

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **001-41564**

GREYSTONE HOUSING IMPACT INVESTORS LP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

14301 FNB Parkway, Suite 211, Omaha, Nebraska
(Address of principal executive offices)

47-0810385
(I.R.S. Employer
Identification No.)

68154
(Zip Code)

(402) 952-1235

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Beneficial Unit Certificates representing assignments of limited partnership interests in Greystone Housing Impact Investors LP | GHI | The New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of July 31, 2023, the registrant had 22,831,317 Beneficial Unit Certificates representing assignments of limited partnership interests outstanding.

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PART I – FINANCIAL INFORMATION

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Forward-Looking Statements

This Quarterly Report (including, but not limited to, the information contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”) contains forward-looking statements. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. When used, statements which are not historical in nature, including those containing words such as “anticipate,” “estimate,” “should,” “expect,” “believe,” “intend,” and similar expressions, are intended to identify forward-looking statements. We have based forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. This report also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other industry data. This data involves several assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified the statistical and other industry data generated by independent parties contained in this report, and accordingly, we cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading “Risk Factors” in Item 1A of Greystone Housing Impact Investors LP’s Annual Report on Form 10-K for the year ended December 31, 2022 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.

These forward-looking statements are subject, but not limited, to various risks and uncertainties, including those relating to:

- defaults on the mortgage loans securing our mortgage revenue bonds (“MRBs”) and governmental issuer loans (“GILs”);
 - the competitive environment in which we operate;
 - risks associated with investing in multifamily, student, senior citizen residential properties and commercial properties;
 - general economic, geopolitical, and financial conditions, including the current and future impact of changing interest rates, inflation, and international conflicts on business operations, employment, and financial conditions;
 - current financial conditions within the banking industry, including the effects of recent failures of financial institutions, liquidity levels, and responses by the Federal Reserve, Department of the Treasury, and the Federal Deposit Insurance Corporation to address these issues;
 - uncertain conditions within the domestic and international macroeconomic environment, including monetary and fiscal policy and conditions in the investment, credit, interest rate, and derivatives markets;
 - adverse reactions in U.S. financial markets related to actions of foreign central banks or the economic performance of foreign economies, including in particular China, Japan, the European Union, and the United Kingdom;
 - the general condition of the real estate markets in the regions in which we operate, which may be unfavorably impacted by increases in mortgage interest rates, slowing economic growth, persistent elevated inflation levels, and other factors;
 - changes in interest rates and credit spreads, as well as the success of any hedging strategies we may undertake in relation to such changes, and the effect such changes may have on the relative spreads between the yield on our investments and our cost of financing;
 - persistent inflationary trends, spurred by multiple factors including expansionary monetary and fiscal policy, higher commodity prices, a tight labor market, and low residential vacancy rates, which may result in further interest rate increases and lead to increased market volatility;
 - our ability to access debt and equity capital to finance our assets;
 - current maturities of our financing arrangements and our ability to renew or refinance such financing arrangements;
 - exercising of redemption rights by the holders of the Series A Preferred Units;
 - local, regional, national and international economic and credit market conditions;
 - recapture of previously issued Low Income Housing Tax Credits (“LIHTCs”) in accordance with Section 42 of the Internal Revenue Code (“IRC”);
 - geographic concentration of properties related to our investments; and
 - changes in the U.S. corporate tax code and other government regulations affecting our business.
-

Other risks, uncertainties and factors could cause our actual results to differ materially from those projected in any forward-looking statements we make. We are not obligated to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

All references to “we,” “us,” “our” and the “Partnership” in this report mean Greystone Housing Impact Investors LP, its wholly owned subsidiaries and our consolidated Variable Interest Entities (“VIE” or “VIEs”). See Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of this report for additional details.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

GREYSTONE HOUSING IMPACT INVESTORS LP
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

| | June 30, 2023 | December 31, 2022 |
|--|-------------------------|-------------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 59,246,152 | \$ 51,188,416 |
| Restricted cash | 45,764,758 | 41,448,840 |
| Interest receivable, net | 10,315,367 | 11,628,173 |
| Mortgage revenue bonds held in trust, at fair value (Note 6) | 885,677,292 | 763,208,945 |
| Mortgage revenue bonds, at fair value (Note 6) | 20,286,687 | 36,199,059 |
| Governmental issuer loans | | |
| Governmental issuer loans held in trust (Note 7) | 304,009,903 | 300,230,435 |
| Allowance for credit losses (Note 13) | (1,837,000) | - |
| Governmental issuer loans, net | 302,172,903 | 300,230,435 |
| Property loans | | |
| Property loans (Note 8) | 145,138,262 | 175,604,711 |
| Allowance for credit losses (Note 13) | (2,235,000) | (495,000) |
| Property loans, net | 142,903,262 | 175,109,711 |
| Investments in unconsolidated entities (Note 9) | 106,295,533 | 115,790,841 |
| Real estate assets, net (Note 10) | 35,563,000 | 36,550,478 |
| Other assets (Note 12) | 48,458,219 | 35,774,667 |
| Total Assets | \$ 1,656,683,173 | \$ 1,567,129,565 |
| Liabilities: | | |
| Accounts payable, accrued expenses and other liabilities (Note 14) | \$ 22,468,434 | \$ 21,733,506 |
| Distribution payable | 9,322,108 | 10,899,677 |
| Secured lines of credit (Note 15) | 12,500,000 | 55,500,000 |
| Debt financing, net (Note 16) | 1,154,029,163 | 1,058,903,952 |
| Mortgages payable and other secured financing, net (Note 17) | 1,690,000 | 1,690,000 |
| Total Liabilities | 1,200,009,705 | 1,148,727,135 |
| Commitments and Contingencies (Note 19) | | |
| Redeemable Preferred Units, \$112.5 million redemption value, 11.3 million issued and outstanding, net (Note 20) | 112,421,303 | 94,446,913 |
| Partners' Capital: | | |
| General Partner (Note 1) | 488,564 | 285,571 |
| Beneficial Unit Certificates ("BUCs," Note 1) | 343,763,601 | 323,669,946 |
| Total Partners' Capital | 344,252,165 | 323,955,517 |
| Total Liabilities and Partners' Capital | \$ 1,656,683,173 | \$ 1,567,129,565 |

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

GREYSTONE HOUSING IMPACT INVESTORS LP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|-------------------------------------|----------------------|-----------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | |
| Investment income | \$ 22,415,771 | \$ 13,825,300 | \$ 41,718,456 | \$ 28,228,703 |
| Property revenues | 1,108,356 | 1,944,541 | 2,333,976 | 3,871,542 |
| Other interest income | 4,646,347 | 1,463,126 | 9,056,012 | 4,339,093 |
| Other income | 133,467 | - | 133,467 | - |
| Total revenues | 28,303,941 | 17,232,967 | 53,241,911 | 36,439,338 |
| Expenses: | | | | |
| Real estate operating (exclusive of items shown below) | 614,692 | 978,521 | 1,216,945 | 2,043,083 |
| Provision for credit losses (Note 13) | (774,000) | - | (1,319,000) | - |
| Depreciation and amortization | 405,408 | 684,362 | 810,389 | 1,368,024 |
| Interest expense | 8,988,483 | 6,776,966 | 26,959,981 | 10,714,097 |
| General and administrative | 5,109,419 | 3,808,887 | 10,182,006 | 7,490,725 |
| Total expenses | 14,344,002 | 12,248,736 | 37,850,321 | 21,615,929 |
| Other Income: | | | | |
| Gain on sale of investments in unconsolidated entities | 7,326,084 | 12,643,501 | 22,693,013 | 29,083,251 |
| Income before income taxes | 21,286,023 | 17,627,732 | 38,084,603 | 43,906,660 |
| Income tax expense (benefit) | (1,149) | 21,051 | 6,209 | 35,961 |
| Net income | 21,287,172 | 17,606,681 | 38,078,394 | 43,870,699 |
| Redeemable Preferred Unit distributions and accretion | (799,182) | (716,500) | (1,545,832) | (1,434,244) |
| Net income available to Partners | \$ 20,487,990 | \$ 16,890,181 | \$ 36,532,562 | \$ 42,436,455 |
| Net income available to Partners allocated to: | | | | |
| General Partner | \$ 1,010,088 | \$ 232,036 | \$ 3,489,146 | \$ 2,969,080 |
| Limited Partners - BUCs | 19,323,960 | 16,600,246 | 32,814,794 | 39,329,444 |
| Limited Partners - Restricted units | 153,942 | 57,899 | 228,622 | 137,931 |
| | <u>\$ 20,487,990</u> | <u>\$ 16,890,181</u> | <u>\$ 36,532,562</u> | <u>\$ 42,436,455</u> |
| BUC holders' interest in net income per BUC, basic and diluted | \$ 0.85 | * \$ 0.74 | * \$ 1.45 | * \$ 1.74 |
| Weighted average number of BUCs outstanding, basic | 22,639,852 | 22,582,055 | 22,639,877 | 22,581,421 |
| Weighted average number of BUCs outstanding, diluted | 22,639,852 | 22,582,055 | 22,639,877 | 22,581,421 |

* On July 31, 2023, the Partnership completed a distribution in the form of additional BUCs at a ratio of 0.00448 BUCs for each BUC outstanding as of June 30, 2023 (the "Second Quarter 2023 BUCs Distribution"). The amounts indicated in the Condensed Consolidated Statements of Operations have been adjusted to reflect the Second Quarter 2023 BUCs Distribution on a retroactive basis.

** On October 31, 2022, the Partnership completed a distribution in the form of additional BUCs at a ratio of 0.01044 BUCs for each BUC outstanding as of September 30, 2022 (the "Third Quarter 2022 BUCs Distribution"). On January 31, 2023, the Partnership completed a distribution in the form of additional BUCs at a ratio of 0.0105 BUCs for each BUC outstanding as of December 30, 2022 (the "Fourth Quarter 2022 BUCs Distribution"). On July 31, 2023, the Partnership completed the Second Quarter 2023 BUCs Distribution (collectively with the Third Quarter 2022 BUCs Distribution and the Fourth Quarter 2022 BUCs Distribution, the "BUCs Distributions"). The amounts indicated in the Condensed Consolidated Statements of Operations have been adjusted to reflect the BUCs Distributions on a retroactive basis.

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

GREYSTONE HOUSEING IMPACT INVESTORS LP
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|-------------------------------------|-----------------------|-----------------------------------|------------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net income | \$ 21,287,172 | \$ 17,606,681 | \$ 38,078,394 | \$ 43,870,699 |
| Unrealized gain (loss) on securities | (11,499,570) | (19,880,002) | 8,897,972 | (67,631,658) |
| Unrealized gain (loss) on bond purchase commitments | (73,376) | (136,370) | 39,171 | (955,451) |
| Comprehensive income (loss) | <u>\$ 9,714,226</u> | <u>\$ (2,409,691)</u> | <u>\$ 47,015,537</u> | <u>\$ (24,716,410)</u> |

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

GREYSTONE HOUSING IMPACT INVESTORS LP
CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(UNAUDITED)

| | General Partner | # of BUCs - Restricted and Unrestricted* | BUCs - Restricted and Unrestricted | Total | Accumulated Other Comprehensive Income (Loss) |
|---|-----------------|--|--|----------------|---|
| Balance as of December 31, 2022 | \$ 285,571 | 22,727,337 | \$ 323,669,946 | \$ 323,955,517 | \$ 43,748,239 |
| Cumulative effect of accounting change (Note 2) | (59,490) | - | (5,889,510) | (5,949,000) | - |
| Distributions paid or accrued (\$0.368 per BUC):* | | | | | |
| Regular distribution | (11,756) | - | (1,163,807) | (1,175,563) | - |
| Distribution of Tier 2 income (Note 3) | (2,415,221) | - | (7,245,663) | (9,660,884) | - |
| Cash paid in lieu of fractional BUCs | - | - | (2,639) | (2,639) | - |
| Net income allocable to Partners | 2,479,058 | - | 13,565,514 | 16,044,572 | - |
| Restricted units awarded | - | 102,087 | - | - | - |
| Rounding of BUCs related to BUCs Distributions | - | (151) | - | - | - |
| Restricted unit compensation expense | 3,500 | - | 346,459 | 349,959 | - |
| Unrealized gain on securities | 203,975 | - | 20,193,567 | 20,397,542 | 20,397,542 |
| Unrealized gain on bond purchase commitments | 1,125 | - | 111,422 | 112,547 | 112,547 |
| Balance as of March 31, 2023 | 486,762 | 22,829,273 | 343,585,289 | 344,072,051 | 64,258,328 |
| Distributions paid or accrued (\$0.368 per BUC):* | | | | | |
| Regular distribution | (20,022) | - | (1,982,187) | (2,002,209) | - |
| Distribution of Tier 2 income (Note 3) | (878,407) | - | (2,635,222) | (3,513,629) | - |
| Distribution of Tier 3 income (Note 3) | - | - | (3,806,269) | (3,806,269) | - |
| Net income allocable to Partners | 1,010,088 | - | 19,477,902 | 20,487,990 | - |
| Restricted units awarded | - | 2,155 | - | - | - |
| Restricted unit compensation expense | 5,871 | - | 581,306 | 587,177 | - |
| Unrealized loss on securities | (114,995) | - | (11,384,575) | (11,499,570) | (11,499,570) |
| Unrealized loss on bond purchase commitments | (733) | - | (72,643) | (73,376) | (73,376) |
| Balance as of June 30, 2023 | \$ 488,564 | 22,831,428 | \$ 343,763,601 | \$ 344,252,165 | \$ 52,685,382 |

| | General Partner | # of BUCs - Restricted and Unrestricted** | BUCs - Restricted and Unrestricted | Total | Accumulated Other Comprehensive Income (Loss) |
|--|-----------------|---|--|----------------|---|
| Balance as of December 31, 2021 | \$ 765,550 | 22,658,311 | \$ 371,646,477 | \$ 372,412,027 | \$ 114,040,260 |
| Distributions paid or accrued (\$0.322 per BUC):** | | | | | |
| Distribution of Tier 2 income (Note 3) | (2,430,358) | - | (7,291,072) | (9,721,430) | - |
| Net income allocable to Partners | 2,737,044 | - | 22,809,230 | 25,546,274 | - |
| Restricted unit compensation expense | 1,739 | - | 172,159 | 173,898 | - |
| Unrealized loss on securities | (477,517) | - | (47,274,139) | (47,751,656) | (47,751,656) |
| Unrealized loss on bond purchase commitments | (8,191) | - | (810,890) | (819,081) | (819,081) |
| Balance as of March 31, 2022 | 588,267 | 22,658,311 | 339,251,765 | 339,840,032 | 65,469,523 |
| Distributions paid or accrued (\$0.556 per BUC):** | | | | | |
| Distribution of Tier 2 income (Note 3) | (405,190) | - | (1,215,574) | (1,620,764) | - |
| Distribution of Tier 3 income (Note 3) | - | - | (11,378,312) | (11,378,312) | - |
| Net income allocable to Partners | 232,036 | - | 16,658,145 | 16,890,181 | - |
| Restricted units forfeited | - | (902) | - | - | - |
| Restricted unit compensation expense | 1,655 | - | 163,854 | 165,509 | - |
| Unrealized loss on securities | (198,800) | - | (19,681,202) | (19,880,002) | (19,880,002) |
| Unrealized loss on bond purchase commitments | (1,364) | - | (135,006) | (136,370) | (136,370) |
| Rounding of BUCs upon Reverse Unit Split | - | 1,310 | - | - | - |
| Balance as of June 30, 2022 | \$ 216,604 | 22,658,719 | \$ 323,663,670 | \$ 323,880,274 | \$ 45,453,151 |

* On July 31, 2023, the Partnership completed the Second Quarter 2023 BUCs distribution at a ratio of 0.00448 BUCs for each BUC outstanding as of June 30, 2023. The amounts indicated in the Condensed Consolidated Statements of Partners' Capital have been adjusted to reflect the Second Quarter 2023 BUCs Distribution on a retroactive basis.

