the equity method.

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RESIDENTIAL ASSETS

INVESTMENT	MSA	UNITS	NET FAIR VALUE	GROSS FAIR VALUE
Northshore	Austin, TX	439	$320,000,000	$320,000,000
Continuum[1]	Boston, MA	325	$101,494,524	$169,654,500
ALARA Union Station	Denver, CO	314	$95,000,000	$165,000,000
Azure on the Park	Atlanta, GA	329	$114,176,746	$135,000,000
K1	San Diego, CA	222	$129,000,000	$129,000,000
Accent	Los Angeles, CA	196	$91,665,405	$121,000,000
Madison at Racine	Chicago, IL	216	$78,171,173	$107,000,000
Residential Loan Portfolio[2]	Nationwide	Various	$97,529,115	$97,529,115
The Chrystie[3]	New York, NY	361	$84,465,040	$84,465,040
Link Apartments	Seattle, WA	199	$53,717,325	$78,500,000
ALARA Uptown	Dallas, TX	294	$48,334,631	$71,600,000
Mural Apartments	Seattle, WA	139	$38,132,702	$52,800,000
TOTAL RESIDENTIAL		**3,034 units[4]**	**$1,251,686,661**	**$1,531,548,655**

RETAIL ASSETS

INVESTMENT	MSA	SF	NET FAIR VALUE	GROSS FAIR VALUE
University Station	Boston, MA	401,402	$216,000,000	$216,000,000
Festival at Riva	Baltimore/Towson, MD	300,963	$154,000,000	$154,000,000
Central Park Commons	Minneapolis, MN	402,598	$124,000,000	$124,000,000
Kendall Place	Miami, FL	287,747	$112,000,000	$112,000,000
Shops at Waterford	East Bay, CA	124,826	$57,647,346	$93,500,000
Alexandria Commons	Washington, DC	154,310	$85,600,000	$85,600,000
Criterion on the Promenade	Los Angeles, CA	52,980	$83,900,000	$83,900,000
@First Retail Center	San Jose/Santa Clara, CA	84,271	$52,300,000	$52,300,000
Waldorf Marketplace I	Washington, DC	205,285	$46,300,000	$46,300,000
Weston Lakes Plaza	Miami/ Fort Lauderdale, FL	96,451	$42,300,000	$42,300,000
St. John's Town Center North	Jacksonville, FL	104,324	$40,300,000	$40,300,000
Admiral Safeway	Seattle, WA	67,992	$35,800,000	$35,800,000
Mission Hills Vons	San Diego, CA	63,992	$34,100,000	$34,100,000
Waldorf Marketplace II	Washington, DC	168,519	$26,900,000	$26,900,000
TOTAL RETAIL		**2.5 million**	**$1,111,147,346**	**$1,147,000,000**

[1] Joint venture investment partnership accounted for using the equity method.
[2] Investments in non-guaranteed mortgage-backed certificates, see financial statements.
[3] Investment in preferred equity.
[4] Total consists of all Core Fund assets, including those owned as preferred equity, but excludes investments in non-guaranteed mortgage-backed certificates.

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153 Townsend | San Francisco, CA

Azure on the Park | Atlanta, GA

OFFICE ASSETS

INVESTMENT	MSA	SF	NET FAIR VALUE	GROSS FAIR VALUE
499 Park Avenue	New York, NY	304,769	$453,000,000	$453,000,000
Foundry Square III	San Francisco, CA	295,074	$415,000,000	$415,000,000
1K Fulton	Chicago, IL	531,190	$340,000,000	$340,000,000
2201 Westlake	Seattle, WA	319,715	$274,000,000	$274,000,000
121 Seaport[1]	Boston, MA	400,730	$264,000,000	$264,000,000
153 Townsend Street	San Francisco, CA	179,200	$174,778,955	$221,000,000
385 Sherman Avenue	San Jose/Santa Clara, CA	67,974	$147,000,000	$147,000,000
Moda Tower[1]	Portland, OR	414,244	$48,022,196	$92,500,000
K Street Office[2]	Washington, DC	126,953	$38,572,121	$54,786,066
Ballston Gateway	Washington, DC	145,388	$45,000,000	$45,000,000
One Freedom Plaza[3]	Washington, DC	283,481	$42,743,683	$42,743,683
Energy Center	Houston, TX	306,721	$41,600,000	$41,600,000
4th Street at Delray Beach[2]	Miami/ Fort Lauderdale, FL	100,161	$39,842,023	$39,842,023
TOTAL OFFICE		**3.5 million**	**$2,323,558,978**	**$2,430,471,772**
TOTAL PORTFOLIO		**15.4 million SF/ 3,034 units[4]**	**$6,311,233,232**	**$6,782,181,114**

[1] Joint venture investment partnership accounted for using the consolidation method.
[2] Joint venture investment partnership accounted for using the equity method.
[3] Investment in preferred equity.
[4] Total consists of all Core Fund assets, including those owned as preferred equity, but excludes investments in non-guaranteed mortgage-backed certificates.

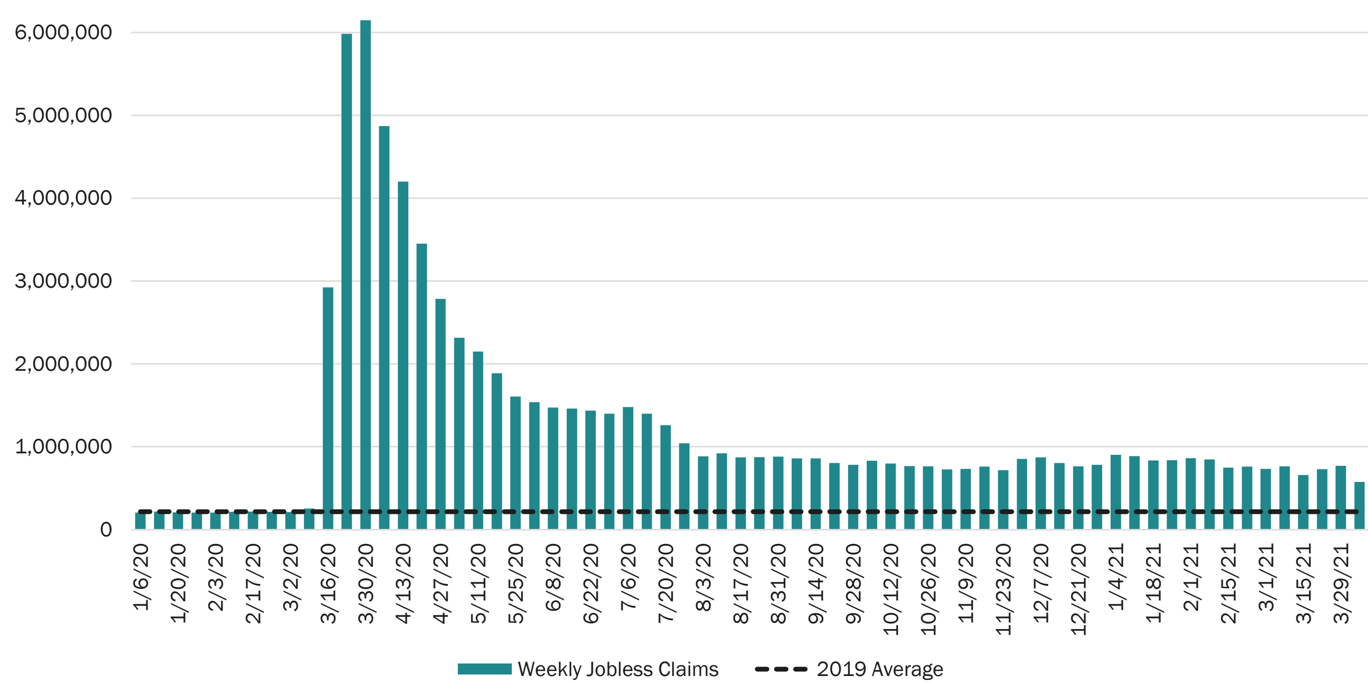
More than Green Shoots for Spring

Springtime tends to bring renewed optimism as consumers emerge from the "dead of winter," eager to embrace outdoor dining and social activities. However, the optimism this year is more poignant than years past, with enthusiasm over a "return to normalcy" at an all-time high following a resilient first quarter. With the current administration heavily prioritizing vaccine rollout measures, nearly 145 million doses have been administered and nearly 15% of the population has been fully vaccinated as of the end of the first quarter. As inoculation efforts accelerated, states were able to ease business restrictions, which perfectly coincided with a third round of stimulus distributions in March.

With seemingly all oars rowing in the same direction, consumer optimism has surged, resulting in a 7.7% increase in retail and food services sales quarter-over-quarter. More granularly, month-over-month retail & food services sales grew by 9.8% in March, representing the largest monthly gain since May 2020 when the first stimulus measures were enacted. Retail gains were broadly dispersed, with the hard-hit restaurant and bar sector also recording a robust a 13.4% month-over-month rise in sales. The boost in consumer spending is welcome news as it represents the largest share of economic activity, accounting for roughly two-thirds of total U.S economic output.

The economic reacceleration has not been limited to stimulus-supported consumer spending. In fact, while still above prepandemic levels, weekly jobless claims decreased by nearly 200,000 in the first quarter due to a sharp pullback in layoffs. The reduced claims number is an encouraging signal of recovery, having fallen to its lowest levels since the onset of the pandemic in March 2020, though the latest figures remain roughly 2x the 2019 average (Figure 1). With reduced business restrictions and optimism around reopening allowing employers to bring back their staff, the US added over 916,000 jobs in March, bringing the unemployment rate down from 6.2% to 6.0%. Additionally, the number of individuals collecting unemployment benefits declined by nearly 1.3 million at the end of March. Although there remain millions of Americans out of work as the service sector recovery has lagged behind the broader economy, the labor market's overall resiliency has supported sustained optimism around 2021.

FIGURE 1: WEEKLY JOBLESS CLAIMS, JANUARY 2020 TO PRESENT RELATIVE TO 2019 JOBLESS CLAIMS AVERAGE



Source: American Realty Advisors based on data from Macrobond as of April 2021

More than Green Shoots for Spring (continued)

While market sentiment remains positive about the speed and strength of the economic turnaround, investors are widely confronted with the inflationary consequences of a rapidly heating economy amidst ongoing fiscal and monetary stimulus. On the fiscal side, federal lawmakers have enacted a total of more than $5.3 trillion in relief spending since the start of the pandemic, with $1.9 trillion enacted in March 2021, fueling concerns of potentially higher price levels as elevated federal spending reverberates throughout the economy. Furthermore, on the monetary side, the Federal Reserve has injected roughly $3.5 trillion into the economy since March 2020 and lowered interest rates to support liquidity across the financial system. Finally, supplychain bottlenecks due to COVID-19-related disruptions, as well as the realization of pent-up demand across markets as the economy reopens have added to an ongoing conversation about whether these inflationary forces are in aggregate a transitory phenomenon or indicative of a more permanent inflation regime change.

While we are of the view that many of the long-term structural influences that have kept inflation and thus interest rates persistently low over the last decade remain intact, a meaningful departure from this stasis cannot be ruled out. The unprecedented nature of recent stimulus measures and forced household savings (by virtue of fewer opportunities to spend) coupled with a general supply-demand imbalance could create additional tailwinds to inflation. With the Federal Reserve signaling it will allow future inflation to run above its long-stated goal of 2% for a period of time and is, for now, resisting calls to taper its support, the concern from some market participants is that inflation could overheat beyond the central bank's control.