** On October 31, 2022, the Partnership completed the Third Quarter 2022 BUCs Distribution at a ratio of 0.01044 BUCs for each BUC outstanding as of September 30, 2022. On January 31, 2023, the Partnership completed the Fourth Quarter 2022 BUCs Distribution at a ratio of 0.0105 BUCs for each BUC outstanding as of December 30, 2022. On July 31, 2023, the Partnership completed the Second Quarter 2023 BUCs Distribution. The amounts indicated in the Condensed Consolidated Statements of Partners' Capital have been adjusted to reflect the BUCs Distribution on a retroactive basis.

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

GREYSTONE HOUSING IMPACT INVESTORS LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | For the Six Months Ended June 30, | |
|--|-----------------------------------|-----------------------|
| | 2023 | 2022 |
| Cash flows from operating activities: | | |
| Net income | \$ 38,078,394 | \$ 43,870,699 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 810,389 | 1,368,024 |
| Amortization of deferred financing costs | 1,398,749 | 944,192 |
| Gain on sale of investments in unconsolidated entities | (22,693,013) | (29,083,251) |
| Provision for credit losses | (1,319,000) | - |
| Recovery of prior credit loss | (34,312) | (22,623) |
| Gain on derivative instruments, net of cash paid | (2,568,882) | (3,640,299) |
| Restricted unit compensation expense | 937,136 | 339,407 |
| Bond premium, discount and origination fee amortization | (108,918) | (185,587) |
| Debt premium amortization | (20,286) | (20,296) |
| Deferred income tax expense & income tax payable/receivable | 6,209 | 29,068 |
| Change in preferred return receivable from unconsolidated entities, net | (2,375,014) | (272,582) |
| Accrued interest added to property loan principal | - | (462,428) |
| Changes in operating assets and liabilities | | |
| Decrease in interest receivable | 398,447 | 1,326,082 |
| Decrease in other assets | 808,666 | 304,381 |
| Decrease in accounts payable, accrued expenses and other liabilities | (293,182) | (178,053) |
| Net cash provided by operating activities | 13,025,383 | 14,316,734 |
| Cash flows from investing activities: | | |
| Capital expenditures | (460,303) | (223,443) |
| Proceeds from sale of land held for development | 441,714 | - |
| Advances on mortgage revenue bonds | (111,787,688) | (89,944,250) |
| Advances on taxable mortgage revenue bonds | (6,319,875) | (8,375,750) |
| Advances on governmental issuer loans | (37,779,468) | (56,687,899) |
| Advances on taxable governmental issuer loans | (5,573,000) | - |
| Advances on property loans | (17,839,242) | (61,938,490) |
| Contributions to unconsolidated entities | (8,449,792) | (20,600,522) |
| Proceeds from sale of investments in unconsolidated entities | 44,010,188 | 48,664,660 |
| Return of investments in unconsolidated entities | - | 1,162,258 |
| Principal payments received on mortgage revenue bonds and contingent interest | 14,821,610 | 88,232,881 |
| Principal payments received on governmental issuer loans | 34,000,000 | - |
| Principal payments received on taxable mortgage revenue bonds | 5,658 | 5,172 |
| Principal payments received on property loans | 48,305,691 | 3,250,980 |
| Net cash used in investing activities | (46,624,507) | (96,454,403) |
| Cash flows from financing activities: | | |
| Distributions paid | (23,186,928) | (23,896,388) |
| Proceeds from debt financing | 194,772,000 | 172,250,000 |
| Principal payments on debt financing | (99,847,240) | (60,137,809) |
| Principal payments on mortgages payable | - | (463,525) |
| Principal borrowing on secured lines of credit | 89,600,000 | 37,107,000 |
| Principal payments on secured lines of credit | (132,600,000) | (43,367,000) |
| Decrease in security deposit liability related to restricted cash | (28,050) | (28,357) |
| Proceeds upon issuance of Redeemable Preferred Units | 18,000,000 | - |
| Proceeds upon exchange of Redeemable Preferred Units | - | 20,000,000 |
| Payment upon exchange of Redeemable Preferred Units | - | (20,000,000) |
| Debt financing and other deferred costs paid | (737,004) | (1,640,463) |
| Net cash provided by financing activities | 45,972,778 | 79,823,458 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 12,373,654 | (2,314,211) |
| Cash, cash equivalents and restricted cash at beginning of period | 92,637,256 | 151,932,470 |
| Cash, cash equivalents and restricted cash at end of period | <u>\$ 105,010,910</u> | <u>\$ 149,618,259</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the period for interest | \$ 27,027,005 | \$ 12,931,712 |
| Cash paid during the period for income taxes | - | 6,893 |
| Supplemental disclosure of noncash investing and financing activities: | | |
| Distributions declared but not paid for BUCs and General Partner | 9,322,108 | 12,999,077 |
| Distributions declared but not paid for Preferred Units | 792,083 | 708,750 |
| Exchange of Redeemable Preferred Units | 7,000,000 | - |
| Non-cash contribution to unconsolidated entity | 997,062 | - |
| Capital expenditures financed through accounts payable | 1,026 | 546 |
| Deferred financing costs financed through accounts payable | 255,217 | 29,500 |

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets to the total of such amounts shown in the condensed consolidated statements of cash flows:

| | June 30, 2023 | June 30, 2022 |
|--|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 59,246,152 | \$ 104,570,584 |
| Restricted cash | 45,764,758 | 45,047,675 |
| Total cash, cash equivalents and restricted cash | <u>\$ 105,010,910</u> | <u>\$ 149,618,259</u> |

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

GREYSTONE HOUSING IMPACT INVESTORS LP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

The Partnership was formed on April 2, 1998, under the Delaware Revised Uniform Limited Partnership Act primarily for the purpose of acquiring, holding, selling and otherwise dealing with a portfolio of mortgage revenue bonds (“MRBs”) that have been issued to provide construction and/or permanent financing for affordable multifamily and student housing residential properties and commercial properties. The Partnership has also invested in governmental issuer loans (“GILs”), which are similar to MRBs, to provide construction financing for affordable multifamily properties. The Partnership expects and believes the interest earned on these MRBs and GILs is excludable from gross income for federal income tax purposes. The Partnership may also invest in other types of securities, including taxable MRBs and taxable GILs secured by real estate and may make property loans to multifamily residential properties which may or may not be financed by MRBs or GILs held by the Partnership and may or may not be secured by real estate.

The Partnership also makes noncontrolling equity investments in unconsolidated entities for the construction, stabilization, and ultimate sale of market-rate multifamily properties. The Partnership is entitled to distributions if, and when, cash is available for distribution either through operations, a refinance or a sale of the property. In addition, the Partnership may acquire and hold interests in multifamily, student and senior citizen residential properties (“MF Properties”) until the “highest and best use” can be determined by management.

The Partnership has issued Beneficial Unit Certificates (“BUCs”) representing assigned limited partnership interests to investors (“BUC holders”). The Partnership has designated three series of non-cumulative, non-voting, non-convertible preferred units (collectively, the “Preferred Units”) that represent limited partnership interests in the Partnership consisting of the Series A Preferred Units, the Series A-1 Preferred Units, and the Series B Preferred Units. The outstanding Series A Preferred Units and Series A-1 Preferred Units are redeemable in the future (Note 20). The Partnership had not yet issued Series B Preferred Units as of June 30, 2023. The holders of the BUCs and Preferred Units are referred to herein collectively as “Unitholders.”

On December 5, 2022, America First Capital Associates Limited Partnership Two (the “General Partner” or “AFCA 2”), in its capacity as the general partner of the Partnership, and Greystone ILP, Inc. (the “Initial Limited Partner”), in its capacity as the initial limited partner of the Partnership, entered into the Greystone Housing Impact Investors LP Second Amended and Restated Agreement of Limited Partnership, which was further amended pursuant to a First Amendment dated as of June 6, 2023 (as so amended, the “Partnership Agreement”). Mortgage investments, as defined in the Partnership Agreement, consist of MRBs, taxable MRBs, GILs, taxable GILs and property loans. The Partnership Agreement authorizes the Partnership to make investments in tax-exempt securities other than mortgage investments provided that the tax-exempt investments are rated in one of the four highest rating categories by a national securities rating agency. The Partnership Agreement also allows the Partnership to invest in other securities whose interest may be taxable for federal income tax purposes. Total tax-exempt investments and other investments cannot exceed 25% of the Partnership's total assets at the time of acquisition as required under the Partnership Agreement. Tax-exempt investments and other investments primarily consist of real estate assets and investments in unconsolidated entities. In addition, the amount of other investments is limited based on the conditions to the exemption from registration under the Investment Company Act of 1940.

AFCA 2 is the sole general partner of the Partnership. Greystone Manager, the general partner of AFCA 2, an affiliate of Greystone & Co. II LLC (collectively with its affiliates, “Greystone”).

All disclosures of the number of rental units for properties related to MRBs, GILs, property loans and MF Properties are unaudited.

2. Summary of Significant Accounting Policies

Consolidation

The “Partnership,” as used herein, includes Greystone Housing Impact Investors LP, its consolidated subsidiaries and consolidated variable interest entities (Note 5). All intercompany transactions are eliminated. The consolidated subsidiaries of the Partnership for the periods presented consist of:

- ATAX TEBS I, LLC, a special purpose entity owned and controlled by the Partnership, created to hold MRBs to facilitate the M24 Tax Exempt Bond Securitization (“TEBS”) Financing (“M24 TEBS Financing”) with the Federal Home Loan Mortgage Corporation (“Freddie Mac”);
- ATAX TEBS II, LLC, a special purpose entity owned and controlled by the Partnership, created to hold MRBs to facilitate the “M31 TEBS Financing” with Freddie Mac;

- ATAX TEBS III, LLC, a special purpose entity owned and controlled by the Partnership, created to hold MRBs to facilitate the “M33 TEBS Financing” with Freddie Mac;
- ATAX TEBS IV, LLC, a special purpose entity owned and controlled by the Partnership, created to hold MRBs to facilitate the “M45 TEBS Financing” with Freddie Mac;
- ATAX TEBS Holdings, LLC, a wholly owned subsidiary of the Partnership, which has issued secured notes (“the Secured Notes”) to Mizuho Capital Markets LLC (“Mizuho”);
- ATAX Vantage Holdings, LLC, a wholly owned subsidiary of the Partnership, which is committed to provide equity for the development of multifamily properties
- ATAX Freestone Holdings, LLC, a wholly owned subsidiary of the Partnership, which is committed to provide equity for the development of multifamily properties;
- ATAX Senior Housing Holdings I, LLC, a wholly owned subsidiary of the Partnership, which is committed to provide equity for the development of seniors housing properties;
- One wholly owned corporation (the “Greens Hold Co”), which owns certain property loans and owned 100% of The 50/50 MF Property, a real estate asset; and
- Lindo Paseo LLC, a wholly owned limited liability company, which owns 100% of the Suites on Paseo MF Property.

The Partnership also consolidates variable interest entities (“VIEs”) in which the Partnership is deemed to be the primary beneficiary.

Investments in Mortgage Revenue Bonds and Taxable Mortgage Revenue Bonds

The Partnership accounts for its investments in MRBs and taxable MRBs under the accounting guidance for certain investments in debt and equity securities. The Partnership’s investments in these instruments are classified as available-for-sale debt securities and are reported at estimated fair value. The net unrealized gains or losses on these investments are reflected on the Partnership’s condensed consolidated statements of comprehensive income. Unrealized gains and losses do not affect the cash flow of the bonds, distributions to Unitholders, or the characterization of the interest income. See Note 23 for a description of the Partnership’s methodology for estimating the fair value of MRBs and taxable MRBs. The Partnership reports interest receivables for MRBs and taxable MRBs separately from the reported fair value within “Interest receivable, net” on the condensed consolidated balance sheets.

Investments in Government Issuer Loans and Taxable Governmental Issuer Loans

The Partnership accounts for its investment in governmental issuer loans (“GILs”) and taxable GILs under the accounting guidance for certain investments in debt and equity securities. The Partnership’s investment in these instruments are classified as held-to-maturity debt securities and are reported at amortized cost, which is net of unamortized loan origination costs, discounts, and allowance for credit losses. The Partnership evaluates its outstanding principal and interest receivable balances associated with its GILs for collectability. If collection of these balances is not probable, the loan is placed on non-accrual status and either an allowance for credit loss will be recognized or the outstanding balance will be written off. The Partnership reports interest receivables for GILs and taxable GILs separately from the amortized cost basis within “Interest receivable, net” on the condensed consolidated balance sheets.

Property Loans

The Partnership invests in property loans made to the owners of certain multifamily, student housing and skilled nursing properties. The property loans are considered held-for-investment and are reported at amortized cost, which is net of unamortized loan origination costs, discounts, and allowance for credit losses. Most property loans have been made to multifamily properties that secure MRBs and GILs owned by the Partnership. The Partnership recognizes interest income on the property loans as earned and the interest income is reported within “Other interest income” on the Partnership’s condensed consolidated statements of operations. Interest income is not recognized for property loans that are deemed to be in nonaccrual status. If collection of outstanding principal and interest receivable balances is not probable, the loan is placed on non-accrual status and either an allowance for credit loss will be recognized or the outstanding balance will be written off. Interest income is recognized upon the repayment of these property loans and accrued interest which is dependent largely on the cash flows or proceeds upon sale or refinancing of the related property. The Partnership reports interest receivables for property loans separately from the amortized cost basis within “Interest receivable, net” on the condensed consolidated balance sheets.

Allowance for Credit Losses

On January 1, 2023, the Partnership adopted Accounting Standard Update (“ASU”) 2016-13, Financial Instruments-Credit Losses, and subsequent related amendments (“ASC 326”), which replaced the incurred loss methodology with an expected loss model known as the Current Expected Credit Loss (“CECL”) model. The CECL model establishes a single allowance framework for financial assets carried at amortized cost which reflects an estimate of credit losses over the remaining expected life of financial assets. The adoption of the ASU 2016-13 requires a cumulative-effect adjustment to Partners’ Capital upon adoption. Additionally, ASU 2016-13 requires enhanced disclosures, including additional disclosures regarding credit quality. The allowance for credit losses is presented as a valuation reserve to the corresponding assets on the Partnership’s condensed consolidated balance sheets. Expected credit losses related to non-cancelable unfunded commitments and financial guaranties are accounted for as separate liabilities and are included in “Accounts payable, accrued expenses and other liabilities” on the Partnership’s condensed consolidated balance sheets. Upon adoption on January 1, 2023, the Partnership recorded a cumulative effect of accounting change of approximately \$5.9 million as a direct reduction to Partners’ Capital. Subsequent changes to the allowance for credit losses are recognized through “Provision for credit losses” on the Partnership’s condensed consolidated statements of operations.

Held-to-Maturity Debt Securities, Held-for-Investment Loans and Related Unfunded Commitments

The Partnership estimates allowances for credit losses for its GILs, taxable GILs, property loans and related non-cancelable funding commitments using a Weighted Average Remaining Maturity (“WARM”) method loss-rate model, combined with qualitative factors that are sensitive to changes in forecasted economic conditions. The Partnership applies qualitative factors related to risk factors and changes in current economic conditions that may not be adequately reflected in quantitatively derived results, or other relevant factors to ensure the allowance for credit losses reflects the Partnership’s best estimate of current expected credit losses. The WARM method pools assets sharing similar characteristics and utilizes a historical annual charge-off rate which is applied to the outstanding asset balances over the remaining weighted average life of the pool, adjusted for certain qualitative factors to estimate expected credit losses. The Partnership has minimal history with GILs, taxable GILs, and property loans to date and has had minimal historical credit losses to date. As such, the Partnership uses historical annual charge-off data for similar assets from publicly available loan data through the Federal Financial Institution Examination Council (“FFIEC”). The Partnership adjusts for current conditions and the impact of qualitative forecasts that are reasonable and supportable. The Partnership assesses qualitative adjustments related to, but not limited to, credit quality changes in the asset portfolio, general economic conditions, changes in the affordable multifamily real estate markets, changes in lending policies and underwriting, and underlying collateral values.

The Partnership will elect to separately evaluate an asset if it no longer shares the same risk characteristics as the respective pool or the specific investment attributes do not lend to analysis with a model-based approach. For collateral-dependent assets when foreclosure is probable, the Partnership will apply a practical expedient to estimate current expected credit losses as the difference between the fair value of collateral and the amortized cost of the asset.

Charge-offs to the allowance for credit losses occur when losses are confirmed through the receipt of cash or other consideration from the completion of a sale, when a modification or restructuring takes place in which the Partnership grants a concession to a borrower or agrees to a discount in full or partial satisfaction of the asset, when the Partnership takes ownership and control of the underlying collateral in full satisfaction of the asset, or when significant collection efforts have ceased and it is highly likely that a loss has been realized.

The Partnership has elected to not measure an allowance for credit losses on accrued interest receivables related to its GILs, taxable GILs and property loans because uncollectable accrued interest receivable is written off in a timely manner pursuant to policies for placing assets on non-accrual status.

Available-for-Sale Debt Securities

The Partnership periodically determines if allowances of credit losses are needed for its MRBs and taxable MRBs under the applicable guidance for available-for-sale debt securities. The Partnership evaluates whether unrealized losses are considered impairments based on various factors including, but not necessarily limited to, the following:

- The severity of the decline in fair value;
- The Partnership’s intent to hold and the likelihood of it being required to sell the security before its value recovers;
- Adverse conditions specifically related to the security, its collateral, or both;
- The likelihood of the borrower being able to make scheduled interest and principal payments; and

- Failure of the borrower to make scheduled interest or principal payments.

While the Partnership evaluates all available information, it focuses specifically on whether the estimated fair value of the security is below amortized cost. If the estimated fair value of an MRB is below amortized cost, and the Partnership has the intent to sell or may be required to sell the MRB prior to the time that its value recovers or until maturity, the Partnership will record an impairment through earnings equal to the difference between the MRB's carrying value and its fair value. If the Partnership does not expect to sell an other-than-temporarily impaired MRB, only the portion of the impairment related to credit losses is recognized through earnings as a provision for credit loss, with the remainder recognized as a component of other comprehensive income. In determining the provision for credit loss, the Partnership compares the present value of cash flows expected to be collected to the amortized cost basis of the MRB and records any provision for credit losses as an adjustment to the allowance for credit losses. The Partnership has elected to not measure an allowance for credit losses on accrued interest receivables related to its MRBs and taxable MRBs because uncollectable accrued interest receivable is written off in a timely manner pursuant to policies for placing assets on non-accrual status.

The recognition of an impairment, provision for credit loss, and the potential impairment analysis are subject to a considerable degree of judgment, the results of which, when applied under different conditions or assumptions, could have a material impact on the Partnership's condensed consolidated financial statements. If the Partnership experiences deterioration in the values of its MRB portfolio, the Partnership may incur impairments or provisions for credit losses that could negatively impact the Partnership's financial condition, cash flows, and reported earnings. The Partnership periodically reviews any previously impaired MRBs for indications of a recovery of value. If a recovery of value is identified, the Partnership will report the recovery of prior credit losses through its allowance for credit losses as a provision for credit losses (recoveries). For MRB impairment recoveries identified prior to the adoption of the CECL model, the Partnership will accrete the recovery of prior credit losses into investment income over the remaining term of the MRB.

Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Partnership to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying interim unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with such SEC rules and regulations, although the Partnership believes that the disclosures are adequate to make the information presented not misleading. The most significant estimates and assumptions include those used in determining: (i) the fair value of MRBs and taxable MRBs; (ii) investment impairments; (iii) impairment of real estate assets; and (iv) allowances for credit losses.

The Partnership's condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2022. These condensed consolidated financial statements and notes have been prepared consistently with the 2022 Form 10-K. In the opinion of management, all adjustments (consisting of normal and recurring accruals) necessary to present fairly the Partnership's financial position as of June 30, 2023, and the results of operations for the interim periods presented, have been made. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying condensed consolidated balance sheet as of December 31, 2022 was derived from the audited annual consolidated financial statements but does not contain all the footnote disclosures from the annual consolidated financial statements.

Risks and Uncertainties

The Federal Reserve announced seven increases in short-term interest rates totaling 425 basis points during 2022 and additional increases totaling 100 basis points through July 2023. The Federal Reserve has signaled further future short-term interest rate increases may be needed to combat inflation in the broader economy. In addition, geopolitical conflicts continue to impact the general global economic environment. These factors have caused volatility in the fixed income markets, which has impacted the value of some of the Partnership's investment assets, particularly those with fixed interest rates, which may result in collateral posting requirements under our debt financing arrangements. In addition, increases in short-term interest rates will generally result in increases in the interest cost associated with the Partnership's variable rate debt financing arrangements and for construction debt of properties underlying our investments in unconsolidated entities. The extent to which general economic, geopolitical, and financial conditions will impact the Partnership's financial condition or results of operations in the future is uncertain and actual results and outcomes could differ from current estimates.

The on-going inflationary environment in the United States may increase operating expenses at properties securing the Partnership's investments and general operations, which may reduce net operating results of the related properties and result in lower

debt service coverage or higher than anticipated capitalized interest requirements for properties under construction. Such occurrences may negatively impact the value of the Partnership's investments. Higher general and administrative expenses of the Partnership and real estate operating expenses of the MF Properties may adversely affect the Partnership's operating results, including a reduction in net income.

Furthermore, the potential for an economic recession either globally or locally in the U.S. or other economies could further impact the valuation of our investment assets, limit the Partnership's ability to obtain additional debt financing from lenders, and limit opportunities for additional investments.

Beneficial Unit Certificates ("BUCs")

The Partnership has issued BUCs representing assigned limited partnership interests to investors. Costs related to the issuance of BUCs are recorded as a reduction to partners' capital when issued.

On June 14, 2023, the Partnership declared the supplemental Second Quarter 2023 BUCs Distribution payable in the form of additional BUCs equal to \$0.07 per BUC. The Second Quarter 2023 BUCs Distribution was paid at a ratio of 0.00448 BUCs for each issued and outstanding BUC as of the record date of June 30, 2023, which represents an amount per BUC based on the closing price of the BUCs on the NYSE on June 13, 2023. The Second Quarter 2023 BUCs Distribution was completed on July 31, 2023. There were no fractional BUCs issued in connection with the Second Quarter 2023 BUCs Distributions. All fractional BUCs resulting from the Second Quarter 2023 BUCs Distributions received cash for such fraction based on the market value of the BUCs on the record date.

The Second Quarter 2023 BUCs Distribution has been applied retroactively to all net income per BUC, distributions per BUC and similar per BUC disclosures for all periods indicated in the Partnership's condensed consolidated financial statements.

Restricted Unit Awards ("RUA" or "RUAs")

The Amended and Restated Greystone Housing Impact Investors LP 2015 Equity Incentive Plan (the "Plan"), as originally approved by the BUC holders in September 2015, permits the grant of RUAs and other awards to the employees of Greystone Manager, or any affiliate, who performs services for Greystone Manager, the Partnership or an affiliate, and members of the Board of Managers of Greystone Manager. The Plan permits total grants of RUAs of up to 1.0 million BUCs.

RUAs have historically been granted with vesting conditions ranging from three months to up to three years. RUAs typically provide for the payment of distributions during the restriction period. The RUAs provide for accelerated vesting if there is a change in control, or upon death or disability of the participant. The number of outstanding RUAs was not impacted by the Second Quarter 2023 BUCs Distribution as holders of RUAs did not participate in the BUCs Distribution, but rather received cash in an amount equal to the value of the BUCs distributions. The fair value of each RUA is estimated on the grant date based on the Partnership's exchange-listed closing price of the BUCs. The Partnership recognizes compensation expense for the RUAs on a straight-line basis over the requisite vesting period. The Partnership accounts for modifications to RUAs as they occur, if the fair value of the RUAs change, if there are changes to vesting conditions or if the awards no longer qualify for equity classification. The Partnership accounts for forfeitures as they occur.

Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, which enhances the methodology of measuring expected credit losses for financial assets to include the use of reasonable and supportable forward-looking information to better estimate credit losses. In general, the allowance for credit losses is expected to increase when changing from an incurred loss to expected loss methodology. ASU 2016-13 also includes changes to the impairment model for available-for-sale debt securities such as the Partnership's MRBs and taxable MRBs. ASU 2016-13 became effective for the Partnership on January 1, 2023 and was adopted through a cumulative-effect adjustment to Partners' Capital as of that date. See the Allowance for Credit Losses accounting policy above and Note 13 for further details.

3. Partnership Income, Expenses and Distributions

The Partnership Agreement contains provisions for the distribution of Net Interest Income, Net Residual Proceeds and Liquidation Proceeds, for the allocation of income or loss from operations, and for the allocation of income and loss arising from a repayment, sale, or liquidation of investments. Income and losses will be allocated to each Unitholder on a periodic basis, as determined by the General Partner, based on the number of Preferred Units and BUCs held by each Unitholder as of the last day of the period for which such allocation is to be made. Distributions of Net Interest Income and Net Residual Proceeds will be made to each Unitholder of record on the last day of each distribution period based on the number of Preferred Units and BUCs held by each Unitholder on that date. Cash

distributions are currently made on a quarterly basis. The holders of the Preferred Units are entitled to distributions at a fixed rate per annum prior to payment of distributions to other Unitholders.

For purposes of the Partnership Agreement, income and cash received by the Partnership from its investments in MF Properties, investments in unconsolidated entities, and property loans will be included in the Partnership's Net Interest Income, and cash distributions received by the Partnership from the sale or redemption of such investments will be included in the Partnership's Net Residual Proceeds.

Net Interest Income (Tier 1) is allocated 99% to the limited partners and BUC holders as a class and 1% to the General Partner. Net Interest Income (Tier 2) and Net Residual Proceeds (Tier 2) are allocated 75% to the limited partners and BUC holders as a class and 25% to the General Partner. Net Interest Income (Tier 2) and Net Residual Proceeds (Tier 2) in excess of the maximum allowable amount as set forth in the Partnership Agreement are considered Net Interest Income (Tier 3) and Net Residual Proceeds (Tier 3) and are allocated 100% to the limited partners and BUC holders as a class.

4. Net income per BUC

The Partnership has disclosed basic and diluted net income per BUC in the Partnership's condensed consolidated statements of operations. The unvested RUs issued under the Plan are considered participating securities and are potentially dilutive. There were no dilutive BUCs for the three and six months ended June 30, 2023 and 2022.

5. Variable Interest Entities

Consolidated Variable Interest Entities ("VIEs")

The Partnership has determined the Tender Option Bond ("TOB"), Term TOB and TEBS financings are VIEs where the Partnership is the primary beneficiary. In determining the primary beneficiary of each VIE, the Partnership considered which party has the power to control the activities of the VIE which most significantly impact its financial performance, the risks that the entity was designed to create, and how each risk affects the VIE. The agreements related to the TOB, Term TOB and TEBS financings stipulate the Partnership has the sole right to cause the trusts to sell the underlying assets. If the underlying assets were sold, the extent to which the VIEs will be exposed to gains or losses would result from decisions made by the Partnership.

As the primary beneficiary, the Partnership reports the TOB, Term TOB and TEBS financings on a consolidated basis. The Partnership reports the senior securities related to the TOB, term TOB, and TEBS financings as secured debt financings on the Partnership's condensed consolidated balance sheets (Note 16). The investment assets securing the TOB, Term TOB and TEBS financings are reported as assets on the Partnership's condensed consolidated balance sheets (Notes 6, 7, 8 and 12).

The Partnership has determined its investment in Vantage at San Marcos is a VIE and the Partnership is the primary beneficiary. The Partnership may currently require the managing member of the VIE to purchase the Partnership's equity investment in the VIE at a price equal to the Partnership's carrying value. If the Partnership were to redeem its investment, the underlying assets of the property would likely need to be sold. If the underlying assets were sold, the extent to which the VIE will be exposed to gains or losses would result from decisions made by the Partnership. The Partnership's option to redeem its investment in Vantage at San Marcos became effective beginning in the fourth quarter of 2021. As the primary beneficiary, the Partnership reports the assets and liabilities of Vantage at San Marcos on a consolidated basis, which consist of a real estate asset investment (Note 10), mortgage payable (Note 17), and current liabilities associated with the construction costs of a market-rate multifamily property (Note 14). If certain events occur in the future, the Partnership's option to redeem the investment will terminate and the VIE may be deconsolidated.

Non-Consolidated VIEs

The Partnership has variable interests in various VIEs in the form of MRBs, taxable MRBs, GILs, taxable GILs, property loans and investments in unconsolidated entities. These variable interests do not allow the Partnership to direct the activities that most significantly impact the economic performance of such VIEs. As a result, the Partnership is not considered the primary beneficiary and does not consolidate the financial statements of these VIEs in the Partnership's condensed consolidated financial statements.