STRATEGIC IMPLICATIONS FOR COMMERCIAL REAL ESTATE

Ultimately, whether current conditions serve to create an inflationary cycle or simply prompt transitory increases in prices (and to be clear, the latter is more our base-case scenario), real estate investors stand poised to benefit. So long as resilient inflation is being fed by bolstered consumer demand, elevated consumption, job and wage growth, demand for physical space would trend up in tandem with an expanding economy. And while this would insinuate construction and labor costs too would rise, that should serve to dampen potential new supply, creating a favorable supply-demand balance from which to raise rents.

Should this year's inflation prove to be transitory, we envision that the backdrop would thereafter retrench nearer to prepandemic levels, resetting conditions for another prolonged economic cycle. From a capital markets perspective, this would simply serve to reinforce the attractiveness of real estate on a relative basis, as the asset class continues to offer a higher yield premium relative to other asset classes but would also provide runway for fundamentals to continue to strengthen.

Teresa Gilles
The Resource Centers
May 19, 2021 13:52

At ARA, our sustainability vision incorporates the overall objective of increasing net operating income and value, while reducing the impact that our buildings have on the environment. ARA executes this vision with the belief that our efforts to reduce the environmental footprint of our building operations enhances our tenant's comfort and health and is fundamental to increasing value. As part of our vision, ARA continually strives for increased efficiency in water, energy usage, and waste management through greater tenant engagement.

Energy efficiency, water conservation, and sustainable building practices are key components of the value we seek to provide to our investors.

ENERGY STAR

9.0MM

SQUARE FEET
of ENERGY STAR® awarded assets

U.S. GREEN BUILDING COUNCIL MEMBER

9.0MM

SQUARE FEET
of LEED™ certified assets

GRESB®

80

2020 SURVEY RESULTS
6 years of Core Fund membership

MISSION

Creating a positive impact beyond our buildings and operations through conducting our investment activities in a sustainable manner, adding value to our clients and communities.

TARGETS

ARA maintains long-term performance targets to track our progress by using key performance indicators that are relevant, yet ambitious. Our efforts are guided by four key areas of improvement shown below.

2020 CORE FUND RESULTS

ENERGY	WATER	WASTE	CARBON EMISSIONS
-2%	-2%	+5%	-2%
Reduce energy use intensity (EUI) by 2% per year from 2017 - 2027	Reduce water use intensity (WUI) by 2% per year from 2017 - 2027	Increase waste diversion rates to 50% from 2017 - 2027	Reduce carbon emissions intensity by 2% per year from 2017 - 2027
-19% Outpacing	-10% Outpacing	+31% Outpacing	-15% Outpacing

Signatory of:

PRI Principles for Responsible Investment

Data as of December 31, 2020 unless noted otherwise. Source: ARA, LEED, Verdani Partners, Energy Star.
References to Energy Star awarded and LEED certified assets relate to American Core Realty Fund properties and properties in other portfolios managed by ARA.

Teresa Gilles
The Resource Centers
May 19, 2021 13:52

NOTES

1. Returns for the American Core Realty Fund are in U.S. Dollars and represent the return on all assets in the Fund as of the reporting date.
2. Every investment in the Core Fund is externally appraised by an independent, third-party, MAI appraiser, other than the investments in non-guaranteed mortgage-backed certificates which are valued by an independent, third-party consultant, each and every quarter, commencing the quarter after the investment is made.
3. Investment income is based on the accrual method of accounting. Total Return includes realized and unrealized gains/losses as well as net operating income.
4. Returns are calculated on an investment level basis and include cash balances and interest income from short-term cash investments.
5. Returns are presented including the effect of leverage.
6. Cash Flow and Net Cash from Other Sources will be distributed to the Interest Holders in accordance with their respective Capital Percentages. Except as otherwise provided in the Limited Partnership Agreement, the timing and amount of all distributions shall be determined by ARA.
7. Quarterly returns are calculated using the formula below:

$$\frac{\text{Investment Income + Appreciation (Depreciation)}}{\text{Weighted Average Equity*}}$$

*Beginning Net Asset Value + Time-Weighted Contributions – Time-Weighted Distributions

8. Annualized returns are calculated by geometrically linking the quarterly returns. Accordingly, the sum of the annualized return components may not equal the total gross return due to the chain linking of quarterly returns. Returns of periods greater than one year are annualized.
9. Capital expenditures, tenant improvements and lease commissions that are capitalized and included in the cost of the property are not amortized and are reflected in the appreciation/depreciation component of the return.
10. ARA is registered with the SEC as an investment advisor under the Investment Advisers Act of 1940, as amended.
11. The NFI-ODCE Value Weight Index ("NFI-ODCE") is an unmanaged index published by the National Council of Real Estate Investment Fiduciaries ("NCREIF"). Although the Fund may invest in similar property types as the NFI-ODCE, the weighting of each property type will differ from the NFI-ODCE in any measurement period.
12. Rent collection data for the core peer set mentioned on p. 4 constitutes surveyed results from most of the core managers in NFI-ODCE. ARA does not guarantee the accuracy of the underlying information provided by the core peer set.
13. Past performance is not a guarantee of future results and it is important to understand that investments of the type made by the Fund pose the potential for loss of capital over any time period. Use of leverage may create additional risks.
14. Gross Fair Value reflects the Core Fund's effective ownership share of the gross fair value of the real estate investment. Net Fair Value reflects the Core Fund's effective ownership share of the gross fair value of the real estate investment less the Core Fund's effective ownership share of the gross fair value of the mortgage loan.
15. Leverage Ratio is based on the cost basis of debt and includes non-consolidated joint ventures at the Fund's effective ownership share.

FUND T1 TOTAL LEVERAGE	
Fund's Economic Share of Operating Model Debt	$128,872,054
Wholly-Owned Property Level Debt	340,000,000
Senior Guaranteed Notes	800,000,000
Term Loan	225,000,000
Line of Credit (drawn balance)	28,000,000
	$1,521,872,054
TOTAL GROSS ASSETS	
Total Balance Sheet Assets	$7,092,782,450
Less: Joint-Venture Partner Economic Share of Total Assets	(314,814,303)
Add: Fund's Economic Share of Total Joint Venture Liabilities (unconsolidated)	93,286,081
	$6,871,254,228

Fund T1 Leverage Percentage:

$$\frac{\textbf{Fund T1 Total Leverage}}{\textbf{Total Gross Assets}} \quad \frac{\$1{,}521{,}872{,}054}{\$6{,}871{,}254{,}228} = 22.1\%$$

16. The Fund's leased percentage represents the percentage of the Fund's net rentable square footage or units that are leased by tenants as of March 31, 2021 excluding any investments in mortgage-backed certificates, preferred equity, initial leasing, land, pre-development and development. Leased percentage is calculated by property and is then weighted based upon each property's effective ownership share of gross fair value to derive the total leased percentage of 92.3%. Leased percentage by Property Type for Residential, Office, Industrial and Retail are 96.0%, 86.0%, 96.1% and 95.5%, respectively.
17. Portfolio diversification is based on effective ownership share of gross fair values. Based on net fair values, the diversification by Property Type for Residential, Office, Industrial and Retail would be 19.8%, 36.8%, 25.8% and 17.6%, respectively. Based on net fair values, the diversification by Geographic Region for the East, South, Midwest and West would be 33.6%, 17.4%, 10.5% and 38.5%, respectively. Based on net fair values, the diversification by Life Cycle for Operating and Pre-Development would be 99.9% and 0.1% respectively.
18. Debt Composition is based on the percentage of the Core Fund's total effective ownership of the debt principal balances due at maturity as of March 31, 2021.
19. Debt Maturities represent the Core Fund's effective ownership share of the debt principal balances due at maturity, which have terminal maturities occurring in each year as a percentage of the total assets of the Core Fund as of March 31, 2021
20. Lease Expiration Statistics by Property Type figures are based on gross fair value weighting as of March 31, 2021, excluding Residential properties.
21. The property-level returns reflect unleveraged returns calculated for each property type. The returns do not include the effect of cash held in the Fund or the effect of asset management fees which are calculated at the Fund level.
22. The Core Fund's stated ownership percentages for joint venture investment partnerships accounted for using the equity method are as follows: K Street Office (85%), Continuum (80%), Miami Central Commons (99%), 4th Street at Delray Beach (92%), and Middletown Logistics Center (97%).
23. Units and square footage related to development investments are not reflected in occupancy statistics referenced in this report.
24. Residential Loan Portfolio consists of investments in non-guaranteed mortgage-backed certificates.

Teresa Gilles
The Resource Centers
May 19, 2021 13:52

NCREIF PREA Disclosures

The Fund has elected to recognize revenue (the "receivable approach") for tenant rent relief agreements during the deferred payment periods. Deferred and waived rents granted to tenants related to COVID-19 are presented in the following tables and include deferred rent amounts as a result of local, city, and state ordinances. Amounts are reported at the Fund's pro-rata share, including non-consolidated joint ventures. Concessions provided as part of a lease modification have been excluded.

	Quarter Ended March 31, 2021	12 Months Ended March 31, 2021	Range of Months
Deferred Rents:			
Retail	$26,040	$3,551,421	1-9 months
Office	304,258	1,291,029	2-8 months
Industrial	-	666,655	2-8 months
Residential	78,099	583,483	1-12 months
Total Deferred Rents	**$408,397**	**$6,092,588**	

	Quarter Ended March 31, 2021	12 Months Ended March 31, 2021	Range of Months
Waived Rents:			
Retail	$21,160	$54,184	2-8 months
Industrial	-	10,655	8 months
Total Waived Rents	**$21,160**	**$64,839**	

The Fund has recorded partial reserves against accounts receivable for the allowance for doubtful accounts, which have been evaluated on a tenant-by-tenant risk assessment. The following summary of the gross accounts receivable balances and their related allowance for doubtful accounts and bad debt expense is reported at the Fund's pro-rata share, including non-consolidated joint ventures.

	Accounts Receivable as of March 31, 2021	Allowance for Doubtful Accounts as of March 31, 2021	Bad Debt Expense Quarter Ended March 31, 2021	Bad Debt Expense 12 Months Ended March 31, 2021
Deferred Rents:				
Retail	$2,441,495	$519,621	($260,027)	$519,621
Office	847,260	69,569	-	69,569
Industrial	292,923	102,068	19,851	102,068
Residential	306,279	242,005	198,459	242,005
Total Deferred Rents	**$3,887,957**	**$933,263**	**($41,717)**	**$933,263**
Total Fund	**$15,696,601**	**$5,789,625**	**$468,629**	**$6,074,410**

The following summary of rent collection rates is reported at the Fund's pro-rata share, including non-consolidated joint ventures. Pre-Covid Rent Collection Rate for 2019 in total is 99.7%

	Total Rent Collected Quarter Ended March 31, 2021	Total Rent Due Quarter Ended March 31, 2021	Rent Collection Rate Quarter Ended March 31, 2021
Retail	$19,843,656	$21,363,054	92.9%
Office	43,262,720	43,649,222	99.1%
Industrial	21,406,966	21,465,053	99.7%
Residential	17,417,518	18,171,220	95.9%
Total Rents	**$101,930,860**	**$104,648,549**	**97.4%**

DISCLAIMER

This report is for your information only and is neither an offer to sell nor a solicitation of an offer to buy any securities or financial instruments. The information in these materials is intended solely for "Accredited Investors" within the meaning of Rule 501 of Regulation D under the U.S. Securities Act of 1933. Any product or service referred to herein may not be suitable for any or all persons. The information in this report has been obtained or derived from sources believed by ARA to be reliable but ARA does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of ARA at the time this report was prepared and are subject to change without notice. Performance analysis is based on certain assumptions with respect to significant factors that may prove not to be as assumed. You should understand these assumptions and evaluate whether they are appropriate for your purposes. Performance results are often based on mathematical models that use inputs to calculate results. As with all models, results may vary significantly depending upon the value of the inputs given. Models used in any analysis may be proprietary, making the results difficult for any third party to reproduce.