The Partnership held variable interests in 31 and 35 non-consolidated VIEs as of June 30, 2023 and December 31, 2022, respectively. The following table summarizes the Partnership's maximum exposure to loss associated with its variable interests as of June 30, 2023 and December 31, 2022:

| | Maximum Exposure to Loss of Non-consolidated VIEs | |
|--|--|-----------------------|
| | June 30, 2023 | December 31, 2022 |
| Mortgage revenue bonds | \$ 85,175,563 | \$ 71,629,581 |
| Taxable mortgage revenue bonds | 6,532,731 | 3,044,829 |
| Governmental issuer loans | 210,529,903 | 300,230,435 |
| Taxable governmental issuer loans | 13,573,000 | 8,000,000 |
| Property loans | 99,672,943 | 169,002,497 |
| Investments in unconsolidated entities | 106,295,533 | 115,790,841 |
| | <u>\$ 521,779,673</u> | <u>\$ 667,698,183</u> |

The Partnership's maximum exposure to loss for non-consolidated VIEs associated with MRBs and taxable MRBs as of June 30, 2023 is equal to the Partnership's cost adjusted for paydowns. The difference between the MRB carrying value in the Partnership's condensed consolidated balance sheets and the maximum exposure to loss is a function of the unrealized gains or losses. The Partnership has future MRB and taxable MRB funding commitments related to non-consolidated VIEs totaling \$102.5 million and \$23.4 million, respectively, as of June 30, 2023 (Note 19).

The Partnership's maximum exposure to loss for non-consolidated VIEs associated with GILs, taxable GILs, property loans and investments in unconsolidated entities as of June 30, 2023 is equal to the Partnership's carrying value. The Partnership has future GIL, taxable GIL, property loan and investment in unconsolidated entities funding commitments related to non-consolidated VIEs totaling \$67.1 million, \$53.6 million, \$35.8 million, and \$22.1 million, respectively, as of June 30, 2023 (Note 19).

6. Mortgage Revenue Bonds

The Partnership's MRBs provide construction and/or permanent financing for income-producing multifamily rental, seniors housing and skilled nursing properties. MRBs are either held directly by the Partnership or are held in trusts created in connection with debt financing transactions (Note 16). The MRBs predominantly bear interest at fixed interest rates and require regular principal and interest payments on either a monthly or semi-annual basis. The Partnership had the following investments in MRBs as of June 30, 2023 and December 31, 2022:

| Description of Mortgage Revenue Bonds Held in Trust | State | Cost Adjusted for Paydowns and Allowances | | Cumulative Unrealized Gain | Cumulative Unrealized Loss | Estimated Fair Value |
|--|-------|---|---------------|----------------------------|----------------------------|----------------------|
| | | \$ | \$ | | | |
| Courtyard - Series A ⁽⁴⁾ | CA | \$ 9,824,982 | \$ 875,798 | \$ - | \$ - | 10,700,780 |
| Glenview Apartments - Series A ⁽⁵⁾ | CA | 4,342,630 | 263,018 | - | - | 4,605,648 |
| Harmony Court Bakersfield - Series A ⁽⁴⁾ | CA | 3,582,325 | 249,635 | - | - | 3,831,960 |
| Harmony Terrace - Series A ⁽⁴⁾ | CA | 6,632,457 | 617,297 | - | - | 7,249,754 |
| Harden Ranch - Series A ⁽²⁾ | CA | 6,403,184 | 485,216 | - | - | 6,888,400 |
| Las Palmas II - Series A ⁽⁴⁾ | CA | 1,625,106 | 138,540 | - | - | 1,763,646 |
| Lutheran Gardens ^{(7),(8)} | CA | 10,352,000 | - | - | (78,748) | 10,273,252 |
| Montclair Apartments - Series A ⁽¹⁾ | CA | 2,352,645 | 161,511 | - | - | 2,514,156 |
| Montecito at Williams Ranch Apartments - Series A ⁽⁶⁾ | CA | 7,475,217 | 835,516 | - | - | 8,310,733 |
| Montevista - Series A ⁽⁶⁾ | CA | 6,632,442 | 930,803 | - | - | 7,563,245 |
| Ocotillo Springs - Series A ^{(6),(9)} | CA | 11,090,000 | - | - | (218,036) | 10,871,964 |
| Residency at Empire - Series BB-1 ⁽⁶⁾ | CA | 14,118,500 | 1,068,055 | - | - | 15,186,555 |
| Residency at Empire - Series BB-2 ⁽⁶⁾ | CA | 4,000,000 | 339,016 | - | - | 4,339,016 |
| Residency at the Entrepreneur - Series J-1 ⁽⁶⁾ | CA | 9,087,730 | 177,923 | - | - | 9,265,653 |
| Residency at the Entrepreneur - Series J-2 ⁽⁶⁾ | CA | 7,500,000 | 221,377 | - | - | 7,721,377 |
| Residency at the Entrepreneur - Series J-3 ⁽⁶⁾ | CA | 4,900,000 | 702,898 | - | - | 5,602,898 |
| Residency at the Mayer - Series A ⁽⁶⁾ | CA | 29,564,333 | - | - | - | 29,564,333 |
| San Vicente - Series A ⁽⁴⁾ | CA | 3,350,883 | 253,336 | - | - | 3,604,219 |
| Santa Fe Apartments - Series A ⁽³⁾ | CA | 2,850,142 | 184,119 | - | - | 3,034,261 |
| Seasons at Simi Valley - Series A ⁽⁴⁾ | CA | 4,110,744 | 476,314 | - | - | 4,587,058 |
| Seasons Lakewood - Series A ⁽⁴⁾ | CA | 7,065,009 | 657,555 | - | - | 7,722,564 |
| Seasons San Juan Capistrano - Series A ⁽⁴⁾ | CA | 11,895,167 | 1,028,404 | - | - | 12,923,571 |
| Summerhill - Series A ⁽⁴⁾ | CA | 6,168,706 | 159,350 | - | - | 6,328,056 |
| Sycamore Walk - Series A ⁽⁴⁾ | CA | 3,405,258 | 211,317 | - | - | 3,616,575 |
| The Village at Madera - Series A ⁽⁴⁾ | CA | 2,962,861 | 215,991 | - | - | 3,178,852 |
| Tyler Park Townhomes - Series A ⁽²⁾ | CA | 5,575,268 | 171,026 | - | - | 5,746,294 |
| Village at Hanford Square - Series H ⁽⁶⁾ | CA | 10,400,000 | 1,178,369 | - | - | 11,578,369 |
| Vineyard Gardens - Series A ⁽⁶⁾ | CA | 3,891,760 | 487,062 | - | - | 4,378,822 |
| Westside Village Market - Series A ⁽²⁾ | CA | 3,643,429 | 220,158 | - | - | 3,863,587 |
| MaryAlice Circle Apartments ⁽⁶⁾ | GA | 5,900,000 | 835,136 | - | - | 6,735,136 |
| Brookstone ⁽¹⁾ | IL | 7,258,852 | 1,156,144 | - | - | 8,414,996 |
| Copper Gate Apartments ⁽²⁾ | IN | 4,840,000 | 49,792 | - | - | 4,889,792 |
| Renaissance - Series A ⁽³⁾ | LA | 10,508,550 | 866,569 | - | - | 11,375,119 |
| Live 929 Apartments - Series 2022A ⁽⁶⁾ | MD | 58,220,143 | 2,346,545 | - | - | 60,566,688 |
| Meadow Valley ⁽¹⁰⁾ | MI | 11,584,949 | - | - | (1,145,911) | 10,439,038 |
| Jackson Manor Apartments ⁽⁶⁾ | MS | 6,900,000 | - | - | - | 6,900,000 |
| Village Point ^{(7),(8)} | NJ | 23,000,000 | - | - | (231,003) | 22,768,997 |
| Silver Moon - Series A ⁽⁵⁾ | NM | 7,519,458 | 878,706 | - | - | 8,398,164 |
| Village at Avalon ⁽⁵⁾ | NM | 15,876,344 | 1,795,636 | - | - | 17,671,980 |
| Columbia Gardens ⁽⁴⁾ | SC | 12,448,181 | 775,453 | - | - | 13,223,634 |
| Companion at Thornhill Apartments ⁽⁴⁾ | SC | 10,713,904 | 615,842 | - | - | 11,329,746 |
| The Ivy Apartments ⁽⁶⁾ | SC | 30,572,314 | 1,865,581 | - | - | 32,437,895 |
| The Palms at Premier Park Apartments ⁽²⁾ | SC | 18,006,845 | 524,770 | - | - | 18,531,615 |
| The Park at Sondrio - Series 2022A ⁽⁶⁾ | SC | 38,100,000 | 2,610,201 | - | - | 40,710,201 |
| The Park at Vietti - Series 2022A ⁽⁶⁾ | SC | 26,985,000 | 2,003,286 | - | - | 28,988,286 |
| Village at River's Edge ⁽⁴⁾ | SC | 9,608,510 | 615,950 | - | - | 10,224,460 |
| Willow Run ⁽⁴⁾ | SC | 12,274,963 | 763,763 | - | - | 13,038,726 |
| Windsor Shores Apartments - Series A ⁽⁶⁾ | SC | 21,545,000 | 1,492,942 | - | - | 23,037,942 |
| Arbors at Hickory Ridge ⁽²⁾ | TN | 10,505,964 | 1,794,215 | - | - | 12,300,179 |
| Avistar at Copperfield - Series A ⁽⁶⁾ | TX | 13,456,617 | 883,081 | - | - | 14,339,698 |
| Avistar at the Crest - Series A ⁽²⁾ | TX | 8,830,600 | 921,875 | - | - | 9,752,475 |
| Avistar at the Oaks - Series A ⁽²⁾ | TX | 7,145,084 | 608,686 | - | - | 7,753,770 |
| Avistar at the Parkway - Series A ⁽³⁾ | TX | 12,351,439 | 766,179 | - | - | 13,117,618 |
| Avistar at Wilcrest - Series A ⁽⁶⁾ | TX | 5,099,785 | 144,580 | - | - | 5,244,365 |
| Avistar at Wood Hollow - Series A ⁽⁶⁾ | TX | 38,722,553 | 2,345,278 | - | - | 41,067,831 |
| Avistar in 09 - Series A ⁽²⁾ | TX | 6,169,501 | 599,971 | - | - | 6,769,472 |
| Avistar on the Boulevard - Series A ⁽²⁾ | TX | 15,043,885 | 1,396,203 | - | - | 16,440,088 |
| Avistar on the Hills - Series A ⁽²⁾ | TX | 4,891,684 | 505,488 | - | - | 5,397,172 |
| Bruton Apartments ⁽⁴⁾ | TX | 17,302,338 | - | - | - | 17,302,338 |
| Concord at Gulfgate - Series A ⁽⁴⁾ | TX | 18,299,434 | 1,664,850 | - | - | 19,964,284 |
| Concord at Little York - Series A ⁽⁴⁾ | TX | 12,819,619 | 1,204,733 | - | - | 14,024,352 |
| Concord at Williamcrest - Series A ⁽⁴⁾ | TX | 19,858,964 | 1,866,260 | - | - | 21,725,224 |
| Crossing at 1415 - Series A ⁽⁴⁾ | TX | 7,127,386 | 560,951 | - | - | 7,688,337 |
| Decatur Angle ⁽⁴⁾ | TX | 21,758,071 | - | - | - | 21,758,071 |
| Esperanza at Palo Alto ⁽⁴⁾ | TX | 18,834,872 | 2,142,732 | - | - | 20,977,604 |
| Heights at 515 - Series A ⁽⁴⁾ | TX | 6,525,244 | 567,659 | - | - | 7,092,903 |
| Heritage Square - Series A ⁽³⁾ | TX | 10,256,839 | 559,509 | - | - | 10,816,348 |
| Oaks at Georgetown - Series A ⁽⁴⁾ | TX | 11,851,912 | 751,697 | - | - | 12,603,609 |
| Runnymede ⁽¹⁾ | TX | 9,465,000 | 40,656 | - | - | 9,505,656 |
| Southpark ⁽¹⁾ | TX | 11,292,532 | 1,307,327 | - | - | 12,599,859 |
| 15 West Apartments ⁽⁴⁾ | WA | 9,413,706 | 1,524,320 | - | - | 10,938,026 |
| Mortgage revenue bonds held in trust | | \$ 833,688,820 | \$ 53,662,170 | \$ (1,673,698) | \$ | 885,677,292 |

(1) MRB owned by ATAX TEBS I, LLC (M24 TEBS), Note 16. The TEBS financing has contractual limitations on the Partnership's ability to sell the MRB.

(2) MRB owned by ATAX TEBS II, LLC (M31 TEBS), Note 16. The TEBS financing has contractual limitations on the Partnership's ability to sell the MRB.

(3) MRB owned by ATAX TEBS III, LLC (M33 TEBS), Note 16. The TEBS financing has contractual limitations on the Partnership's ability to sell the MRB.

(4) MRB owned by ATAX TEBS IV, LLC (M45 TEBS), Note 16. The TEBS financing has contractual limitations on the Partnership's ability to sell the MRB.

(5) MRB held by Morgan Stanley in a debt financing transaction, Note 16.

(6) MRB held by Mizuho Capital Markets, LLC in a debt financing transaction, Note 16.

(7) MRB held by Barclays Capital Inc. in a debt financing transaction, Note 16.

(8) As of the date presented, the Partnership determined that the unrealized loss on the MRB is a result of increasing market interest rates and is not considered a credit loss. As of June 30, 2023, the MRB has been in an unrealized loss position for less than 12 months.

(9) As of the date presented, the Partnership determined that the unrealized loss on the MRB is a result of increasing market interest rates and is not considered a credit loss. As of June 30, 2023, the MRB has been in an unrealized loss position for more than 12 months.

(10) The Partnership has a remaining MRB funding commitment of \$32.5 million as of June 30, 2023. The MRB and the unfunded MRB commitment are accounted for as available-for-sale securities and reported at fair value. The reported unrealized loss includes the unrealized loss on the current MRB carrying value (based on current fair value) as well as the unrealized loss on the Partnership's remaining \$32.5 million funding commitment outstanding as of June 30, 2023 (also based on current fair value). The Partnership determined the unrealized loss is a result of increasing market interest rates and that the cumulative unrealized loss is not considered a credit loss. As of June 30, 2023, the MRB has been in an unrealized loss position for more than 12 months.

June 30, 2023

| Description of Mortgage Revenue Bonds held by the Partnership | State | Cost Adjusted for Paydowns and Allowances | Cumulative Unrealized Gain | Cumulative Unrealized Loss | Estimated Fair Value |
|---|-------|---|-------------------------------|-------------------------------|----------------------|
| 40rty on Colony - Series P | CA | \$ 5,964,861 | \$ - | \$ - | \$ 5,964,861 |
| CCBA Senior Garden Apartments | CA | 3,775,183 | 138,369 | - | 3,913,552 |
| Residency at Empire - Series BB-3 | CA | 55,000 | 620,102 | - | 675,102 |
| Residency at the Entrepreneur - Series J-5 | CA | 1,000,000 | - | - | 1,000,000 |
| Solano Vista - Series A | CA | 2,621,702 | 351,700 | - | 2,973,402 |
| Handsel Morgan Village Apartments | GA | 2,150,000 | 283,203 | - | 2,433,203 |
| Provision Center 2014-1 | TN | 929,005 | - | - | 929,005 |
| Avistar at the Crest - Series B | TX | 721,611 | 50,865 | - | 772,476 |
| Avistar at the Oaks - Series B | TX | 528,624 | 33,042 | - | 561,666 |
| Avistar at the Parkway - Series B | TX | 122,946 | 20,243 | - | 143,189 |
| Avistar in 09 - Series B | TX | 436,067 | 29,637 | - | 465,704 |
| Avistar on the Boulevard - Series B | TX | 428,784 | 25,743 | - | 454,527 |
| Mortgage revenue bonds held by the Partnership | | <u>\$ 18,733,783</u> | <u>\$ 1,552,904</u> | <u>\$ -</u> | <u>\$ 20,286,687</u> |

December 31, 2022

| Description of Mortgage Revenue Bonds Held in Trust | State | Cost Adjusted for Paydowns and Allowances | Cumulative Unrealized Gain | Cumulative Unrealized Loss | Estimated Fair Value |
|--|-------|---|----------------------------|----------------------------|----------------------|
| Courtyard - Series A ⁽⁴⁾ | CA | \$ 9,874,603 | \$ 888,242 | \$ - | \$ 10,762,845 |
| Glenview Apartments - Series A ⁽³⁾ | CA | 4,372,370 | 309,570 | - | 4,681,940 |
| Harmony Court Bakersfield - Series A ⁽⁴⁾ | CA | 3,600,418 | 274,456 | - | 3,874,874 |
| Harmony Terrace - Series A ⁽⁴⁾ | CA | 6,665,787 | 625,752 | - | 7,291,539 |
| Harden Ranch - Series A ⁽²⁾ | CA | 6,449,455 | 581,466 | - | 7,030,921 |
| Las Palmas II - Series A ⁽⁴⁾ | CA | 1,633,397 | 140,681 | - | 1,774,078 |
| Lutheran Gardens ⁽⁷⁾ | CA | 10,352,000 | 127,107 | - | 10,479,107 |
| Montclair Apartments - Series A ⁽³⁾ | CA | 2,368,757 | 199,617 | - | 2,568,374 |
| Montecito at Williams Ranch Apartments - Series A ⁽⁶⁾ | CA | 7,507,111 | 834,292 | - | 8,341,403 |
| Montevista - Series A ⁽⁶⁾ | CA | 6,656,219 | 902,690 | - | 7,558,909 |
| Ocotillo Springs - Series A ^{(6),(8)} | CA | 11,090,000 | - | (331,311) | 10,758,689 |
| Residency at the Entrepreneur - Series J-1 ⁽⁶⁾ | CA | 9,088,496 | 122,815 | - | 9,211,311 |
| Residency at the Entrepreneur - Series J-2 ⁽⁶⁾ | CA | 7,500,000 | 176,092 | - | 7,676,092 |
| Residency at the Entrepreneur - Series J-3 ⁽⁶⁾ | CA | 3,900,000 | 726,834 | - | 4,626,834 |
| Residency at the Mayer - Series A ⁽⁶⁾ | CA | 26,067,585 | - | - | 26,067,585 |
| San Vicente - Series A ⁽⁴⁾ | CA | 3,367,978 | 255,787 | - | 3,623,765 |
| Santa Fe Apartments - Series A ⁽³⁾ | CA | 2,869,660 | 216,000 | - | 3,085,660 |
| Seasons at Simi Valley - Series A ⁽⁴⁾ | CA | 4,137,438 | 522,910 | - | 4,660,348 |
| Seasons Lakewood - Series A ⁽⁴⁾ | CA | 7,100,512 | 666,562 | - | 7,767,074 |
| Seasons San Juan Capistrano - Series A ⁽⁴⁾ | CA | 11,954,944 | 1,038,904 | - | 12,993,848 |
| Summerhill - Series A ⁽⁴⁾ | CA | 6,199,861 | 265,296 | - | 6,465,157 |
| Sycamore Walk - Series A ⁽⁴⁾ | CA | 3,428,986 | 124,598 | - | 3,553,584 |
| The Village at Madera - Series A ⁽⁴⁾ | CA | 2,977,825 | 247,354 | - | 3,225,179 |
| Tyler Park Townhomes - Series A ⁽²⁾ | CA | 5,616,043 | 264,300 | - | 5,880,343 |
| Vineyard Gardens - Series A ⁽⁶⁾ | CA | 3,908,104 | 514,719 | - | 4,422,823 |
| Westside Village Market - Series A ⁽²⁾ | CA | 3,670,075 | 267,369 | - | 3,937,444 |
| Brookstone ⁽¹⁾ | IL | 7,286,052 | 1,286,871 | - | 8,572,923 |
| Copper Gate Apartments ⁽²⁾ | IN | 4,840,000 | - | - | 4,957,014 |
| Renaissance - Series A ⁽³⁾ | LA | 10,585,375 | 645,412 | - | 11,230,787 |
| Live 929 Apartments - Series 2022A ⁽⁶⁾ | MD | 58,107,262 | 2,217,857 | - | 60,325,119 |
| Jackson Manor Apartments ⁽⁶⁾ | MS | 6,900,000 | - | - | 6,900,000 |
| Greens Property - Series A ⁽²⁾ | NC | 7,599,000 | 597 | - | 7,599,597 |
| Silver Moon - Series A ⁽³⁾ | NM | 7,557,312 | 863,401 | - | 8,420,713 |
| Village at Avalon ⁽⁵⁾ | NM | 15,942,560 | 1,727,010 | - | 17,669,570 |
| Columbia Gardens ⁽⁴⁾ | SC | 12,542,207 | 968,469 | - | 13,510,676 |
| Companion at Thornhill Apartments ⁽⁴⁾ | SC | 10,786,181 | 709,979 | - | 11,496,160 |
| The Palms at Premier Park Apartments ⁽²⁾ | SC | 18,137,042 | 808,555 | - | 18,945,597 |
| The Park at Sondrio - Series 2022A ⁽⁶⁾ | SC | 38,100,000 | - | - | 38,100,000 |
| The Park at Vietti - Series 2022A ⁽⁶⁾ | SC | 26,985,000 | - | - | 26,985,000 |
| Village at River's Edge ⁽⁴⁾ | SC | 9,649,659 | 590,962 | - | 10,240,621 |
| Willow Run ⁽⁴⁾ | SC | 12,368,964 | 953,988 | - | 13,322,952 |
| Arbors at Hickory Ridge ⁽²⁾ | TN | 10,591,726 | 2,005,029 | - | 12,596,755 |
| Avistar at Copperfield - Series A ⁽⁶⁾ | TX | 13,532,636 | 919,463 | - | 14,452,099 |
| Avistar at the Crest - Series A ⁽²⁾ | TX | 8,896,378 | 975,504 | - | 9,871,882 |
| Avistar at the Oaks - Series A ⁽²⁾ | TX | 7,196,674 | 717,701 | - | 7,914,375 |
| Avistar at the Parkway - Series A ⁽³⁾ | TX | 12,429,842 | 950,930 | - | 13,380,772 |
| Avistar at Wilcrest - Series A ⁽⁶⁾ | TX | 5,128,595 | 170,370 | - | 5,298,965 |
| Avistar at Wood Hollow - Series A ⁽⁶⁾ | TX | 38,941,304 | 2,645,832 | - | 41,587,136 |
| Avistar in 09 - Series A ⁽²⁾ | TX | 6,214,048 | 619,707 | - | 6,833,755 |
| Avistar on the Boulevard - Series A ⁽²⁾ | TX | 15,155,942 | 1,290,551 | - | 16,446,493 |
| Avistar on the Hills - Series A ⁽²⁾ | TX | 4,927,003 | 523,079 | - | 5,450,082 |
| Bruton Apartments ⁽⁴⁾ | TX | 17,381,296 | 281,271 | - | 17,662,567 |
| Concord at Gulfgate - Series A ⁽⁴⁾ | TX | 18,404,942 | 1,842,303 | - | 20,247,245 |
| Concord at Little York - Series A ⁽⁴⁾ | TX | 12,893,533 | 1,249,523 | - | 14,143,056 |
| Concord at Williamcrest - Series A ⁽⁴⁾ | TX | 19,973,464 | 1,935,645 | - | 21,909,109 |
| Crossing at 1415 - Series A ⁽⁴⁾ | TX | 7,170,756 | 605,369 | - | 7,776,125 |
| Decatur Angle ⁽⁴⁾ | TX | 21,866,672 | 77,837 | - | 21,944,509 |
| Esperanza at Palo Alto ⁽⁴⁾ | TX | 18,916,082 | 2,209,462 | - | 21,125,544 |
| Heights at 515 - Series A ⁽⁴⁾ | TX | 6,564,951 | 573,569 | - | 7,138,520 |
| Heritage Square - Series A ⁽³⁾ | TX | 10,325,196 | 671,790 | - | 10,996,986 |
| Oaks at Georgetown - Series A ⁽⁴⁾ | TX | 11,911,472 | 746,300 | - | 12,657,772 |
| Runnymede ⁽¹⁾ | TX | 9,535,000 | 45,577 | - | 9,580,577 |
| Southpark ⁽¹⁾ | TX | 11,257,062 | 1,352,726 | - | 12,609,788 |
| 15 West Apartments ⁽⁴⁾ | WA | 9,454,318 | 1,534,060 | - | 10,988,378 |
| Mortgage revenue bonds held in trust | | \$ 718,413,130 | \$ 45,127,126 | \$ (331,311) | \$ 763,208,945 |

(1)MRB owned by ATAX TEBS I, LLC (M24 TEBS), Note 16. The TEBS financing has contractual limitations on the Partnership's ability to sell the MRB.
(2)MRB owned by ATAX TEBS II, LLC (M31 TEBS), Note 16. The TEBS financing has contractual limitations on the Partnership's ability to sell the MRB.
(3)MRB owned by ATAX TEBS III, LLC (M33 TEBS), Note 16. The TEBS financing has contractual limitations on the Partnership's ability to sell the MRB.
(4)MRB owned by ATAX TEBS IV, LLC (M45 TEBS), Note 16. The TEBS financing has contractual limitations on the Partnership's ability to sell the MRB.
(5)MRB held by Morgan Stanley in a debt financing transaction, Note 16.
(6)MRB held by Mizuho Capital Markets, LLC in a debt financing transaction, Note 16.
(7)MRB held by Barclays Capital Inc. in a debt financing transaction, Note 16.
(8)As of the date presented, the Partnership determined that the unrealized loss on the MRB is a result of increasing market interest rates and is not considered a credit loss.

December 31, 2022

| Description of Mortgage Revenue Bonds held by the Partnership | State | Cost Adjusted for Paydowns and Allowances | Cumulative Unrealized Gain | Cumulative Unrealized Loss | Estimated Fair Value |
|---|-------|---|-------------------------------|-------------------------------|----------------------|
| CCBA Senior Garden Apartments | CA | \$ 3,792,700 | \$ 42,672 | \$ - | \$ 3,835,372 |
| Residency at Empire - Series BB-1 | CA | 14,118,500 | - | - | 14,118,500 |
| Residency at Empire - Series BB-2 | CA | 4,000,000 | - | - | 4,000,000 |
| Residency at Empire - Series BB-3 | CA | 55,000 | - | - | 55,000 |
| Solano Vista - Series A | CA | 2,631,168 | 297,861 | - | 2,929,029 |
| Meadow Valley ⁽¹⁾ | MI | 4,833,437 | - | (1,193,085) | 3,640,352 |
| Greens Property - Series B | NC | 915,039 | 122 | - | 915,161 |
| Provision Center 2014-1 | TN | 4,294,939 | - | - | 4,294,939 |
| Avistar at the Crest - Series B | TX | 724,747 | 53,132 | - | 777,879 |
| Avistar at the Oaks - Series B | TX | 530,829 | 33,406 | - | 564,235 |
| Avistar at the Parkway - Series B | TX | 123,176 | 22,510 | - | 145,686 |
| Avistar in 09 - Series B | TX | 437,886 | 27,557 | - | 465,443 |
| Avistar on the Boulevard - Series B | TX | 430,647 | 26,816 | - | 457,463 |
| Mortgage revenue bonds held by the Partnership | | <u>\$ 36,888,068</u> | <u>\$ 504,076</u> | <u>\$ (1,193,085)</u> | <u>\$ 36,199,059</u> |

⁽¹⁾The Partnership has a remaining MRB funding commitment of \$39.3 million as of December 31, 2022. The MRB and the unfunded MRB commitment are accounted for as available-for-sale securities and reported at fair value. The reported unrealized loss includes the unrealized loss on the current MRB carrying value (based on current fair value) as well as the unrealized loss on the Partnership's remaining \$39.3 million funding commitment outstanding as of December 31, 2022 (also based on current fair value). The Partnership determined the unrealized loss is a result of increasing market interest rates and that the cumulative unrealized loss is not considered a credit loss.

The Partnership has accrued interest receivable related to its MRBs of \$5.3 million and \$4.3 million as of June 30, 2023 and December 31, 2022, respectively, that is reported as interest receivable, net in the Partnership's condensed consolidated balance sheets.

The Partnership has committed to provide funding for certain MRBs on a draw-down basis during construction and/or rehabilitation of the secured properties as of June 30, 2023. See Note 19 for additional information regarding the Partnership's MRB funding commitments.

See Note 23 for a description of the methodology and significant assumptions used in determining the fair value of the MRBs. Unrealized gains or losses on the MRBs are recorded in the Partnership's condensed consolidated statements of comprehensive income to reflect changes in their estimated fair values resulting from market conditions and fluctuations in the present value of the expected cash flows from the MRBs.

On January 1, 2023, the Partnership adopted ASU 2016-13 which made certain changes to the determination of allowances for MRBs. See Note 13 for information regarding the Partnership's allowance for credit losses.

MRB Activity in the First Six Months of 2023

Acquisitions:

The following MRBs were acquired at prices that approximated the principal outstanding plus accrued interest during the six months ended June 30, 2023:

| Property Name | Month Acquired | Property Location | Units | Maturity Date | Interest Rate | Initial Principal Funding |
|---|-------------------|---------------------|--------------------|---------------|-----------------------------|------------------------------|
| Windsor Shores Apartments - Series A | January | Columbia, SC | 176 | 2/1/2030 | 6.50 % | \$ 21,545,000 |
| The Ivy Apartments | January | Greenville, SC | 212 | 2/1/2030 | 6.50 % | 30,500,000 |
| Residency at the Entrepreneur - Series J-5 ⁽¹⁾ | February | Los Angeles, CA | 200 | 4/1/2025 | SOFR + 3.60% ⁽²⁾ | 1,000,000 |
| Handsel Morgan Village Apartments | April | Buford, GA | 45 | 3/1/2041 | 6.75 % | 2,150,000 |
| MaryAlice Circle Apartments | April | Buford, GA | 98 | 3/1/2041 | 6.75 % | 5,900,000 |
| Village at Hanford Square - Series H | May | Hanford, CA | 100 | 5/1/2030 | 6.65 % | 10,400,000 |
| Village Point | May | Monroe Township, NJ | 120 ⁽³⁾ | 6/1/2030 | 6.875 % | 23,000,000 |
| 40rty on Colony - Series P | June | La Mesa, CA | 40 | 6/1/2030 | 7.05 % | 5,950,000 |
| | | | | | | <u>\$ 100,445,000</u> |

(1)The Partnership has committed to provide funding for the Series J-5 MRB totaling \$5.0 million. See Note 19.

(2)The interest rate is subject to an all-in floor of 3.87%.

(3)Village Point is a seniors housing property with 120 beds in 92 units.