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Photos used in this report were selected based on visual appearance, are used for illustrative purposes only, and are not necessarily reflective of all the investments in the Fund or the investment the Fund will make in the future. Investments discussed in this report are expected to involve the economic and business risks generally inherent in real estate investments of the type the Fund intends to make. A major risk of owning income-producing properties is the possibility that the properties will not generate income sufficient to meet operating expenses, to service any loans that are secured by the properties or to fund adequate reserves for capital expenditures. The income from properties may be affected by many factors, including, but not limited to, fluctuations in occupancy levels, operating expenses and rental income (which in turn may be adversely affected by general and local economic conditions); the supply of and demand for properties of the type in which the Fund invests; energy shortages; compliance by tenants with the terms of their leases; collection difficulties; the enactment of unfavorable environmental or zoning laws; Federal and local rent controls; other laws and regulations; and changes in real property tax rates. The marketability and value of any properties of the Fund will depend on a number of factors beyond the control of the Fund, including, but not limited to, those previously described. Furthermore, there can be no assurance that a ready market for the properties of the Fund will exist at any particular time, since investments in real properties are generally considered to be more illiquid than publicly-traded securities. Any return to the investors on their investment will depend upon factors that cannot be predicted at the time of investment, that may be beyond the control of the Fund, or that may be uninsurable or not economically insurable (such as losses caused by earthquakes, terrorism or floods). Such factors will also affect the return to the investors on their investment.

The Fund is authorized to borrow up to 40% of the total gross value of the real estate assets owned by the Fund and is not required to reduce debt in the event the total value of its real estate declines. The use of leverage introduces the risk that cash flow from properties so encumbered, or from other sources, may not be sufficient to service the secured debt and therefore could result in the loss of equity through foreclosure. This report should be considered confidential and may not be reproduced in whole or in part, and may not be circulated or redelivered to any person without the prior written consent of ARA. This report is intended for Fund investors, their consultants and potential investors only. Past performance is not a guide to or otherwise indicative of future results. As with all investments there are associated inherent risks. The investments made by the Fund and described herein are not FDIC insured, are not bank guaranteed, are not guaranteed by ARA and may lose value.

ARA will receive asset management fees from the Fund's Limited Partners in connection with managing investor capital in the Fund and as a result cannot make recommendations in a fiduciary capacity in connection with an investor's decision to make, maintain, or redeem an investment in the Fund. Limited Partners must exercise their own independent judgement in connection with such a decision.

Important Disclosure- Distributions may include ordinary income, net realized capital gains and/or returns of capital. Generally, a return of capital occurs when the amount distributed includes a portion of (or is comprised entirely of) a Limited Partner's investment in the Fund in addition to (or rather than) any pro-rata portion of the Fund's net income or capital gains. The Fund's distributions in any period may be more or less than the net return earned by the Fund on its investments, and therefore should not be used as a measure of performance or confused with "yield or "income."

FORWARD LOOKING STATEMENTS

This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "potential," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may," or similar expressions. ARA cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and ARA assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in the Fund's disclosure documents and those identified elsewhere in this report, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies by ARA on behalf of the Fund and/or by others in its industry; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets; (3) the relative and absolute investment performance and operations of the Fund's investments; (4) the impact of increased competition in the financial, capital and real estate markets; (5) the impact of capital improvement projects in the real estate markets; (6) the impact of future acquisitions and divestitures by the Fund, its competitors and other participants in the financial, capital and real estate markets; (7) the favorable or unfavorable resolution of legal proceedings affecting the Fund's investments; (8) the impact, extent and timing of technological changes; (9) the impact of legislative and regulatory actions and reforms and increasing regulatory, supervisory or enforcement actions of government agencies relating to the Fund's investments; (10) terrorist activities or the impact of pandemics and other public health emergencies, which may adversely affect the general economy, real estate, financial and capital markets and specific industries; (11) the ability of ARA to attract and retain highly talented professionals; and (12) the impact of changes to the tax code and tax legislation in general.

CORE COMMINGLED REAL ESTATE INVESTMENTS COMPOSITE

	COMPOSITE RETURN DATA				NCREIF NFI-ODCE			COMPOSITE STATISTICS AT YEAR-END			
	Gross-of-Fees			Net-of-Fees	Equal Weight (2003-2015) Value Weight (2016 Forward)						
Year	Return	Income	Appreciation	Total Return	Income	Appreciation	Total Return	# Of Accounts **	Composite Assets ($ Millions)	Total Firm Net Assets* ($ Millions)	% Externally Valued
2019	6.30%	3.85%	2.39%	5.26%	4.18%	1.12%	5.34%	1	5,161	7,387	100%
2018	8.71%	3.89%	4.69%	7.65%	4.21%	4.00%	8.35%	1	5,106	6,784	97%
2017	8.07%	4.01%	3.94%	7.01%	4.35%	3.15%	7.62%	1	4,754	6,177	94%
2016	7.09%	3.96%	3.04%	6.04%	4.50%	4.12%	8.77%	1	4,488	6,067	93%
2015	15.35%	4.76%	10.23%	14.22%	4.83%	9.97%	15.17%	1	3,935	5,588	95%
2014	11.61%	5.23%	6.13%	10.51%	5.07%	7.03%	12.38%	1	3,458	5,083	95%
2013	12.36%	5.24%	6.85%	11.25%	5.28%	7.74%	13.34%	1	2,935	4,385	98%
2012	11.26%	5.14%	5.89%	10.18%	5.40%	5.38%	11.03%	1	2,576	3,853	97%
2011	15.04%	5.29%	9.39%	13.91%	5.52%	9.99%	15.96%	1	2,168	3,496	100%
2010	11.21%	5.79%	5.19%	10.18%	6.55%	9.11%	16.14%	1	1,339	2,718	95%

Annualized Returns

	Return	Income	Appreciation	Total Return	Income	Appreciation	Total Return
3 year	7.69%	3.92%	3.67%	6.64%	4.25%	2.75%	7.09%
5 year	9.06%	4.09%	4.82%	7.99%	4.41%	4.43%	9.00%
10 year	10.66%	4.71%	5.75%	9.58%	4.99%	6.12%	11.35%
Since Inception: 11/21/2003	7.40%	4.83%	2.48%	6.37%	5.31%	2.38%	7.80%

* Assets under management represent the net value of all assets and accounts managed by American Realty Advisors (“ARA”) (excluding partners' share of equity and debt on partnership investments and non-real estate debt assets through 12/31/10). Prior to March 31, 2008, ARA reported total firm assets as the amount of assets under management plus undrawn capital commitments and noted the amount of such undrawn commitments in a footnote. Effective March 31, 2008, ARA restated year-end total firm assets from 2001-2007 to omit such undrawn commitments.

** The portfolio in the composite represents an open-end commingled fund.

COMPLIANCE STATEMENT: American Realty Advisors (“ARA”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with GIPS. ARA has been independently verified for the periods January 1, 2001 through December 31, 2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

THE FIRM: ARA is an investment advisor registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended.

THE COMPOSITE: The Core Commingled Real Estate Investments Composite, created on November 21, 2003, consists of all fully discretionary open-end commingled portfolios managed by the firm using a core strategy. ARA defines a Core portfolio as one consisting primarily of direct or indirect investments in institutional quality, stabilized, income-producing office, industrial, retail and multi-family properties and other similar investments nationwide. ARA defines a discretionary portfolio as any portfolio over which ARA has full discretion regarding investment decisions. The firm defines a non-discretionary portfolio as any portfolio over which ARA does not have full discretion regarding investment decisions. The firm maintains a complete list and description of composites, which is available upon request.

BENCHMARK: For the period beginning January 1, 2007 through December 31, 2015 the composite was benchmarked against the NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE) Equal Weight Index. NFI-ODCE Equal Weight Index returns were equal-weighted and shown leveraged before the deduction of any fees. As of January 1, 2016, the composite’s benchmark for performance is the NFI-ODCE Value Weight Index. NFI-ODCE Value Weight Index returns will be value-weighted and shown leveraged before the deduction of any fees. The change conforms the Composite’s benchmark to a majority of the other core commingled funds included in the Index.

LEVERAGE: The sole portfolio in this composite includes portfolio-level debt and assets that are leveraged using either fixed or variable debt. Total leverage on the portfolio in this composite does not exceed 40% of the gross fair value of such portfolio. Some debt may be hedged using derivative securities, may require interest-only payments, or may mature before it is fully amortized.

CALCULATION OF PERFORMANCE RETURNS: Performance is stated in U.S. Dollars, is presented both gross and net of management fees, and includes the reinvestment of some income and the effect of cash and cash equivalents. Net of fee returns are reduced by actual asset management fees, and other expenses incurred in the operation of the real estate and the sole portfolio included in the composite. Performance returns are computed using investment level return formulas, which calculate time-weighted returns for real estate investments by geometrically linking component returns and have been adjusted for external cash flows. The sum of income and appreciation may not equal the total return for annualized periods due to the chain-linking of quarterly returns. Past performance is not a guarantee of future results.

VALUATIONS: The sole portfolio included in the composite consists primarily of real estate, investments in joint ventures invested in real estate, debt investments secured by real estate, and some cash. Real estate values are based upon independent appraisals performed quarterly by a third-party valuation manager/appraiser in three quarters in any given year and by a third-party appraiser in the remaining quarter of such year. The third-party valuation manager/appraiser and the third-party appraiser are not affiliated with ARA or each other. Consistent with methodologies used by typical institutional investors, various approaches are considered during the determination of fair value, including the Income Approach, Sales Comparison Approach, and/or Cost Approach or methods applicable to the asset class and geographic region. Valuations of real estate involve subjective judgments and unobservable inputs, as the actual fair value price of real estate can be determined only by negotiations between independent parties in sales transactions. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

FEES: Asset management fees are paid to ARA quarterly in arrears, are calculated separately for each investor in the Fund at an annual rate determined based on capital commitments by each investor admitted to the Fund prior to January 1, 2015 and commitment amount less amounts redeemed to date for investors admitted after January 1, 2015 (ranging from 1.10% down to .80%).

Teresa Gilles
The Resource Centers
May 19, 2021 13:52

CONSOLIDATED STATEMENT OF NET ASSETS

	MARCH 31, 2021
	(Unaudited)
ASSETS	
Investments in real estate properties, at fair value	
(Cost basis of $5,604,149,617)	$ 6,453,200,000
Investments in unconsolidated joint ventures, at fair value	
(Cost plus equity in undistributed earnings of $275,189,983)	327,417,138
Investments in real estate preferred equity, plus accrued dividends, at fair value	
(Cost plus accrued preferred dividends of $130,072,931)	127,208,723
Investments in non-guaranteed mortgage-backed certificates, net of un-amortized discount, plus accrued interest, at fair value (Cost, net of un-amortized discount, plus accrued interest of $94,566,776)	97,529,115
Cash and cash equivalents	65,317,171
Restricted cash	1,235,915
Other assets	20,874,388
Total assets	$ 7,092,782,450
LIABILITIES	
Mortgage loans, term loan, and senior guaranteed notes, at fair value	
(Cost basis of $1,485,100,000)	$ 1,495,918,813
Capital distributions and redemptions payable	80,536,491
Accounts payable and accrued liabilities	62,382,641
Security and other deposits	7,603,902
Total liabilities	1,646,441,847
NET ASSETS	
American Core Realty Fund	5,176,572,766
Noncontrolling interests (Note 2)	269,767,837
TOTAL NET ASSETS	$ 5,446,340,603
VALUE PER UNIT - ATTRIBUTABLE TO AMERICAN CORE REALTY FUND	$ 123,724.1037
UNITS OUTSTANDING	41,839.6465

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

Teresa Gilles
The Resource Centers
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CONSOLIDATED STATEMENT OF OPERATIONS

	QUARTER ENDED MARCH 31, 2021
	(Unaudited)
REVENUES	
Rent	$ 100,000,818
Equity in net operating income of unconsolidated joint ventures	1,109,449
Preferred dividend	2,236,562
Interest	2,129,761
Other	1,100,676
Total revenues	106,577,266
EXPENSES	
Operating expenses	17,878,881
Asset management fees	12,949,772
Real estate taxes	18,735,862
General and administrative expenses	1,755,207
Interest expense	13,088,420
Total expenses	64,408,142
Net investment income	42,169,124
NET UNREALIZED GAIN	
Net change in unrealized appreciation	46,590,173
Net unrealized gain	46,590,173
Net increase in net assets resulting from operations	88,759,297
Less: portion attributable to noncontrolling interests	5,195,387
Net increase in net assets resulting from operations attributable to American Core Realty Fund	$ 83,563,910
AMOUNTS ATTRIBUTABLE TO AMERICAN CORE REALTY FUND	
Net investment income	$ 38,950,012
Net unrealized gain	44,613,898
Net increase in net assets resulting from operations attributable to American Core Realty Fund	$ 83,563,910

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

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	QUARTER ENDED MARCH 31, 2021		
	TOTAL	AMERICAN CORE REALTY FUND	NONCONTROLLING INTERESTS (NOTE 2)
	(Unaudited)	*(Unaudited)*	*(Unaudited)*
NET ASSETS			
Net assets, beginning of period	$ 5,410,470,023	$ 5,143,383,784	$ 267,086,239
Net investment income	42,169,124	38,950,012	3,219,112
Net change in unrealized appreciation	46,590,173	44,613,898	1,976,275
Contributions	30,150,000	30,150,000	-
Withdrawals	(67,695,273)	(67,695,273)	-
Reinvestments	25,955,911	25,955,911	-
Distributions	(41,299,355)	(38,785,566)	(2,513,789)
Net assets, end of period	$ 5,446,340,603	$ 5,176,572,766	$ 269,767,837
UNITS OUTSTANDING			
Beginning of period		41,931.2084	
Contributions/reinvestments		455.5851	
Units withdrawn		(547.1470)	
End of period		41,839.6465	

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	QUARTER ENDED MARCH 31, 2021
	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net investment income	$ 42,169,124
Adjustments to reconcile net investment income to net cash provided by operating activities:	
Amortization of discount on non-guaranteed mortgage-backed certificates	(161,938)
Allowance for bad debts	(186,710)
Financing costs	(45,601)
Equity in net operating income of unconsolidated joint ventures	(1,109,449)
Distributions received from unconsolidated joint ventures	597,375
Changes in operating assets and liabilities:	
Other assets	4,242,983
Accounts payable and accrued liabilities	(15,242,853)
Distributions payable to preferred shareholders	11,562
Security and other deposits	241,371
Accrued preferred dividend and interest income	750,439
Net cash provided by operating activities	31,266,303
CASH FLOWS FROM INVESTING ACTIVITIES:	
Addition to buildings and improvements	(6,454,897)
Investments in real estate - unconsolidated joint ventures	(6,393,682)
Principal repayments of non-guaranteed mortgage-backed certificates	2,205,683
Net cash used in investing activities	(10,642,896)

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

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CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	QUARTER ENDED MARCH 31, 2021
	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	28,000,000
Repayments of mortgage loans	(130,725,201)
Financing costs	45,601
Distributions to noncontrolling interest	(2,513,789)
Contributions from and reinvestments by members	56,105,911
Distributions to members	(39,115,030)
Withdrawals by members	(39,365,853)
Net cash used in financing activities	(127,568,361)
Net decrease in cash, cash equivalents and restricted cash	(106,944,954)
Cash, cash equivalents and restricted cash at beginning of period	173,498,040
Cash, cash equivalents and restricted cash at end of period	$ 66,553,086

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Statement of Net Assets that sum to the total of the same such amounts shown in the Consolidated Statement of Cash Flows.

Cash and cash equivalents	$ 65,317,171
Restricted cash	1,235,915
Total cash, cash equivalents, and restricted cash	$ 66,553,086
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for interest	$ 14,536,333
Cash paid for income and franchise taxes	$ 51,540
SUPPLEMENTAL NON-CASH INFORMATION:	
Change in distributions payable	$ (317,902)
Change in withdrawals payable	$ 28,329,420
Change in accrued capital expenditures (Note 3)	$ 4,558,325

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

1. ORGANIZATION

General Information

The American Core Realty Fund, LP (''Fund'') was formed as a limited liability company and was converted to a limited partnership organized in the State of Delaware effective as of January 1, 2015. The Fund has a fiscal year end of December 31st. American Realty Advisors, LLC ("ARA") serves as the Fund's Investment Manager. Since January 1, 2015, ACRF Management, LLC has served as the Fund's General Partner.

The Fund was formed as an open-end investment fund and will have perpetual existence unless sooner terminated pursuant to the Fund's Second Amended and Restated Limited Partnership Agreement dated January 1, 2021, as such agreement may be amended from time to time. The Second Amended and Restated Limited Partnership Agreement ("Agreement") was amended to address the conversion of ARA to a Delaware limited liability company. The Fund has been organized to allow Taft-Hartley pension funds, governmental retirement plans, corporate pension plans and qualified trusts forming part of a pension or profit-sharing plan, endowments, charitable foundations and other taxable and tax-exempt organizations to pool their assets to make investments primarily in core, stable, institutional quality office, retail, industrial and residential properties that are substantially leased and have minimal deferred maintenance or functional obsolescence.

Additional information regarding the risks of investing in the Fund are included in the Risk Factors section of the Fund's Offering Memorandum, which is incorporated herein by reference and is available upon request.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Fund and all subsidiaries over which the Fund is able to exercise control. The equity interests in those controlled subsidiaries not owned by the Fund are reflected as noncontrolling interests in the consolidated financial statements. The Fund does not consider itself to be in control when other partners have important approval rights over major actions. Investments in noncontrolled entities are accounted for using the equity method. All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The accounting and reporting policies of the Fund conform to accounting practices generally accepted in the United States of America and to prevailing fair value presentation in the investment property industry. The Fund quarterly report has been prepared and presented in compliance with the NCREIF PREA Reporting Standards.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and accompanying disclosures at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Real estate and capital markets are cyclical in nature. Property and investment values are affected by, among other things, the availability of capital, occupancy rates, rental rates, interest rates, inflation, and the financial condition of the Fund's tenants. Mortgage loan values are affected by capital market conditions, business and collateral risk, debt-to-equity ratios, interest rates, maturity dates and other applicable factors. As a result, determining real estate investment and debt values involves many assumptions. Amounts ultimately realized from each investment may vary significantly from the fair values presented.

Use of Leverage

The Fund seeks to increase financial returns by using leverage with appropriate caution. The use of leverage, however, can accentuate both positive and negative returns. The Fund's use of leverage includes an unsecured revolving line of credit ("Line of Credit"), term loan, senior guaranteed notes, and mortgages secured by underlying collateral. The use of leverage increases the risk of default on obligations and may limit the Fund's ability to obtain additional financing in the future.

Economic Risk – COVID-19

COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020 and has disrupted the U.S. and global economies. The economic disruption and occupancy and use restrictions imposed have affected values and performance of Fund investments to varying degrees. While the Fund incurred significant disruptions from the COVID-19 pandemic during the quarter ended March 31, 2021, we are unable to predict the impact that it will have on the Fund's future financial condition. COVID-19 is ongoing in the U.S. and globally, and related government and private sector responsive actions may continue to adversely affect the Fund's investments. The extent to which COVID-19 impacts the Fund's results and its ability to pay dividends and redemptions will depend on future developments, which are highly uncertain and cannot

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

be predicted, including the continued vaccination process and its impacts. The COVID-19 pandemic has triggered a period of economic slowdown, which could have a material impact and adverse effects on the Fund's financial condition, results of operations and cash flows in the near term due to, but not limited to the following:

- Tenant business interruptions affecting their financial condition and liquidity, which may result in the Fund granting rent relief, increases in uncollectible receivables, and reductions in rental income and lease-up;
- Negative financial impact to the Fund, which has and could further impact its compliance with financial covenants of its credit facilities, mortgages and other debt agreements, including the inability to meet debt service obligations, and a potential reduction of outstanding loan balances, resulting in additional partner contributions;
- Financing risks, such as the inability to obtain debt financing on favorable terms or at all;
- Recognition of future realized and unrealized losses on the Fund's investments as a result of the weaker economic conditions;
- Significant and prolonged complete or partial shutdown of tenant and parking operations, especially retail operations, which could result in a further reduction in revenue and cash flow, and possibly lead to their bankruptcy;
- Potential risk in the office, retail, residential, and industrial sectors related to tenants' inability to pay rent and expense recoveries, bankruptcy risk, and employment status, as well as eviction policies in certain jurisdictions and the inability to re-lease units;
- The risk that any of our joint venture partners will be unable to meet their responsibilities or obligations to the joint venture or to third parties, such as lenders, including a failure to contribute additional capital needed by the ventures or a default by a party under a joint venture agreement or other agreement relating to a joint venture, leading to a loss of management and other rights and could result in the Fund's payment of the partner's share of the additional capital; and
- Increased risks for mortgage loan investments, including but not limited to, delinquencies, defaults, potential foreclosures, bankruptcy of debtor, interest rate, debt valuation, and nonperformance of obligations under legal documentation related to loans, real estate preferred equity, or non-guaranteed mortgage-backed certificates.

Valuation and Liquidity Risk

The Fund invests in private market real estate and real estate related investments for which no liquid public market exists. The fair values for such investments can be volatile and may not be readily ascertainable. Appraisal reports may contain estimates of future financial performance, estimates or opinions that represent the appraiser's view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analyses will vary from those modeled, and the variations may be material.

Financing Risk

In order to fund new real estate investments and capital improvements related to existing investments, the Fund must spend capital, which can be generated from operations, borrowings, sales of assets, capital raising or from other third-party sources. The availability of funds for new investments and maintenance of existing investments depends in part on capital market and liquidity factors, over which management can exert little control, as well as on limited partner's redemption requests. The Fund is subject to the risk that cash flows from its investments may be insufficient to meet required payments of principal and interest and earnings may be insufficient to maintain compliance with debt obligations.

Concentrations of Market, Interest Rate and Credit Risk

Concentrations of market, interest rate, and credit risk may exist with respect to the Fund's investments and its other assets and liabilities. Market risk includes a potential loss the Fund may incur as a result of changes in the fair value of its investments. The Fund may also be subject to risk associated with concentrations of investments in geographic regions and industries. Interest rate risk includes the risk associated with changes in prevailing interest rates. In the normal course of its activities, the Fund is exposed to the effect of interest rate changes. To limit interest rate exposure, the Fund may employ a variety of derivative financial instruments to manage, or hedge, interest rate risk. Credit risk includes the possibility that a loss may occur from the failure of tenants, counterparties, or issuers to make payments according to the terms of a contract. The Fund's exposure to credit risk at any point in time is generally limited to amounts recorded as assets on the Consolidated Statement of Net Assets.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Commitments

The Fund has certain investments in unconsolidated joint ventures and real estate preferred equity for which it is contractually obligated to fund additional capital after its initial investment as well as those in which capital is provided without being contractually obligated to do so. Such additional capital is generally provided in the ordinary course of business to fund recurring and non-recurring leasing, operating deficits, and capital improvements at underlying rental properties. For the quarter ended March 31, 2021, the Fund invested $1,003,834 of additional non-contractual payments for investments in unconsolidated joint ventures, and $5,389,848 in satisfaction of its contractual obligations for investments in unconsolidated joint ventures. As of March 31, 2021, the Fund has $10,943,816, and $3,000,000 of unfunded commitments associated with its investments in unconsolidated joint ventures and real estate preferred equity, respectively.