Redemptions:

The following MRBs were redeemed at prices that approximated the Partnership's carrying value plus accrued interest during the six months ended June 30, 2023:

| Property Name | Month Redeemed | Property Location | Units | Original Maturity Date | Interest Rate | Principal Outstanding at Date of Redemption |
|----------------------------|----------------|-------------------|-------|------------------------|---------------|---|
| Greens Property - Series A | February 2023 | Durham, NC | 168 | 10/1/2047 | 6.50 % | \$ 7,579,000 |
| Greens Property - Series B | February 2023 | Durham, NC | 168 | 10/1/2047 | 12.00 % | 914,040 |
| | | | | | | <u>\$ 8,493,040</u> |

MRB Activity in the First Six Months of 2022

Acquisitions:

The following MRBs were acquired at prices that approximated the principal outstanding plus accrued interest during the six months ended June 30, 2022:

| Property Name | Month Acquired | Property Location | Units | Maturity Date | Interest Rate | Initial Principal Funded |
|---|----------------|-------------------|-------|---------------|-----------------------------|--------------------------|
| Residency at the Entrepreneur - Series J-1 | April | Los Angeles, CA | 200 | 3/31/2040 | 6.00 % | \$ 9,000,000 |
| Residency at the Entrepreneur - Series J-2 | April | Los Angeles, CA | 200 | 3/31/2040 | 6.00 % | 7,500,000 |
| Residency at the Entrepreneur - Series J-3 ⁽¹⁾ | April | Los Angeles, CA | 200 | 3/31/2040 | 6.00 % | - |
| Residency at the Entrepreneur - Series J-4 ⁽¹⁾ | April | Los Angeles, CA | 200 | 3/31/2040 | SOFR + 3.60% ⁽²⁾ | - |
| CCBA Senior Garden Apartments ⁽³⁾ | June | San Diego, CA | 45 | 7/1/2037 | 4.50 % | 3,807,000 |
| | | | | | | <u>\$ 20,307,000</u> |

(1)The Partnership has committed to provide funding for the Series J-3 and Series J-4 MRBs of \$26.1 million and \$16.4 million, respectively. See Note 19.

(2)The interest rate is subject to an all-in floor of 3.87%. Upon stabilization, the Series J-4 MRB will become subordinate to the Series J-1, J-2, and J-3 MRBs and will convert to a fixed rate of 8.0%. Upon stabilization of the property, the MRB will be partially repaid and the maximum balance of the MRB after stabilization will not exceed \$1.5 million.

(3)The investment was previously reported as a bond purchase commitment that has converted to an MRB.

Restructurings:

In January 2022, the Live 929 Apartments property completed a restructuring of the Partnership's MRBs and property loan. The Partnership's Live 929 Apartments – 2014 Series A and Live 929 Apartments – 2014 Series B MRBs were redeemed at par plus accrued interest. The following tables summarizes the terms of the MRBs upon redemption:

| Property Name | Month Restructured | Property Location | Units | Original Maturity Date | Interest Rate | Principal Outstanding at Date of Restructuring |
|-------------------------------------|--------------------|-------------------|-------|------------------------|---------------|--|
| Live 929 Apartments - 2014 Series A | January | Baltimore, MD | 575 | 7/1/2049 | 5.78 % | \$ 39,445,000 |
| Live 929 Apartments - 2014 Series B | January | Baltimore, MD | 575 | 7/1/2039 | 1.60 % | 21,610,000 |
| | | | | | | <u>\$ 61,055,000</u> |

Upon restructuring, the Partnership used the proceeds of the redeemed MRBs plus additional cash to acquire a new series of MRB secured by the Live 929 Apartments property, the Series 2022A MRB. The following tables summarizes the MRB that was acquired as part of the restructuring of the Live 929 Apartments MRBs:

| Property Name | Month Acquired | Property Location | Units | Maturity Date | Interest Rate | Principal Acquired |
|------------------------------------|----------------|-------------------|-------|---------------|---------------|--------------------|
| Live 929 Apartments - Series 2022A | January | Baltimore, MD | 575 | 1/1/2060 | 4.30 % | \$ 66,365,000 |

In addition, a portion of the Live 929 Apartments property loan was redeemed as part of the restructuring, with proceeds used to acquire the new Live 929 Apartments Series 2022A MRB. The Partnership also acquired a taxable MRB which is reported in Other

Assets (Note 12). The redemption of the prior Live 929 Apartments – 2014 Series A and 2014 Series B MRBs and property loan and acquisition of the new Live 929 Apartments Series 2022A MRB were accounted for as a troubled debt restructuring.

Redemptions:

The following MRBs were redeemed at a price that approximated the Partnership’s carrying value plus accrued interest during the six months ended June 30, 2022:

| Property Name | Month Redeemed | Property Location | Units | Original Maturity Date | Interest Rate | Principal Outstanding at Date of Redemption |
|----------------------------|----------------|-------------------|-------|------------------------|---------------|---|
| Ohio Properties - Series A | March | ⁽¹⁾ | 362 | 6/1/2050 | 7.00 % | \$ 13,544,000 |
| Ohio Properties - Series B | March | ⁽¹⁾ | 362 | 6/1/2050 | 10.00 % | 3,459,840 |
| Bridle Ridge | May | Greer, SC | 152 | 1/1/2043 | 6.00 % | 7,100,000 |
| | | | | | | <u>\$ 24,103,840</u> |

⁽¹⁾The Ohio Properties consist of Crescent Village, located in Cincinnati, Ohio, Willow Bend, located in Columbus (Hilliard), Ohio and Postwoods, located in Reynoldsburg, Ohio.

7. Governmental Issuer Loans

The Partnership invests in GILs that are issued by state or local governmental authorities to finance the construction of affordable multifamily properties. The Partnership expects and believes the interest earned on the GILs is excludable from gross income for federal income tax purposes. The GILs do not constitute an obligation of any government, agency or authority and no government, agency or authority is liable for them, nor is the taxing power of any state government pledged to the payment of principal or interest on the GILs. Each GIL is secured by a mortgage on all real and personal property of the affordable multifamily property. The GILs share first mortgage lien positions with property loans and/or taxable GILs owned by the Partnership (Notes 8 and 12). Sources of the funds to pay principal and interest on a GIL consist of the net cash flow or the sale or refinancing proceeds from the secured property and limited-to-full payment guaranties provided by affiliates of the borrower. The Partnership has committed to provide total funding for certain GILs on a draw-down basis during construction.

All GILs were held in trust in connection with TOB trust financings as of June 30, 2023 and December 31, 2022 (Note 16). At the closing of each GIL, Freddie Mac, through a servicer, has forward committed to purchase the GIL at maturity at par if the property has reached stabilization and other conditions are met.

The Partnership had the following GIL investments as of June 30, 2023 and December 31, 2022:

| Property Name | Month Acquired | Property Location | Units | Maturity Date ⁽¹⁾ | Interest Rate ⁽²⁾ | As of June 30, 2023 | |
|---|----------------|-------------------|--------------|------------------------------|------------------------------|-----------------------|-----------------------|
| | | | | | | Current Interest Rate | Amortized Cost |
| Scharbauer Flats Apartments ⁽³⁾ | June 2020 | Midland, TX | 300 | 1/1/2024 | SIFMA + 3.10% | 7.11% | \$ 40,000,000 |
| Centennial Crossings ⁽³⁾ | August 2020 | Centennial, CO | 209 | 9/1/2023 | SIFMA + 2.75% | 6.76% | 33,080,000 |
| Legacy Commons at Signal Hills ⁽³⁾ | January 2021 | St. Paul, MN | 247 | 2/1/2024 | SOFR + 3.07% | 8.13% | 34,620,000 |
| Hilltop at Signal Hills ⁽³⁾ | January 2021 | St. Paul, MN | 146 | 8/1/2023 | SOFR + 3.07% | 8.13% | 24,450,000 |
| Hope on Avalon | January 2021 | Los Angeles, CA | 88 | 8/1/2023 | SIFMA + 3.75% | 7.76% | 23,390,000 |
| Hope on Broadway | January 2021 | Los Angeles, CA | 49 | 8/1/2023 | SIFMA + 3.75% | 7.76% | 13,105,623 |
| Osprey Village ⁽³⁾ | July 2021 | Kissimmee, FL | 383 | 8/1/2024 | SOFR + 3.07% | 8.13% | 58,526,980 |
| Willow Place Apartments ⁽³⁾ | September 2021 | McDonough, GA | 182 | 10/1/2024 | SOFR + 3.30% | 8.36% | 25,000,000 |
| Magnolia Heights ⁽³⁾ | June 2022 | Covington, GA | 200 | 7/1/2024 | SOFR + 3.85% | 8.91% | 20,400,000 |
| Poppy Grove I ^{(3), (4)} | September 2022 | Elk Grove, CA | 147 | 4/1/2025 | 6.78% | 6.78% | 13,346,000 |
| Poppy Grove II ^{(3), (4)} | September 2022 | Elk Grove, CA | 82 | 4/1/2025 | 6.78% | 6.78% | 6,541,300 |
| Poppy Grove III ^{(3), (4)} | September 2022 | Elk Grove, CA | 158 | 4/1/2025 | 6.78% | 6.78% | 11,550,000 |
| | | | <u>2,191</u> | | | | <u>\$ 304,009,903</u> |

(1)The borrowers may elect to extend the maturity dates by six months upon meeting certain conditions, which may include payment of a non-refundable extension fee.

(2)The variable index interest rate components are typically subject to floors that range from 0% to 0.85%.

(3)The Freddie Mac servicer that has forward committed to purchase the GIL at maturity is an affiliate of the Partnership (Note 22).

(4)The Partnership has agreed to provide a subordinate GIL after the execution of Freddie Mac's forward purchase commitment if needed by the property. The potential subordinate GIL amounts are up to \$3.8 million, \$2.2 million, and \$4.2 million for Poppy Grove I, Poppy Grove II, and Poppy Grove III, respectively.

| Property Name | Month Acquired | Property Location | Units | Maturity Date ⁽¹⁾ | Variable Interest Rate ⁽²⁾ | As of December 31, 2022 | |
|---|----------------|-------------------|--------------|------------------------------|---------------------------------------|-------------------------|-----------------------|
| | | | | | | Current Interest Rate | Amortized Cost |
| Scharbauer Flats Apartments ⁽³⁾ | June 2020 | Midland, TX | 300 | 7/1/2023 | SIFMA + 3.10% | 6.76% | \$ 40,000,000 |
| Oasis at Twin Lakes ⁽³⁾ | July 2020 | Roseville, MN | 228 | 8/1/2023 | SIFMA + 2.25% | 5.91% | 34,000,000 |
| Centennial Crossings ⁽³⁾ | August 2020 | Centennial, CO | 209 | 9/1/2023 | SIFMA + 2.75% | 6.41% | 33,080,000 |
| Legacy Commons at Signal Hills ⁽³⁾ | January 2021 | St. Paul, MN | 247 | 2/1/2024 | SOFR + 3.07% | 7.37% | 34,620,000 |
| Hilltop at Signal Hills ⁽³⁾ | January 2021 | St. Paul, MN | 146 | 8/1/2023 | SOFR + 3.07% | 7.37% | 24,450,000 |
| Hope on Avalon | January 2021 | Los Angeles, CA | 88 | 8/1/2023 | SIFMA + 3.75% | 7.41% | 23,390,000 |
| Hope on Broadway | January 2021 | Los Angeles, CA | 49 | 8/1/2023 | SIFMA + 3.75% | 7.41% | 12,105,623 |
| Osprey Village ⁽³⁾ | July 2021 | Kissimmee, FL | 383 | 8/1/2024 | SOFR + 3.07% | 6.88% | 39,893,040 |
| Willow Place Apartments ⁽³⁾ | September 2021 | McDonough, GA | 182 | 10/1/2024 | SOFR + 3.30% | 7.11% | 17,354,472 |
| Magnolia Heights ⁽³⁾ | June 2022 | Covington, GA | 200 | 7/1/2024 | SOFR + 3.85% | 7.66% | 20,400,000 |
| Poppy Grove I ^{(3), (4)} | September 2022 | Elk Grove, CA | 147 | 4/1/2025 | 6.78% | 6.78% | 7,846,000 |
| Poppy Grove II ^{(3), (4)} | September 2022 | Elk Grove, CA | 82 | 4/1/2025 | 6.78% | 6.78% | 4,541,300 |
| Poppy Grove III ^{(3), (4)} | September 2022 | Elk Grove, CA | 158 | 4/1/2025 | 6.78% | 6.78% | 8,550,000 |
| | | | <u>2,419</u> | | | | <u>\$ 300,230,435</u> |

(1)The borrowers may elect to extend the maturity dates by six months upon meeting certain conditions, which may include payment of a non-refundable extension fee.

(2)The variable index interest rate components are typically subject to floors that range from 0% to 0.85%.

(3)The Freddie Mac servicer that has forward committed to purchase the GIL at maturity is an affiliate of the Partnership (Note 22).

(4)The Partnership has agreed to provide a subordinate GIL after the execution of Freddie Mac's forward purchase commitment if needed by the property. The potential subordinate GIL amounts are up to \$3.8 million, \$2.2 million, and \$4.2 million for Poppy Grove I, Poppy Grove II, and Poppy Grove III, respectively.

The Partnership has accrued interest receivable related to its GILs of \$2.7 million and \$3.8 million as of June 30, 2023 and December 31, 2022, respectively, that is reported as interest receivable, net in the Partnership's condensed consolidated balance sheets.

Two entities that are affiliates of certain GIL borrowers have provided limited-to-full payment guaranties for GILs with total outstanding principal of \$215.7 million and for property loans with total outstanding principal of \$95.4 million (Note 8) as of June 30, 2023. The guaranties relate to the Partnership's investments in Scharbauer Flats Apartments, Centennial Crossings, Legacy Commons at Signal Hills, Hilltop at Signal Hills, Osprey Village, and Willow Place Apartments.

The Partnership has remaining commitments to provide additional funding of certain GILs during construction and/or rehabilitation of the secured properties as of June 30, 2023. See Note 19 for further information regarding the Partnership's remaining GIL funding commitments.

On January 1, 2023, the Partnership adopted ASU 2016-13 which replaced the incurred loss methodology with an expected loss model known as the CECL model. The Partnership's allowance for credit losses associated with its GILs was approximately \$1.8 million as of June 30, 2023. See Note 13 for information regarding the Partnership's allowance for credit losses.

Activity in the First Six Months of 2023

In June 2023, the Oasis at Twin Lakes GIL was purchased by Freddie Mac through a servicer. The partnership received proceeds of approximately \$34.1 million representing 100% of the outstanding principal and accrued interest from the sale of the GIL to Freddie Mac.

In June 2023, the Partnership recognized a fee of approximately \$100,000 in other income in connection with an extension of the maturity date of the Scharbauer Flats Apartments GIL to January 1, 2024.

During the six months ended June 30, 2022, the Partnership entered into a \$20.4 million GIL commitment to provide construction financing for Magnolia Heights on a draw-down basis.