Investments in Real Estate Properties

Investments in real estate properties are carried at estimated fair value. Acquisitions of real estate properties are initially recorded at the purchase price, which includes closing costs. Capital improvements that improve a property or extend its useful life are capitalized as incurred. Development and construction costs, including predevelopment costs, property taxes, insurance, and certain indirect project costs, are also capitalized as components of cost. In addition, qualifying interest and financing costs incurred during the construction period are capitalized through substantial completion of the investment. Such costs are adjusted for subsequent appreciation or depreciation. Routine maintenance and repair expenses are charged to operations as incurred. Costs incurred for investments that are not consummated are expensed as a component of general and administrative expenses.

Investments in Unconsolidated Joint Ventures

The Fund invests in unconsolidated real estate joint ventures and shares in the resulting profits and losses. Such real estate joint ventures may be leveraged and involve a higher degree of risk. Investments in unconsolidated real estate joint ventures are carried at estimated fair value and are presented in the consolidated financial statements using the equity method of accounting, since control of the investment is shared with at least one other party and, in some cases, the other party serves as the managing member of the joint venture and makes the day-to-day management decisions. Under the equity method, the investment is initially recorded at the original investment amount, adjusted for contributions to and distributions from the joint venture and the Fund's share of undistributed earnings or losses (including unrealized appreciation and depreciation). Distributions from the unconsolidated real estate joint ventures are accounted for as a reduction in the investment balance until it is reduced to zero. Subsequent distributions received are recognized as income.

Investments in Real Estate Preferred Equity

The Fund invests in real estate preferred equity ventures and neither participates in the profits and losses nor any appreciation and depreciation resulting from these investments. The Fund does not share in excess operating cash flows and is not obligated to fund any cash deficits. The investments in real estate preferred equity are carried at estimated fair value and are presented, inclusive of preferred dividends, as a separate line item on the Consolidated Statement of Net Assets. Preferred equity dividend income is recognized as revenue on the Consolidated Statement of Operations using the accrual method based on contractual terms provided in the limited partnership and limited liability company agreements.

Investments in Non-Guaranteed Mortgage-Backed Certificates

The Fund is a Class B and/or Class C investor in certain non-guaranteed mortgage-backed certificates. Investments in non-guaranteed mortgage-backed certificates are carried at estimated fair value and are presented, inclusive of accrued interest and un-amortized discount, as a separate line item on the Consolidated Statement of Net Assets.

Valuation of Investments in Real Estate

The estimated fair value of real estate is determined as the price that the Fund would expect to receive if the asset were sold to a market participant assuming the highest and best use of each asset at the date of the Consolidated Statement of Net Assets. All valuations of real estate involve subjective judgments, as the actual market price of real estate can only be determined by negotiations between independent parties in a sales transaction and the difference could be material. The value of the real estate is based on valuation techniques that require inputs that are both unobservable and significant to the fair value measurement. Unobservable inputs are inputs that reflect management's estimates about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. Assumptions and inputs used to determine the fair value of real estate include, among other things, discount rates, capitalization rates, the availability of sales comparisons, the availability of capital, occupancy rates, rental rates, assumptions about capital and operating expenses, interest, and inflation.

ARA has engaged an independent appraisal management firm to oversee and administer the appraisal process. The fair value of real estate is based upon quarterly independent appraisals that are reviewed by ARA. Appraisals are performed by members of the Appraisal Institute who use the income approach, sales comparison approach or cost approach to arrive at a concluded value.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost approach determines the current cost of reproducing the real estate less deterioration and functional and economic obsolescence. The sales comparison approach utilizes recent sales of comparable real estate in the market. The income approach involves dividing the net operating income by a market capitalization rate or performing a discounted cash flow analysis, in which projected cash flows are converted to present value by applying an annual discount rate. In the income approach, net operating income and cash flow are estimated based on an analysis of market rent and occupancy levels and forecasted property expenses and, accordingly, key inputs and assumptions include rental income and expense amounts and related growth rates, as well as discount and income capitalization rates. Estimating future cash flows is highly subjective and estimates can differ materially from actual results. In conjunction with an appraisal, the appraiser reconciles the values derived from the three techniques to arrive at a concluded value. The fair value of real estate investments does not reflect the transaction sale costs of the Fund, which may be incurred upon disposition of the real estate investments. Such costs are estimated to approximate 0.75%-6.50% of gross property fair value. Changes in fair value are recognized as unrealized gain or loss during the period and are presented net of the impact of noncontrolling interests.

The values of real estate properties undergoing development have been prepared giving consideration to costs incurred to date and to key development risk factors, including entitlement risk, construction risk, leasing/sales risk, operation expense risk, credit risk, capital market risk, pricing risk, event risk and valuation risk. The fair value of properties undergoing development includes the timely recognition of estimated entrepreneurial profit after such consideration.

Valuation of Investments in Real Estate Joint Ventures

The Fund invests directly in real estate joint ventures and shares in the resulting profits and losses. Such real estate joint ventures may be leveraged and involve a higher degree of risk. Investments in joint ventures are reported on the Consolidated Statement of Net Assets at estimated fair value and are accounted for under the equity method of accounting unless the Fund owns a controlling equity interest, in which case the joint venture is consolidated. Generally, capital is funded into and distributed from the joint ventures pro-rata according to ownership interests. The Fund is subject to the risk that a partner is unable to meet its capital call and the Fund may need to provide a capital shortfall loan to the joint venture as a result. Some joint venture agreements require proceeds resulting from a sale or a refinancing to be distributed pro-rata according to profit sharing percentages after the partners have received a return of capital plus a defined rate of return. In such circumstances, the fair value of joint ventures is based upon a hypothetical liquidation in accordance with the distribution provisions of the joint venture agreement. Changes in the fair value are recognized as unrealized gain or loss during the period and are presented net of the impact of noncontrolling interests. The Fund considers the unit of account for equity method real estate joint ventures as the net investment in each underlying joint venture.

Valuation of Investments in Real Estate Preferred Equity

Real estate preferred equity is recorded at estimated fair value. The fair value of the preferred equity is based upon quarterly external valuations that are performed by an independent appraisal management firm and reviewed by ARA. The fair value of the real estate preferred equity represents the value at which a market participant would purchase the preferred equity in an arm's length transaction, without any pressure to consummate the transaction on an imposed deadline. The valuation of preferred equity shall consider inputs that are both unobservable and significant to the fair value measurement. Unobservable inputs are inputs that reflect estimates about the assumptions market participants would use in pricing the preferred equity based on the best information available in the circumstances. Assumptions and inputs used to determine the fair value of preferred equity may include, among other things, capital market conditions, property level factors including occupancy and lease rollover, business and collateral risk, preferred equity service coverage ratios, maturity dates and other applicable factors. Changes in the fair value are recognized as unrealized gain or loss during the period.

Valuation of Investments in Non-Guaranteed Mortgage-Backed Certificates

The fair value of the non-guaranteed mortgage-backed certificate investments is based upon quarterly external valuations that are performed by an independent consultant and reviewed by ARA. The fair value of these investments is determined on a risk profile comparison with financial instruments that share similar positions, which incorporates both observable and unobservable inputs. As a result, the unrealized gains and losses for the non-guaranteed mortgage-backed certificates may include changes in fair value attributable to both observable and unobservable inputs. Using observable historical inputs (prepayments, delinquencies, etc.) as well as unobservable inputs (market yields, etc.), the non-guaranteed mortgage-backed certificate investments are valued by estimating the future cash flow of its underlying mortgages. Each mortgage is reviewed based upon historical collateral performance, the structure of the certificates and the certainty and timing of cash flows. When valuing the non-guaranteed mortgage-backed certificates, factors such as changes in prepayment trends and assumptions, changes in default trends and assumptions, changes in delinquency, and changes in interest rates, structural triggers, collateral seasoning, and deal seasoning are considered. Changes in the fair value are recognized as unrealized gains or losses during the period. Non-guaranteed mortgage-backed certificates are recorded at par in the quarter of acquisition. The Fund is subject to the risk that loan pool borrowers may not have sufficient cash flows to make the required payments of principal and interest, and if they fail to make such payments, it may result in an impairment to fair value or in the Fund exercising certain rights reserved for the Class B and/or Class C investors.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash includes cash of the Fund held at property level bank accounts maintained by property managers on behalf of the Fund. Highly liquid investments with readily available liquidity are considered to be cash equivalents. Cash equivalents are stated at cost, which, due to their short-term nature, approximates fair value. Certain financial institutions offer credits earned against the average daily checking account balances that are used to offset bank and other related fees. ARA may choose to hold excess cash in Fund checking accounts when the utilization of such earnings credits exceeds the rate of return on short-term investments. The Fund maintains cash and cash equivalents at financial institutions which periodically exceed federally insured limits then in place, and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage limits. The Fund has not experienced any losses in such accounts to date.

Restricted Cash

Restricted cash include funds held in tenant security deposit cash accounts that are segregated from property operating cash. Restricted cash may also include funds on deposit in cash collateral accounts not controlled by the Fund. Proceeds from financing transactions may be held in such accounts to fund property tax and interest payments as well as maintenance reserves for the property.

Accounts Receivable

Accounts receivable are reflected in other assets and include amounts billed to tenants for rental income and accrued recoveries. Collectability of these receivables is evaluated tenant-by-tenant on a regular basis and the allowance for doubtful accounts is adjusted accordingly as an offset to accounts receivable. At March 31, 2021, the allowance for doubtful accounts was $4,283,075.

Mortgage Loans on Properties

Mortgage loans on properties are stated at estimated fair value. ARA has engaged an independent appraisal management firm to oversee and administer the debt valuation process. The fair value of mortgage loans is based upon quarterly independent valuations that are reviewed by ARA. The fair value of mortgage loans is the price that would be paid to transfer the liability in an orderly transaction between market participants, exclusive of direct transaction costs such as prepayment penalties. Mortgage loan values are primarily affected by the market interest rate used in the discounted cash flow valuation technique. The interest rate used is dependent upon capital market conditions, property level factors including occupancy and lease rollover, business and collateral risk, debt service coverage ratios, debt-to-equity ratios, interest rates, maturity dates and other applicable factors. The Fund is subject to the risk that cash flows from its investments may be insufficient to meet required payments of principal and interest and earnings may be insufficient to maintain compliance with debt obligations. If a mortgage loan goes into an uncured default, the lender may seek to foreclose on its collateral. Mortgage loans that mature within one year are stated at par.

Special consideration is given to the fair value of mortgage loans where the fair value of the underlying collateral is less than the mortgage obligation where management is willing to turn the property back to the lender. In these circumstances, it is the policy of the Fund to write down the fair value of the mortgage loans, inclusive of lender impounds, to the fair value of the collateral. If the mortgage obligation is non-recourse and no guarantee exists, then the net asset value of investments in these circumstances should approximate zero. If the Fund or any of its investments are liable for legal obligations as a guarantor or otherwise committed to provide additional financial support, a liability will be accrued in excess of the Fund's investment if such obligations are likely to be enforced. Changes in the fair value are recognized as unrealized gain or loss during the period and are presented net of the impact of noncontrolling interests. Costs incurred to obtain mortgage loans are expensed as incurred.

Revenue and Expense Recognition

Rental revenue is recognized using the accrual method based on contractual amounts provided in the lease agreements. No revenue is recognized during periods of rent abatement. Percentage rent is accrued when the contractual target that triggers the percentage rental income is achieved. Lease termination fees are generally recognized pursuant to the terms of the underlying agreements. Operating expenses are recognized on an accrual basis as incurred. Expense recoveries are generally recognized as revenue in the period the costs are incurred. For the quarter ended March 31, 2021, expense recoveries of $21,784,599 were recognized as revenue.

COVID-19 Related Lease Concessions

During the quarter ended March 31, 2021, some tenants failed to pay some or all of their rents, citing business interruption resulting from the COVID-19 pandemic and the government's response to limit its spread. Many of these tenants have requested to negotiate rent relief terms, including the option of an extended payment plan. Some of these tenants have applied for economic relief and loans provided under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The lease modification guidance in Topic 840/842 requires a lease-by-lease analysis to determine if a lease concession was

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the result of a new arrangement reached with the tenant (treated within the lease modification accounting framework) or if a lease concession was under the enforceable rights and obligations within the existing lease agreement. However, the lease modification accounting framework contained in Topic 840/842 did not contemplate concessions being so rapidly executed to address the sudden liquidity constraints of lessees arising from the COVID-19 pandemic. In April 2020, the Financial Accounting Standards Board staff issued a question-and-answer document (the "Lease Modification Q&A") focused on the application of lease accounting guidance to lease concessions provided as a result of the COVID-19 pandemic. The Lease Modification Q&A allows the Fund, if certain criteria have been met, to bypass the lease-by-lease analysis and elect not to apply the lease modification accounting framework contained in Topic 840/842, with such election applied consistently to leases with similar characteristics and similar circumstances. The Fund has availed itself of the election to avoid performing a lease-by-lease analysis for lease concessions that have been and may in the future be (1) granted as relief due to the COVID-19 pandemic and (2) would result in the cash flows remaining substantially the same or less.

The outcome of some of these rent relief negotiations and tenant CARES Act loans are uncertain as of this report’s issuance date, and the impact to the Fund’s financial results will depend on future developments, which are highly uncertain and cannot be predicted at this time. The Fund is evaluating each tenant relief request on an individual basis and considering several factors. Not all tenant requests for relief have been granted, nor is the Fund forgoing its contractual rights under its lease agreements. The Fund has granted some tenants rent relief in the form of an extended payment plan for one or more months’ rent. The Fund has elected to take the “receivable approach” and recognize revenue for tenant rent relief agreements during the deferred payment periods and record partial reserves for the allowance for doubtful accounts, which have been evaluated on a tenant-by-tenant basis. The Fund is subject to the risk that more of its tenants will go into uncured defaults under its leases, as some already have, which will reduce the Fund’s revenues and cash flows, and in certain situations, may result in the Fund enforcing its rights as landlord, incurring substantial costs protecting its investments, and seeking to recover from the tenants for losses associated with such defaults.

Income Taxes

The Fund is a pass-through entity for income tax purposes. Accordingly, no provision for income taxes has been reflected in the accompanying consolidated financial statements. The Fund files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. If an uncertain income tax position were to be identified, the Fund would account for such in accordance with Accounting Standards Codification Topic 740, Income Taxes (“ASC 740”).

ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the consolidated financial statements. ASC 740 requires the evaluation of tax positions taken in the course of preparing the Fund’s tax returns to determine whether tax positions are “more-likely-than-not” of being sustained if challenged by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. The Fund performed an assessment and concluded that there were no uncertain tax positions as of March 31, 2021.

In 2006, the Fund established a subsidiary real estate investment trust (‘‘REIT’’) to invest in certain REIT qualifying assets. The REIT is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. The REIT will generally not be liable for federal and state income taxes, at regular corporate tax rates, provided it satisfies the necessary requirements. During the quarter ended March 31, 2021, preferred dividends of $3,906 were accrued and payable to the REIT’s preferred shareholders. At March 31, 2021, the REIT’s net assets represent 95.3% of the Fund’s net assets.

In 2018, the Fund, through its wholly owned subsidiary, SVF Portland Tower, LLC, entered into a joint venture agreement with an unrelated third party to form SVF Unico Portland II Venture, LLC (the “Company”). The Company established a subsidiary real estate investment trust, SVF Unico Portland REIT, LLC (“Portland REIT”). Portland REIT is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. Portland REIT will generally not be liable for federal and state income taxes, at regular corporate tax rates, provided it satisfies the necessary requirements. During the quarter ended March 31, 2021, preferred dividends of $3,750 were accrued and payable to the preferred shareholders.

In 2018, the Fund, through its wholly owned subsidiary, SVF Seaport Boston, LLC, entered into a joint venture agreement with an unrelated third party to form SVF Seaport JV, LLC. SVF Seaport JV, LLC established a subsidiary real estate investment trust, SVF Seaport REIT, LLC (“Seaport REIT”). Seaport REIT is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. Seaport REIT will generally not be liable for federal and state income taxes, at regular corporate tax rates, provided it satisfies the necessary requirements. During the quarter ended March 31, 2021, preferred dividends of $3,906 were accrued and payable to the preferred shareholders.

3. FAIR VALUE MEASUREMENTS

The Fund's disclosure about fair value measurements includes a three-level fair value hierarchy based on the quality of inputs and valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1), next to quoted prices in less active, dealer or broker markets (Level 2), and the lowest priority to unobservable inputs (Level 3). Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable are categorized as Level 3 measurements. The Manager's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. Due to the fact that the assumptions used by market participants to price the Fund's investments in real estate are unobservable, the fair value measurements of real estate, real estate preferred equity, non-guaranteed mortgage-backed certificates and mortgage loans generally fall within Level 3. Level 1 and 2 are not applicable to the Fund's investments and financial instruments.

The following are the major categories of assets and liabilities measured at fair value, using quoted market prices in active markets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

MARCH 31, 2021

	LEVEL 1 – QUOTED PRICES IN ACTIVE MARKETS	LEVEL 2 – SIGNIFICANT OTHER OBSERVABLE INPUTS	LEVEL 3 – SIGNIFICANT UNOBSERVABLE INPUTS	TOTAL
Investments in real estate properties	$ -	$ -	$ 6,453,200,000	$ 6,453,200,000
Investments in unconsolidated joint ventures	-	-	327,417,138	327,417,138
Investments in real estate preferred equity	-	-	127,208,723	127,208,723
Investments in non-guaranteed mortgage-backed certificates	-	-	97,529,115	97,529,115
Total assets	**$ -**	**$ -**	**$ 7,005,354,976**	**$ 7,005,354,976**
Mortgage loans, term loan, senior guaranteed notes, and line of credit	**$ -**	**$ -**	**$ (1,495,918,813)**	**$ (1,495,918,813)**

The following is a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable inputs (Level 3):

QUARTER ENDED MARCH 31, 2021

	INVESTMENTS IN REAL ESTATE PROPERTIES	INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES	INVESTMENTS IN REAL ESTATE PREFERRED EQUITY	INVESTMENTS IN NON-GUARANTEED MORTGAGE-BACKED CERTIFICATES	TOTAL ASSETS
Beginning balance	$ 6,409,200,000	$ 316,028,637	$ 126,560,983	$ 95,985,950	$ 6,947,775,570
Net unrealized gain [1]	32,986,778	4,482,745	1,393,791	3,591,298	42,454,612
Expenditures and earnings [2]	11,013,222	7,503,131	2,236,562	2,119,424	22,872,339
Repayments	-	-	(2,982,613)	(4,167,557)	(7,150,170)
Settlements	-	(597,375)	-	-	(597,375)
Ending balance	**$ 6,453,200,000**	**$ 327,417,138**	**$ 127,208,723**	**$ 97,529,115**	**$ 7,005,354,976**

1 Net unrealized gain included in investments in unconsolidated joint ventures include the Fund's share of unrealized gain (loss) related to real estate properties and mortgage loans (Notes 5 and 9).

2 Expenditures and earnings related to investments in real estate properties include changes in accrued capital expenditures of $4,558,325 for the quarter ended March 31, 2021. Expenditures and earnings related to investments in unconsolidated joint ventures are comprised of equity in net operating income of unconsolidated joint ventures of $1,109,449 and contributions of $6,393,682. Expenditures and earnings related to investments in non-guaranteed mortgage-backed certificates are comprised of interest income of $1,957,486 and $161,938 in non-cash amortization of discount.

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3. FAIR VALUE MEASUREMENTS (continued)

The following is a reconciliation of the beginning and ending balances for liabilities measured at fair value using significant unobservable inputs (Level 3):

QUARTER ENDED MARCH 31, 2021

	MORTGAGE LOANS, TERM LOAN, SENIOR GUARANTEED NOTES, AND LINE OF CREDIT
Beginning balance	$ (1,602,779,575)
Net unrealized gain	4,135,561
Issuance	(28,000,000)
Repayments	130,725,201
Ending balance	**$ (1,495,918,813)**

4. INVESTMENTS IN REAL ESTATE PROPERTIES

Investments in real estate properties are as follows:

MARCH 31, 2021

INVESTMENT	INVESTMENT DATE	INVESTMENT COST	FAIR VALUE
Ballston Gateway	12/23/03	$ 59,002,625	$ 45,000,000
Waldorf Marketplace I	06/29/05	59,301,495	46,300,000
California Rosslynn	08/05/05	21,548,049	53,100,000
Kendall Place	03/15/07	111,645,897	112,000,000
Waldorf Marketplace II	06/28/07	46,925,625	26,900,000
Broadway Center Business Park	08/05/08	22,679,387	33,400,000
Walnut Avenue Industrial Park	08/05/08	21,648,607	35,100,000
St. John's Town Center North	01/07/10	28,502,126	40,300,000
Festival at Riva	12/29/10	126,278,465	154,000,000
Shops at Waterford	01/27/11	56,549,743	93,500,000
Energy Center	06/27/11	101,282,020	41,600,000
Alexandria Commons	06/30/11	72,292,536	85,600,000
SouthWoods Business Center	12/31/11	29,675,561	52,900,000
Mural Apartments	03/22/12	43,959,047	52,800,000
Link Apartments	03/22/12	64,290,391	78,500,000
Weston Lakes Plaza	03/31/12	26,834,814	42,300,000
Rancho Cucamonga Distribution Center	03/31/12	30,401,742	60,600,000
@First Retail Center	05/03/12	48,529,097	52,300,000
Mission Hills Vons	07/24/12	28,804,175	34,100,000
Admiral Safeway	07/24/12	30,901,276	35,800,000
153 Townsend Street	12/04/12	119,739,520	221,000,000
499 Park Avenue	06/28/13	413,505,943	453,000,000
ALARA Uptown *	09/30/13	75,799,268	71,600,000
Sumner 167 Logistics Center 1	12/03/13	22,681,307	35,800,000
Arrow Center I & II	12/20/13	38,476,549	75,900,000