8. Property Loans

The following tables summarize the Partnership's property loans, net of asset-specific loan loss allowances, as of June 30, 2023 and December 31, 2022:

| | June 30, 2023 | | | Maturity Date | Interest Rate |
|---|-----------------------|--|---|---------------|---------------|
| | Outstanding Balance | Asset-Specific Allowance for Credit Losses | Property Loan Principal, net of allowance | | |
| Senior Construction Financing ⁽¹⁾ | | | | | |
| Centennial Crossings | \$ 17,557,656 | \$ - | \$ 17,557,656 | 9/1/2023 | SOFR + 2.61% |
| Hilltop at Signal Hills | 21,197,939 | - | 21,197,939 | 8/1/2023 | SOFR + 3.07% |
| Legacy Commons at Signal Hills | 32,233,972 | - | 32,233,972 | 2/1/2024 | SOFR + 3.07% |
| Magnolia Heights | 8,118,546 | - | 8,118,546 | 7/1/2024 | SOFR + 3.85% |
| Osprey Village | 1,000,000 | - | 1,000,000 | 8/1/2024 | SOFR + 3.07% |
| Scharbauer Flats Apartments | 13,386,764 | - | 13,386,764 | 1/1/2024 | SOFR + 2.96% |
| Willow Place Apartments | 10,031,032 | - | 10,031,032 | 10/1/2024 | SOFR + 3.30% |
| Subtotal | 103,525,909 | - | 103,525,909 | | |
| Mezzanine Financing ⁽²⁾ | | | | | |
| SoLa Impact Opportunity Zone Fund | \$ 35,210,000 | \$ - | \$ 35,210,000 | 12/30/2024 | 7.875% |
| Subtotal | 35,210,000 | - | 35,210,000 | | |
| Other | | | | | |
| The 50/50 MF Property | \$ 5,453,759 | \$ - | \$ 5,453,759 | 3/11/2048 | 9.00% |
| Avistar (February 2013 portfolio) | 201,972 | - | 201,972 | 6/26/2024 | 12.00% |
| Avistar (June 2013 portfolio) | 251,622 | - | 251,622 | 6/26/2024 | 12.00% |
| Live 929 Apartments | 495,000 | (495,000) | - | 7/31/2049 | 8.00% |
| Subtotal | 6,402,353 | (495,000) | 5,907,353 | | |
| Total | <u>\$ 145,138,262</u> | <u>\$ (495,000)</u> | <u>\$ 144,643,262</u> | | |

(1) The property loans are held in trust in connection with TOB trust financings (Note 16). The property loans and associated GILs are on parity and share a first mortgage lien position on all real and personal property associated with the underlying property. Affiliates of the borrowers have guaranteed limited-to-full payment of principal and accrued interest on the property loans. The borrowers may elect to extend the maturity dates for periods ranging between six and twelve months upon meeting certain conditions, which may include payment of a non-refundable extension fee. The variable index interest rate components are typically subject to floors that range from 0% to 0.50%.

(2) The property loan is held in trust in connection with a TOB trust financing (Note 16).

| | December 31, 2022 | | | | |
|---|---------------------|--|---|---------------|---------------|
| | Outstanding Balance | Asset-Specific Allowance for Credit Losses | Property Loan Principal, net of allowance | Maturity Date | Interest Rate |
| Senior Construction Financing ⁽¹⁾ | | | | | |
| Centennial Crossings | \$ 24,250,000 | \$ - | \$ 24,250,000 | 9/1/2023 | LIBOR + 2.50% |
| Hilltop at Signal Hills | 19,718,334 | - | 19,718,334 | 8/1/2023 | SOFR + 3.07% |
| Legacy Commons at Signal Hills | 29,666,905 | - | 29,666,905 | 2/1/2024 | SOFR + 3.07% |
| Magnolia Heights | 6,188,601 | - | 6,188,601 | 7/1/2024 | SOFR + 3.85% |
| Oasis at Twin Lakes | 24,018,657 | - | 24,018,657 | 8/1/2023 | LIBOR + 2.50% |
| Osprey Village | 1,000,000 | - | 1,000,000 | 8/1/2024 | SOFR + 3.07% |
| Scharbauer Flats Apartments | 24,160,000 | - | 24,160,000 | 7/1/2023 | LIBOR + 2.85% |
| Willow Place Apartments | 1,000,000 | - | 1,000,000 | 10/1/2024 | SOFR + 3.30% |
| Subtotal | 130,002,497 | - | 130,002,497 | | |
| Mezzanine Financing | | | | | |
| SoLa Impact Opportunity Zone Fund | \$ 39,000,000 | \$ - | \$ 39,000,000 | 12/30/2024 | 7.875% |
| Subtotal | 39,000,000 | - | 39,000,000 | | |
| Other | | | | | |
| The 50/50 MF Property | \$ 4,803,620 | \$ - | \$ 4,803,620 | 3/11/2048 | 9.00% |
| Avistar (February 2013 portfolio) | 201,972 | - | 201,972 | 6/26/2024 | 12.00% |
| Avistar (June 2013 portfolio) | 251,622 | - | 251,622 | 6/26/2024 | 12.00% |
| Greens Property | 850,000 | - | 850,000 | 9/1/2046 | 10.00% |
| Live 929 Apartments | 495,000 | (495,000) | - | 7/31/2049 | 8.00% |
| Subtotal | 6,602,214 | (495,000) | 6,107,214 | | |
| Total | \$ 175,604,711 | \$ (495,000) | \$ 175,109,711 | | |

⁽¹⁾The property loans are held in trust in connection with TOB trust financings (Note 16). The property loans and associated GILs are on parity and share a first mortgage lien position on all real and personal property associated with the underlying property. Affiliates of the borrowers have guaranteed limited-to-full payment of principal and accrued interest on the property loans. The borrowers may elect to extend the maturity dates for periods ranging between six and twelve months upon meeting certain conditions, which may include payment of a non-refundable extension fee. The variable index interest rate components are typically subject to floors that range from 0% to 0.50%.

The Partnership has accrued interest receivable related to its property loans of \$1.8 million and \$3.2 million as of June 30, 2023 and December 31, 2022, respectively, that is reported as interest receivable, net in the Partnership's condensed consolidated balance sheets.

The Partnership has remaining commitments to provide additional funding of certain property loans during construction of the secured properties as of June 30, 2023. See Note 19 for further information regarding the Partnership's remaining property loan funding commitments.

On January 1, 2023, the Partnership adopted ASU 2016-13 which replaced the incurred loss methodology with an expected loss model known as the CECL model. The Partnership allowances for credit losses associated with its property loans was approximately \$2.2 million as of June 30, 2023. See Note 13 for information regarding the Partnership's allowance for credit losses related to its property loans.

Activity in the First Six Months of 2023

The following property loan principal payments were received during the six months ended June 30, 2023:

| Property Name | Month Redeemed | Principal Proceeds |
|-----------------------------------|----------------|--------------------|
| Greens Property | February 2023 | \$ 850,000 |
| Scharbauer Flats | February 2023 | 10,773,236 |
| Centennial Crossings | March 2023 | 6,692,344 |
| SoLa Impact Opportunity Zone Fund | May 2023 | 3,790,000 |
| Magnolia Heights | June 2023 | 2,181,454 |
| Oasis at Twin Lakes | June 2023 | 24,018,657 |
| | | \$ 48,305,691 |

Concurrent with the redemption of the Greens Property loan, the Partnership received cash as payment for accrued interest of approximately \$1.6 million.

In June 2023, the Partnership recognized a fee of approximately \$33,000 in other income in connection with an extension of the maturity date of the Scharbauer Flats Apartments property loan to January 1, 2024.

Activity in the First Six Months of 2022

In January 2022, the Partnership received approximately \$1.0 million of principal and interest due on the Live 929 Apartments property loan upon restructuring of the outstanding debt of Live 929 Apartments. The principal payment and related loan loss allowance were considered in the troubled debt restructuring of the Partnership's investments in Live 929 Apartments discussed further in Note 6.

In March 2022, the Ohio Properties property loans were repaid in full. The Partnership received approximately \$2.4 million of principal and approximately \$4.3 million of accrued interest upon redemption, of which \$1.7 million was recognized as other interest income.

In April 2022, the Partnership provided a property loan to Poppy Grove Apartments in the amount of \$825,000 to fund the design and predevelopment costs for upcoming affordable housing developments in Elk Grove, CA.

In June 2022, concurrent with the acquisition of the Magnolia Heights GIL (Note 7), the Partnership committed \$10.3 million to provide a property loan for the construction of the underlying property on a draw-down basis. The property loan and associated GIL are on parity and share a first mortgage position on all real and personal property associated with the secured property.

9. Investments in Unconsolidated Entities

The Partnership has non-controlling investments in unconsolidated entities. The Partnership applies the equity method of accounting by initially recording these investments at cost, subsequently adjusted for accrued preferred returns, the Partnership's share of earnings (losses) of the unconsolidated entities, cash contributions, and distributions. The carrying value of the equity investments represents the Partnership's maximum exposure to loss. The Partnership is entitled to a preferred return on invested capital in each unconsolidated entity. The Partnership's preferred return is reported as "Investment income" on the Partnership's condensed consolidated statements of operations.

An affiliate of the Vantage unconsolidated entities guarantees a preferred return on the Partnership's Vantage investments through a date approximately five years after commencement of construction.

The following table provides the details of the investments in unconsolidated entities as of June 30, 2023 and December 31, 2022:

| Property Name | Location | Units | Construction Commencement Date | Construction Completion Date | Carrying Value as of June 30, 2023 | Carrying Value as of December 31, 2022 |
|------------------------------------|--------------------|--------------------|--------------------------------|------------------------------|------------------------------------|--|
| Current Investments | | | | | | |
| Vantage at Tomball | Tomball, TX | 288 | August 2020 | April 2022 | 13,235,090 | 13,051,936 |
| Vantage at Hutto | Hutto, TX | 288 | December 2021 | N/A | 13,233,068 | 12,590,292 |
| Vantage at Loveland | Loveland, CO | 288 | April 2021 | N/A | 18,846,131 | 18,109,568 |
| Vantage at Helotes | Helotes, TX | 288 | May 2021 | November 2022 | 14,599,629 | 14,029,032 |
| Vantage at Fair Oaks | Boerne, TX | 288 | September 2021 | May 2023 | 12,488,381 | 12,000,297 |
| Vantage at McKinney Falls | McKinney Falls, TX | 288 | December 2021 | N/A | 12,752,141 | 12,253,749 |
| Freestone Greeley | Greeley, CO | 296 | N/A | N/A | 4,961,492 | 4,775,708 |
| Freestone Cresta Bella | San Antonio, TX | 296 | February 2023 | N/A | 10,598,471 | 6,263,083 |
| Valage Senior Living Carson Valley | Minden, NV | 102 ⁽¹⁾ | February 2023 | N/A | 5,581,130 | - |
| Subtotal | | | | | 106,295,533 | 93,073,665 |
| Previously Sold Investments | | | | | | |
| Vantage at Stone Creek | Omaha, NE | 294 | March 2018 | April 2020 | \$ - | \$ 5,465,967 |
| Vantage at Coventry | Omaha, NE | 294 | September 2018 | February 2021 | - | 6,826,584 |
| Vantage at Conroe | Conroe, TX | 288 | April 2019 | January 2021 | - | 10,424,625 |
| Subtotal | | | | | - | 22,717,176 |
| | | | | | <u>\$ 106,295,533</u> | <u>\$ 115,790,841</u> |

⁽¹⁾Valage Senior Living Carson Valley is a seniors housing property with 102 beds in 88 units.

The Partnership has remaining commitments to provide additional equity funding for certain unconsolidated entities as of June 30, 2023. See Note 19 for further information regarding the Partnership's remaining equity funding commitments.

Activity in the First Six Months of 2023

Sales Activity:

The following table summarizes sales information of the Partnership's investments in unconsolidated entities during the six months ended June 30, 2023:

| Property Name | Location | Units | Month Sold | Gross Proceeds to the Partnership | Investment Income | Gain (loss) on Sale |
|-------------------------|------------------|-------|--------------|-----------------------------------|---------------------|----------------------|
| Vantage at Stone Creek | Omaha, NE | 294 | January 2023 | \$ 14,689,244 | \$ 108,295 | \$ 9,114,980 |
| Vantage at Coventry | Omaha, NE | 294 | January 2023 | 13,220,218 | 135,501 | 6,258,133 |
| Vantage at Murfreesboro | Murfreesboro, TN | 288 | (1) | (6,184) | - | (6,184) |
| Vantage at O'Connor | San Antonio, TX | 288 | (2) | (11,744) | - | (11,744) |
| Vantage at Conroe | Conroe, TX | 288 | June 2023 | 19,828,060 | 2,065,608 | 7,337,828 |
| | | | | <u>\$ 47,719,594</u> | <u>\$ 2,309,404</u> | <u>\$ 22,693,013</u> |

(1) In February 2023, the Partnership returned sales proceeds of approximately \$6,200 associated with final settlements of the Vantage at Murfreesboro sale in March 2022. The Partnership recognized the amount in "Gain on sale of investment in an unconsolidated entity" on the Partnership's condensed consolidated statements of operations.

(2) In May 2023, the Partnership returned sales proceeds of approximately \$12,000 associated with final settlements of the Vantage at O'Connor sale in July 2022. The Partnership recognized the amount in "Gain on sale of investment in an unconsolidated entity" on the Partnership's condensed consolidated statement of operations.

New Equity Commitments:

In February 2023, the Partnership executed an \$8.2 million equity commitment to fund the construction of Valage Senior Living Carson Valley.

Activity in the First Six Months of 2022

Sales Activity:

The following table summarizes sales information of the Partnership's investments in unconsolidated entities during the six months ended June 30, 2022:

| Property Name | Location | Units | Month Sold | Gross Proceeds to the Partnership | Investment Income | Gain on Sale |
|---------------------------|------------------|-------|------------|-----------------------------------|-------------------|----------------------|
| Vantage at Murfreesboro | Murfreesboro, TN | 288 | March 2022 | \$ 29,258,279 | \$ 657,937 | \$ 16,360,343 |
| Vantage at Westover Hills | San Antonio, TX | 288 | May 2022 | 20,923,784 | - | 12,658,501 |
| Vantage at Bulverde | Bulverde, TX | 288 | (1) | 60,000 | - | 60,000 |
| Vantage at Germantown | Germantown, TN | 288 | (2) | 4,407 | - | 4,407 |
| | | | | <u>\$ 50,246,470</u> | <u>\$ 657,937</u> | <u>\$ 29,083,251</u> |

(1) During the first six months of 2022, the Partnership received net cash of approximately \$60,000 associated with final settlements of the Vantage at Bulverde sale in August 2021. The Partnership recognized the full amount as "Gain on sale of investment in an unconsolidated entity" on the Partnership's condensed consolidated statements of operations.

(2) In March 2022, the Partnership received cash of approximately \$4,000 associated with final settlements of the Vantage at Germantown sale in March 2021. The Partnership recognized the full amount as "Gain on sale of investment in an unconsolidated entity" on the Partnership's condensed consolidated statements of operations.