4. INVESTMENTS IN REAL ESTATE PROPERTIES (continued)

MARCH 31, 2021

INVESTMENT	INVESTMENT DATE	INVESTMENT COST	FAIR VALUE
Sumner 167 Logistics Center 2	03/24/14	36,556,850	70,800,000
GSW Gateway 1 & 2	06/11/14	30,531,776	36,500,000
3100 West Segerstrom	06/11/14	22,708,442	34,500,000
McCook Logistics Center	08/08/14	39,451,521	51,700,000
Accent	10/07/14	101,761,310	121,000,000
Shoemaker Distribution Center	12/18/14	23,787,238	39,700,000
Dulles Woods III	06/16/15	16,678,872	21,200,000
2201 Westlake	07/21/15	252,615,399	274,000,000
I-88 Gateway Logistics Center	11/13/15	46,422,002	56,700,000
Crossroads Logistics Center	11/20/15	23,730,044	44,900,000
Criterion on the Promenade	12/10/15	95,896,966	83,900,000
Pacific Commons Logistics Center West	12/28/15	142,948,802	235,000,000
K1	03/04/16	122,817,107	129,000,000
ALARA Union Station *	05/03/16	156,247,606	165,000,000
1K Fulton	07/01/16	289,066,960	340,000,000
University Station	08/16/16	213,850,330	216,000,000
Foundry Square III	12/13/16	349,613,077	415,000,000
Madison at Racine	03/14/17	102,414,157	107,000,000
King Mill Distribution Center	04/18/17	47,928,010	59,400,000
Park 78 Logistics	10/18/17	29,670,496	40,800,000
Logan Logistics Center	11/01/17	113,476,423	129,000,000
Central Park Commons	12/20/17	126,774,407	124,000,000
385 Sherman Avenue	01/18/18	138,415,733	147,000,000
Transal Park	01/19/18	23,778,536	29,000,000
1730 South Anaheim Way	05/03/18	32,606,328	37,700,000
Northshore	08/23/18	315,172,092	320,000,000
Azure on the Park	09/07/18	133,188,145	135,000,000
Moda Tower	09/28/18	186,070,017	185,000,000
121 Seaport	12/13/18	424,745,925	480,000,000
NYC Urban Logistics Center	09/26/19	263,969,781	291,000,000
Totals		$ 5,604,149,617	$ 6,453,200,000

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5. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

Investments in unconsolidated joint ventures are summarized as follows:

	QUARTER ENDED MARCH 31, 2021
Beginning balance	$ 316,028,637
Contributions	6,393,682
Distributions	(597,375)
Equity in net operating income	1,109,449
Equity in unrealized appreciation	4,482,745
Ending balance	**$ 327,417,138**

The investment balance of each unconsolidated joint venture is as follows:

MARCH 31, 2021

INVESTMENT	INVESTMENT DATE	% STATED OWNERSHIP	INVESTMENT COST	FAIR VALUE
K Street Office	03/19/07	85.00%	$ 41,556,286	$ 38,234,634
Continuum	03/14/14	79.65%	63,345,988	100,688,134
4th Street at Delray Beach	05/16/17	92.00%	49,493,878	38,896,074
Miami Central Commons	12/15/17	98.62%	115,582,949	144,309,415
Middletown Logistics Center	03/19/21	97.00%	5,210,882	5,288,881
Totals			**$ 275,189,983**	**$ 327,417,138**

The fair value and investment cost of real estate owned by unconsolidated joint ventures is as follows:

MARCH 31, 2021

INVESTMENT	INVESTMENT DATE	INVESTMENT COST	FAIR VALUE
K Street Office	03/19/07	$ 73,400,534	$ 64,200,000
Continuum	03/14/14	162,689,628	213,000,000
4th Street at Delray Beach	05/16/17	55,253,935	43,700,000
Miami Central Commons	12/15/17	116,046,412	146,938,696
Middletown Logistics Center	03/19/21	5,483,877	5,483,877
Totals		**$ 412,874,386**	**$ 473,322,573**

In March 2021, the Fund, through its wholly-owned indirect subsidiary, SVF Union Middletown, LLC ("Investor"), entered into a joint venture agreement with an unrelated third party, Union Middletown Property Investors, LLC ("Sponsor"), to develop Middletown Logistics Center, an industrial warehouse in Middletown, Pennsylvania. Investor's and Sponsor's (the "Members") stated percentage interest in the joint venture is 97% and 3%, respectively. As of March 31, 2021, Investor has made an initial capital contribution of $5,183,864 and Sponsor was credited with an initial capital contribution of $325,000. The Members shall also, from time to time, make additional capital contributions of capital to the joint venture in an amount and at such times as is determined by Member consent. Investor shall contribute 100% of the capital contributions required by the joint venture until it has contributed an amount that when added to Investor's initial capital contribution totals $10,508,333.

5. INVESTMENTS IN UNCONSOLIDTED JOINT VENTURES (continued)

The following is condensed combined financial information underlying the Fund's investment in unconsolidated joint ventures:

	MARCH 31, 2021
Real estate, at fair value	$ 473,322,573
Cash and cash equivalents	6,427,056
Other assets	2,466,246
Mortgage loans, at fair value	(102,626,000)
Other liabilities	(12,107,320)
Net assets	**$ 367,482,555**
Fund's share of joint ventures' net assets	**$ 327,417,138**

	QUARTER ENDED MARCH 31, 2021
Revenues	$ 5,954,550
Property operating expenses	(3,591,857)
Interest expense	(1,115,802)
Net investment income	1,246,891
Net change in unrealized appreciation	5,460,250
Net increase in net assets resulting from operations	**$ 6,707,141**
Fund's equity in:	
Net investment income	$ 1,109,449
Net change in unrealized appreciation	4,482,745
Net increase in net assets resulting from operations	**$ 5,592,194**

6. INVESTMENTS IN REAL ESTATE PREFERRED EQUITY

Investments in real estate preferred equity are as follows:

MARCH 31, 2021

INVESTMENT	RETURN RATE	MATURITY DATE	INVESTMENT COST	FAIR VALUE
Houston Bowery, LP	7.00%	09/12/21	$ 87,151,965	$ 84,465,040
Freedom Plaza, LLC	7.00%	06/24/28	42,920,966	42,743,683
Totals			**$ 130,072,931**	**$ 127,208,723**

SVF Chrystie

SVF Chrystie New York, LLC holds a preferred equity interest in Houston Bowery, LP. As of March 31, 2021, the preferred equity investment cost balance of $87,151,965 includes $270,299 in accrued preferred dividends.

SVF One Freedom Plaza

On May 4, 2016, SVF One Freedom Plaza, LLC made an initial preferred equity contribution of $32,000,000 to Freedom Plaza, LLC and will contribute an additional $3,000,000 from time to time, as capital is needed. As of March 31, 2021, the preferred equity investment cost balance of $42,920,966 includes $10,743,683 in accrued preferred dividends.

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7. INVESTMENTS IN NON-GUARANTEED MORTGAGE-BACKED CERTIFICATES

Investments in non-guaranteed mortgage-backed certificates are as follows:

MARCH 31, 2021

INVESTMENT	INTEREST RATE	MATURITY DATE	PERCENTAGE OF FUND'S NET ASSETS (FAIR VALUE)	INVESTMENT COST	FAIR VALUE
KFRED 25	LIBOR+10.25%	10/25/23	0.27%	$ 13,815,363	$ 14,124,013
KFRED 30	LIBOR+10.35%	03/25/27	0.17%	8,006,614	9,068,931
KFRED 39	LIBOR+9.25%	11/25/24	0.34%	16,728,470	17,574,080
K-J21	7.50%	10/25/26	0.51%	24,742,313	26,186,217
KFRED 50	LIBOR+6.00%	08/25/28	0.59%	31,274,016	30,575,874
Totals			**1.88%**	**$ 94,566,776**	**$ 97,529,115**

Based on the March 2021 servicer watchlist reports, none of the loan collateral for any of the KFRED and K-J issuances, in which the Fund invested, was in default.

KFRED 25

As of March 31, 2021, the non-guaranteed mortgage-backed certificate investment cost balance of $13,815,363 includes $26,228 in accrued interest. There was one loan within the KFRED 25 investment, with a total principal balance of $20,034,110, representing 8.11% of the remaining principal balance of the issuance, on the March 2021 servicer watchlist for financial underperformance and payment forbearance. The Fund's share of the total principal balance of this watchlist loan is $1,054,460.

KFRED 30

As of March 31, 2021, the non-guaranteed mortgage-backed certificate investment cost balance of $8,006,614 includes $15,336 in accrued interest and $13,885 of un-amortized discount. There was one loan within the KFRED 30 investment, with a total principal balance of $16,494,672, representing 9.99% of the remaining principal balance of the issuance, on the March 2021 servicer watchlist for payment forbearance. The Fund's share of the total principal balance of this watchlist loan is $752,487.

KFRED 39

As of March 31, 2021, the non-guaranteed mortgage-backed certificate investment cost balance of $16,728,470 includes $29,903 in accrued interest and $26,618 of un-amortized discount. There were two loans within the KFRED 39 investment, with a total principal balance of $39,777,854, representing 6.46% of the remaining principal balance of the issuance, on the March 2021 servicer watchlist. Both of these loans were on the watchlist for low occupancy. The Fund's share of the total principal balance of these watchlist loans is $1,060,466.

K-J21

As of March 31, 2021, the non-guaranteed mortgage-backed certificate investment cost balance of $24,742,313 includes $40,704 in accrued interest and $3,546,821 of un-amortized discount. There were ten loans within the K-J21 investment, with a total principal balance of $28,161,966, representing 9.79% of the remaining principal balance of the issuance, on the March 2021 servicer watchlist. Three loans were on the watchlist due to casualty, three loans for payment forbearance, one of which also included financial underperformance, one loan for low occupancy, one loan for servicing advances, and two loans for financial underperformance, one of which also included low occupancy. The Fund's share of the total principal balance of these watchlist loans is $2,732,708.

KFRED 50

As of March 31, 2021, the non-guaranteed mortgage-backed certificate investment cost balance of $31,274,016 includes $36,672 in accrued interest and $21,705 of un-amortized discount. There was one loan within the KFRED 50 investment, with a total principal balance of $20,576,781, representing 2.50% of the remaining principal balance of the issuance, on the March 2021 servicer watchlist for low occupancy. The Fund's share of the total principal balance of this watchlist loan is $771,637.

Please refer to the Fund's Offering Memorandum – Risk Factors – Risks Related to Investments in Non-Guaranteed Certificates for a more detailed discussion of the risks that may arise in connection with these types of investments.

8. OTHER ASSETS

Other assets are summarized as follows:

	MARCH 31, 2021
Accounts receivable, net of allowance	$ 9,716,742
Prepaid expenses	9,104,596
Miscellaneous receivables	1,457,213
Other	595,837
Total other assets	**$ 20,874,388**

9. MORTGAGE LOANS, TERM LOAN, SENIOR GUARANTEED NOTES, AND LINE OF CREDIT

The Fund's mortgage loans and term loan secured by real estate properties and its unsecured senior guaranteed notes and Line of Credit are as follows:

MARCH 31, 2021

INVESTMENT	INTEREST RATE	MATURITY DATE	PRINCIPAL BALANCE	FAIR VALUE
Arrow Center I & II	3.74%	06/01/21	$ 29,916,730	$ 30,194,067
Shops at Waterford	3.74%	06/05/22	35,902,346	35,852,654
153 Townsend Street	3.74%	06/05/22	46,221,045	46,221,045
Rancho Cucamonga Distribution Center	3.74%	06/05/22	17,959,879	18,126,373
Accent	3.55%	06/01/23	29,000,000	29,334,595
Mural Apartments	3.55%	06/01/23	14,500,000	14,667,298
Link Apartments	3.55%	06/01/23	24,500,000	24,782,675
Azure on the Park	3.55%	06/01/23	20,500,000	20,823,254
ALARA Uptown	3.55%	06/01/23	23,000,000	23,265,369
Madison at Racine	3.55%	06/01/23	28,500,000	28,828,827
ALARA Union Station	4.02%	06/01/23	70,000,000	70,000,000
Moda Tower	L+1.50% [1]	10/05/28	92,100,000	88,955,609
Term Loan	L+1.15% [2]	07/31/22	225,000,000	223,498,689
Series A Senior Guaranteed Notes	4.11%	08/15/24	50,000,000	50,739,296
Series A Senior Guaranteed Notes	3.75%	07/08/25	150,000,000	150,600,059
Series A Senior Guaranteed Notes	3.74%	04/01/26	50,000,000	50,092,393
Series B Senior Guaranteed Notes	3.74%	04/01/26	100,000,000	100,184,785
Series B Senior Guaranteed Notes	3.85%	08/12/27	50,000,000	50,286,261
Series C Senior Guaranteed Notes	3.89%	04/01/28	50,000,000	50,436,016
Series D Senior Guaranteed Notes	3.89%	04/01/28	100,000,000	100,872,032
Series B Senior Guaranteed Notes	4.24%	08/15/28	50,000,000	51,596,298
Series C Senior Guaranteed Notes	4.34%	08/15/30	200,000,000	208,608,470
Line of Credit	L+1.20% [2]	07/31/21	28,000,000	27,952,748
Totals			**$ 1,485,100,000**	**$ 1,495,918,813**

1 The mortgage loan includes a LIBOR floor rate of 0.00%.

2 The term loan and Line of Credit both include a LIBOR floor rate of 0.25%.

The 1-month LIBOR rate at March 31, 2021 was 0.11%.

The weighted average interest rate of all mortgage loans was 3.46% at March 31, 2021.

The LIBOR floors contained in the Fund's variable-rate debt instruments have been analyzed and, based on the guidance contained in "Subtopic 815-15, Embedded Derivatives", it has been determined that the economic characteristics and risks of the LIBOR floors are clearly and closely related to the economic characteristics and risks of the respective host contracts.

9. MORTGAGE LOANS, TERM LOAN, SENIOR GUARANTEED NOTES, AND LINE OF CREDIT (continued)

As such, the LIBOR floors do not need to be bifurcated from the host contracts and accounted for as derivative instruments pursuant to "Topic 815, Derivatives and Hedging".

The Line of Credit agreement has a maximum commitment of $400,000,000. The primary purpose of the facility is to temporarily finance investing and operating activities until such time that capital is called or permanent financing is secured. The Line of Credit has two one-year extension options and bears interest at LIBOR plus a spread ranging from 1.15% to 1.50%, depending on the total liabilities to gross asset value ratio. The Line of Credit agreement provides for restrictive covenants relating to the maintenance of specified financial performance ratios. In connection with the Line of Credit agreement, the Fund entered into a Repayment Guaranty Agreement with the lender. As of March 31, 2021, $28,000,000 was drawn on the Line of Credit.

The term loan has a one-year extension option and bears interest at LIBOR plus a spread ranging from 1.10% to 1.45%, depending on the total liabilities to gross asset value ratio.

Mortgage loans secured by unconsolidated joint venture properties consist of the following:

MARCH 31, 2021

INVESTMENT	INTEREST RATE	MATURITY DATE	PRINCIPAL BALANCE	FAIR VALUE
K Street Office	L+2.00% *	07/05/24	$ 19,000,000	$ 19,000,000
Continuum	4.58%	05/15/22	83,626,000	83,626,000
Totals			**$ 102,626,000**	**$ 102,626,000**

* The mortgage loan includes an all-in floor rate of 3.75%. In no event shall the mortgage interest rate be less than 3.75%.

The all-in floor contained in the K Street Office variable-rate debt instrument has been analyzed and, based on the guidance contained in "Subtopic 815-15, Embedded Derivatives", it has been determined that the economic characteristics and risks of the all-in floor are clearly and closely related to the economic characteristics and risks of the host contract. As such, the all-in floor does not need to be bifurcated from the host contract and accounted for as a derivative instrument pursuant to "Topic 815, Derivatives and Hedging".

The following is a schedule of principal maturities:

YEAR ENDED MARCH 31,	CONSOLIDATED SUBSIDIARIES	UNCONSOLIDATED JOINT VENTURES
2022	$ 28,000,000	$ -
2023	355,000,000	83,626,000
2024	210,000,000	-
2025	50,000,000	19,000,000
2026	150,000,000	-
Thereafter	692,100,000	-
Total principal balances	**$ 1,485,100,000**	**$ 102,626,000**

10. RELATED PARTY TRANSACTIONS

Asset Management Fees

The Agreement provides for a quarterly asset management fee, payable in arrears to ARA and calculated separately for each investor at an annual rate applied to each investor's proportionate interest in the Net Asset Value (as determined in accordance with the Agreement) of the Fund's assets as of the valuation date, as defined in the Agreement. The total asset management fees incurred for the quarter ended March 31, 2021 were $12,949,772. As of March 31, 2021, asset management fees of $12,949,772 were incurred but not paid and included in accounts payable and accrued liabilities.

Although there is no assurance that ARA will continue to do so, ARA has historically elected to reduce the amount of its asset management fee by waiving a portion of such fee in the following respects. The management fee schedule (pursuant to the Agreement) is: 1.10% on net assets for investors who have committed less than $25 million; 0.95% on net assets for investors who have committed at least $25 million but less than $75 million, and 0.85% on net assets for investors who

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10. RELATED PARTY TRANSACTIONS (continued)

have committed $75 million or more. If any investor has a capital commitment less than the breakpoint amounts for calculating the asset management fee ($25 million or $75 million) and the investor's proportionate interest in the net asset value of the Fund's assets equals or exceeds $25 million (or $75 million) as of the valuation date on which the amount of the asset management fee is determined, except under certain circumstances, ARA has elected to waive the portion of the fee equal to the difference between the amount of the fee otherwise due under the Agreement and the amount that would have been payable to ARA if such investor's capital commitment had been greater than or equal to the various breakpoints at which the fee adjusts. In certain circumstances, ARA, at its discretion, has agreed to a modified fee schedule related to circumstances specific to individual investors that may not be available to all investors.

ARA has elected to waive that portion of the asset management fee attributable to excess cash, which for the purpose of the waiver shall mean all non-restricted cash and cash equivalents that are not specifically reserved to satisfy redemption requests subsequent to quarter-end and that are in excess of 5% of the Fund's Net Asset Value. There can be no assurance that ARA will continue to elect to waive any portion of the asset management fee and ARA may elect to discontinue such waivers without notice in the future. For the quarter ended March 31, 2021, no asset management fees were waived as a result of excess cash.

Reimbursement of Certain Expenses

Under the terms of the Agreement, ARA is entitled to reimbursement for expenses reasonably incurred in the performance of its services, including expenses related to the salaries and benefits of certain employees of ARA who provide legal, investor relations, due diligence, administrative support, accounting, certain asset management, development and construction, insurance, reporting and other professional services to ARA to the extent such services relate to the operations of the Fund, as well as for fees paid by ARA to third parties for services performed on behalf of the Fund. The portion of a specific employee's salary and benefits to be reimbursed by the Fund is determined each month based on the percentage of such employees' time that was spent during the month on services required with respect to the operations of the Fund. Any reimbursements paid by the Fund to ARA are subject to limitations set out in the Agreement. The reimbursements by the Fund to ARA for the quarter ended March 31, 2021 were $1,311,918 and are included as a component of General and Administrative and Property Operating Expenses on the Consolidated Statement of Operations.

11. UNITHOLDERS' TRANSACTIONS

Distributions are primarily sourced through net investment income from operations; however, they can also include cash flows derived by investing and financing activities, which may include, but are not limited to, proceeds generated from asset dispositions, debt fundings and investor contributions. For the quarter ended March 31, 2021, distributions declared totaled $51,735,338 of which $25,955,911 were reinvested. As of March 31, 2021, distributions, net of asset management fees, totaling $12,829,655 were declared and payable.

Requests for redemptions of units in the Fund may be made at any time and are effective at the end of the calendar quarter in which the request is received by ARA. The units that are subject to a redemption notice may be redeemed in installments as funds become available for such purpose and the redemption price will be the value per unit determined based on ARA's estimate of fair value of the Fund's net assets as computed under generally accepted accounting principles at such time that each payment is made. Although ARA is required to use reasonable efforts to cause the Fund to pay the redemption price as soon as practicable after the effective date of the request, redemptions are subject to the availability of cash flow arising from investment transactions, sales and other Fund operations occurring in the normal course of business. ARA is not required to liquidate or encumber assets or defer investments in order to make redemptions.

On March 25, 2021, based on the number of redemption requests the Fund had received, ARA determined that it was in the best interest of investors in the Fund to limit the amount of the initial payments on these redemption requests and to make payments, as cash becomes available, on a pro rata basis as provided for under the terms of the Agreement. During the quarter ended March 31, 2021, the Fund paid redemptions to investors totaling $39,365,853. As of March 31, 2021, redemptions totaling $67,695,273 were payable. As of the date of this report, the outstanding balance of redemption requests considered timely for the June 30, 2021 valuation date was $240,406,211.

12. THIRD-PARTY SERVICE PROVIDERS

Certain fees and expenses, including fees and expenses related to such matters as accounting, bookkeeping, legal services, due diligence, construction management and property specific research and financial analysis, are paid to various third parties in which neither ARA nor its owners have any ownership interest and who are unaffiliated with ARA. ARA may allow certain of these third parties to utilize space in ARA's offices without charge in order to improve the efficiency and effectiveness of the services they provide to ARA's clients.

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13. COMMITMENTS AND CONTINGENCIES

The Fund is subject to the risks inherent in the ownership and operation of real estate. These risks include, among others, those normally associated with changes in the general economic climate, trends in the industry including creditworthiness of tenants, competition for tenants, changes in tax laws, certain representations and warranties, interest rate levels, the availability of financing and potential liability under environmental and other laws.

Certain of the Fund's subsidiaries are involved in various legal actions related to the properties in the Fund that arose in the ordinary course of business. In the opinion of ARA, the outcome of such matters, either individually or in the aggregate, will not have a material adverse effect on the Fund's financial condition or results of operations.

The Fund may issue loan guarantees to obtain financing agreements and/or preferred terms related to its investments. These guarantees include mortgage loans and may cover payments of principal and/or interest. These guarantees become liabilities of the Fund in the event the borrower is unable to meet the obligations specified in the guarantee agreement. The Fund may also be liable under certain of these guarantees in the event of fraud, misappropriation, environmental liabilities, and certain other matters involving the borrower.

The Agreement provides ARA and its former and current employees, officers, directors, agents and affiliates with a limited indemnification against liabilities arising in connection with the performance of any act or omission within the scope of the authority conferred on them under the Agreement or by the limited partners, except for actions or omissions constituting actual fraud, negligence, willful or wanton misconduct or a breach of The Employee Retirement Income Security Act of 1974, as amended, or ARA's obligations under the Agreement. In the normal course of business, the Fund may also enter into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would be dependent on future claims that may be made against the Fund. The risk of material loss from such claims is considered remote.

14. SUBSEQUENT EVENTS

During April 2021, the Fund received cash contributions from investors in the amount of $23,400,000 for Fund acquisitions and operations.

During May 2021, the Fund, through its wholly-owned indirect subsidiary purchased a 3.36-acre site, located in Austin, Texas for the development of a residential project for a gross purchase price of $3,100,000, excluding acquisition costs.

As of May 14, 2021, the Fund had outstanding advances of $71,000,000 on the Line of Credit.

We have evaluated events subsequent from March 31, 2021 through May 14, 2021 and have determined that there were no further material events that would require disclosure.

AMERICAN
REALTY ADVISORS
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Signatory of:
PRI Principles for Responsible Investment
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GRESB

Teresa Gilles
The Resource Centers
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