Summarized Unconsolidated Entity Level Financial Data

The following table provides combined summary financial information for the properties underlying the Partnership's investments in unconsolidated entities for the three and six months ended June 30, 2023 and 2022:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--------------------------|-------------------------------------|----------------------|-----------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Property Revenues | \$ 3,272,517 | \$ 5,433,813 | \$ 7,021,960 | \$ 12,115,104 |
| Gain on sale of property | \$ 17,995,170 | \$ 26,432,219 | \$ 56,099,503 | \$ 64,603,222 |
| Net income | <u>\$ 16,950,286</u> | <u>\$ 26,406,563</u> | <u>\$ 54,693,224</u> | <u>\$ 65,137,125</u> |

10. Real Estate Assets

The following tables summarize information regarding the Partnership's real estate assets as of June 30, 2023 and December 31, 2022:

| Real Estate Assets as of June 30, 2023 | | | | | | |
|--|----------------|-----------------|----|----------------------------|----------------------------|----------------------|
| Property Name | Location | Number of Units | | Land and Land Improvements | Buildings and Improvements | Carrying Value |
| Suites on Paseo | San Diego, CA | 384 | \$ | 3,199,244 | \$ 40,041,787 | \$ 43,241,031 |
| Vantage at San Marcos | San Marcos, TX | (1) | | 2,660,615 | 1,003,857 | 3,664,472 |
| Land held for development | | (2) | | 1,109,482 | - | 1,109,482 |
| | | | | | | \$ 48,014,985 |
| Less accumulated depreciation | | | | | | (12,451,985) |
| Real estate assets, net | | | | | | <u>\$ 35,563,000</u> |

(1) The assets are owned by a consolidated VIE for future development of a market-rate multifamily property. See Note 5 for further information.

(2) Land held for development consists of land and development costs for a parcel of land in Richland County, SC.

| Real Estate Assets as of December 31, 2022 | | | | | | |
|--|----------------|-----------------|----|----------------------------|----------------------------|----------------------|
| Property Name | Location | Number of Units | | Land and Land Improvements | Buildings and Improvements | Carrying Value |
| Suites on Paseo | San Diego, CA | 384 | \$ | 3,199,244 | \$ 39,799,082 | \$ 42,998,326 |
| Vantage at San Marcos | San Marcos, TX | (1) | | 2,660,615 | 1,003,857 | 3,664,472 |
| Land held for development | | (2) | | 1,551,196 | - | 1,551,196 |
| | | | | | | \$ 48,213,994 |
| Less accumulated depreciation | | | | | | (11,663,516) |
| Real estate assets, net | | | | | | <u>\$ 36,550,478</u> |

(1) The assets are owned by a consolidated VIE for future development of a market-rate multifamily property. See Note 5 for further information.

(2) Land held for development consists of land and development costs for parcels of land in Richland County, SC and Omaha, NE.

In January 2023, the Partnership sold the land held for development in Omaha, NE and received proceeds of \$442,000 which is approximately the Partnership's carrying value.

In December 2022, the Partnership sold 100% of its ownership interest in The 50/50 MF Property to an unrelated non-profit organization. The Partnership received an unsecured property loan upon sale (Note 8) payable from future net cash flows of the property. The buyer assumed two mortgages payable associated with the property and the Partnership agreed to provide certain recourse support for the assumed mortgages. The remainder of the purchase price was funded by the issuance of a seller financing property loan to the Partnership in the amount of \$4.8 million (Note 8). As a result of the sale, the Partnership deconsolidated The 50/50 MF Property assets and liabilities in its consolidated financial statements. The Partnership incurred costs of approximately \$404,000 related to the sale which reduced the Partnership's gain on sale. The Partnership has deferred its entire gain on sale of approximately \$6.6 million which is reported within accounts payable, accrued expenses and other liabilities on the condensed consolidated balance sheets. The Partnership will recognize the deferred gain upon collection of principal of the unsecured property loan (Note 14).

Net gain (loss), exclusive of the gains on sale, related to The 50/50 MF Property for the three and six months ended June 30, 2023, and 2022 is as follows:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|-----------------|-------------------------------------|-----------|-----------------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net gain (loss) | \$ - | \$ 39,147 | \$ - | \$ (183,292) |

11. Income Tax Provision

The Partnership recognizes current income tax expense for federal, state, and local income taxes incurred by the Greens Hold Co, which owned The 50/50 MF Property until December 2022, and also owns certain property loans. The following table summarizes income tax expense (benefit) for the three and six months ended June 30, 2023 and 2022:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--------------------------------------|-------------------------------------|------------------|-----------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Current income tax expense (benefit) | \$ (76) | \$ 35,024 | \$ 8,264 | \$ 42,668 |
| Deferred income tax benefit | (1,073) | (13,973) | (2,055) | (6,707) |
| Total income tax expense (benefit) | <u>\$ (1,149)</u> | <u>\$ 21,051</u> | <u>\$ 6,209</u> | <u>\$ 35,961</u> |

The Partnership evaluated whether it is more likely than not that its deferred income tax assets will be realizable. There was no valuation allowance recorded as of June 30, 2023 and December 31, 2022.

12. Other Assets

The following table summarizes the Partnership's other assets as of June 30, 2023 and December 31, 2022:

| | June 30, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Deferred financing costs, net | \$ 705,033 | \$ 964,266 |
| Derivative instruments at fair value (Note 18) | 10,099,320 | 7,530,438 |
| Taxable mortgage revenue bonds, at fair value | 22,297,418 | 16,531,896 |
| Taxable governmental issuer loans: | | |
| Taxable governmental issuer loans | 13,573,000 | 8,000,000 |
| Allowance for credit losses (Note 13) | (95,000) | - |
| Taxable governmental issuer loans, net | 13,478,000 | 8,000,000 |
| Bond purchase commitments, at fair value (Note 19) | 138,100 | 98,929 |
| Other assets | 1,740,348 | 2,649,138 |
| Total other assets | <u>\$ 48,458,219</u> | <u>\$ 35,774,667</u> |

The Partnership has remaining commitments to provide additional funding of the taxable GILs and taxable MRBs during construction and/or rehabilitation of the secured properties as of June 30, 2023. See Note 19 for further information regarding the Partnership's remaining taxable GIL and taxable MRB funding commitments.

On January 1, 2023, the Partnership adopted ASU 2016-13 which replaced the incurred loss methodology with an expected loss model known as the CECL model. See Note 13 for information regarding the Partnership's allowance for credit losses related to its taxable GILs.

See Note 23 for a description of the methodology and significant assumptions for determining the fair value of derivative instruments, taxable MRBs and bond purchase commitments. Unrealized gains or losses on derivative instruments are reported as "Interest expense" in the Partnership's condensed consolidated statements of operations. Unrealized gain or losses on taxable MRBs and bond purchase commitments are recorded in the Partnership's condensed consolidated statements of comprehensive income to reflect changes in their estimated fair values resulting from market conditions and fluctuations in the present value of the expected cash flows from the assets.

As of June 30, 2023, two taxable MRBs and four taxable GILs with a reported value totaling \$25.1 million were held in trust in connection with TOB trust financings (Note 16).

Activity in the First Six Months of 2023

The following table includes details of the taxable MRBs acquired during the six months ended June 30, 2023:

| Property Name | Month Acquired | Property Location | Units | Maturity Date | Interest Rate | Initial Principal Funding |
|---|----------------|-------------------|-------|---------------|---------------|---------------------------|
| Windsor Shores Apartments - Series B | January 2023 | Columbia, SC | 176 | 2/1/2030 | 6.50% | \$ 805,000 |
| Village at Hanford Square - Series H-T ⁽¹⁾ | May 2023 | Hanford, CA | 100 | 5/1/2030 | 7.25% | 1,000,000 |
| 40rty on Colony - Series P-T ⁽²⁾ | June 2023 | La Mesa, CA | 40 | 6/1/2030 | 7.45% | 1,000,000 |
| Subtotal | | | | | | <u>\$ 2,805,000</u> |

(1)The Partnership has committed to provide total funding for the taxable MRB of \$10.4 million (see Note 19).

(2)The Partnership has committed to provide total funding for the taxable MRB of \$6.0 million (see Note 19).

Activity in the First Six Months of 2022

The following table includes details of the taxable MRBs acquired during the six months ended June 30, 2022:

| Property Name | Date Committed | Maturity Date | Initial Principal Funding | Total Commitment |
|---|----------------|---------------|---------------------------|----------------------|
| Live 929 Apartments - Series 2022B | January 2022 | 1/1/2029 | \$ 3,625,000 | \$ 3,625,000 |
| Residency at the Entrepreneur - Series J-T ⁽¹⁾ | April 2022 | 4/1/2025 | \$ 1,000,000 | \$ 13,000,000 |
| Subtotal | | | | <u>\$ 16,625,000</u> |

(1)The Partnership has committed to provide total funding for this MRB of \$13.0 million (see Note 19). The borrower has the option to extend the maturity up to six months upon payment of a non-refundable extension fee. The interest rate is subject to an all-in floor of 3.92%.

13. Allowance for Credit Losses

On January 1, 2023, the Partnership adopted ASU 2016-13 which replaced the incurred loss methodology with an expected loss model known as the CECL model. See Note 2 for further discussion of the Partnership's Allowance for Credit Losses accounting policy.

Held-to-Maturity Debt Securities, Held-for-Investment Loans and Related Unfunded Commitments

The Partnership considers key credit quality indicators when estimating expected credit losses for assets recorded at amortized cost. Such assets primarily finance the construction or rehabilitation of affordable multifamily properties. The GILs are primarily repaid through a conversion to permanent financing pursuant to a forward commitment from Freddie Mac dependent on completion of construction and various other conditions that each property must meet. The property loans related to GILs are primarily to be repaid from future equity contributions by investors and other forward financing commitments provided by various parties. If Freddie Mac is not required to purchase the GIL and payment of the property loans from available sources is not made, the GIL and associated property loan will have defaulted, and the Partnership has the right to foreclose on the underlying property, the associated low income housing tax credits, and enforce the guaranty provisions against affiliates of the individual property borrower. Accordingly, the Partnership's key credit quality indicators include, but are not limited to, construction status of the property, financial strength of borrowers and guarantors, adequacy of capitalized interest reserves, lease up and occupancy of the property, the status of other conversion conditions, and operating results of the underlying property. The property loans secured by other multifamily properties are repaid through property operations or future sales proceeds.

As a result of the adoption of ASU 2016-13 effective date of January 1, 2023, there is a lack of comparability in both the allowance and provisions for credit losses for the periods presented. Results for reporting periods beginning after January 1, 2023 are presented using the CECL methodology, while comparative period information continues to be reported in accordance with the incurred loss methodology in effect for prior years.

The following table summarizes the changes in the Partnership's allowance for credit losses for the three and six months ended June 30, 2023:

| | For the Three Months Ended June 30, 2023 | | | | Total |
|-------------------------------------|--|-----------------------------------|---------------------|----------------------|---------------------|
| | Governmental Issuer Loans | Taxable Governmental Issuer Loans | Property Loans | Unfunded Commitments | |
| Balance, beginning of period | 2,080,000 | 89,000 | 2,450,000 | 1,280,000 | 5,899,000 |
| Current provision for credit losses | (243,000) | 6,000 | (215,000) | (322,000) | (774,000) |
| Balance, end of period | <u>\$ 1,837,000</u> | <u>\$ 95,000</u> | <u>\$ 2,235,000</u> | <u>\$ 958,000</u> | <u>\$ 5,125,000</u> |

| | For the Six Months Ended June 30, 2023 | | | | Total |
|--|--|-----------------------------------|---------------------|----------------------|---------------------|
| | Governmental Issuer Loans | Taxable Governmental Issuer Loans | Property Loans | Unfunded Commitments | |
| Balance, beginning of period | - | - | \$ 495,000 | - | 495,000 |
| Cumulative-effect adjustment upon adoption | \$ 2,145,000 | \$ 79,000 | 2,108,000 | \$ 1,617,000 | \$ 5,949,000 |
| Current provision for credit losses | (308,000) | 16,000 | (368,000) | (659,000) | (1,319,000) |
| Balance, end of period | <u>\$ 1,837,000</u> | <u>\$ 95,000</u> | <u>\$ 2,235,000</u> | <u>\$ 958,000</u> | <u>\$ 5,125,000</u> |

At adoption, on January 1, 2023, the Partnership recorded an allowance for credit losses of approximately \$5.9 million as a reduction to Partners' Capital, or approximately 0.85% of the Partnerships carrying value of GILs, taxable GILs and property loans and total unfunded commitments. This amount does not include the Live 929 Apartments property loan that had a previous asset-specific allowance of \$495,000.

The Partnership recorded a recovery of provision for credit losses of approximately \$774,000 and \$1.3 million for the three and six months ended June 30, 2023, respectively, which caused a decrease in the allowance for credit losses by the same amounts. The decrease for the three and six months ended June 30, 2023 is primarily due to a decrease in the weighted average life of the asset portfolio and updates of market data used as quantitative assumptions in the Partnership's model to estimate the allowance for credit losses.

Risk Ratings

The Partnership evaluates all GILs, taxable GILs and property loans on a quarterly basis and assigns a risk rating based upon management's assessment of the borrower's ability to pay debt service and the likelihood of repayment through the GIL's conversion to Freddie Mac financing and the property loan's payment from future equity contribution commitments. The assessment is subjective and based on multiple factors, including but not limited to, construction status of the property, financial strength of borrowers and guarantors, adequacy of capitalized interest reserves, lease up and occupancy of the property, the status of other conversion conditions, and operating results of the underlying property. The credit risk analysis and rating assignment is performed quarterly in conjunction with the Partnership's assessment of its allowance for credit losses. The Partnership uses the following definitions for its risk ratings:

- Performing – The underlying property currently meets or exceeds management's performance expectations and metrics. There are currently no material indicators that current debt service or repayment of the GILs and property loans is at risk.
- Watch – The underlying property associated with the GILs and property loans currently has certain performance or other risk factors that require specific attention from management. The Partnership could experience loss if these factors are not resolved in a timely or satisfactory manner. The Partnership currently estimates that such factors will be adequately resolved and that current debt service and final repayment of the GILs and property loans is not at material risk.
- Nonperforming – The underlying property associated with the GILs and property loans is not current on debt service payments and/or has material performance or other risk factors. The Partnership currently believes that full collection of debt service and final repayment is questionable and/or improbable.

The following table summarizes the Partnership's carrying value by origination year, grouped by risk rating as of June 30, 2023:

| | 2023 | 2022 | 2021 | June 30, 2023 2020 | 2019 | Prior | Total |
|---|-------------|-----------------------|-----------------------|-----------------------|-------------------|-------------------|-----------------------|
| <u>Governmental Issuer Loans</u> | | | | | | | |
| Performing | \$ - | \$ 51,837,300 | \$ 179,092,603 | \$ 73,080,000 | \$ - | \$ - | \$ 304,009,903 |
| Watch | - | - | - | - | - | - | - |
| Nonperforming | - | - | - | - | - | - | - |
| Subtotal | - | 51,837,300 | 179,092,603 | 73,080,000 | - | - | 304,009,903 |
| <u>Taxable Governmental Issuer Loans</u> | | | | | | | |
| Performing | \$ - | \$ 3,000,000 | \$ 10,573,000 | \$ - | \$ - | \$ - | \$ 13,573,000 |
| Watch | - | - | - | - | - | - | - |
| Nonperforming | - | - | - | - | - | - | - |
| Subtotal | - | 3,000,000 | 10,573,000 | - | - | - | 13,573,000 |
| <u>Property Loans</u> | | | | | | | |
| Performing | \$ - | \$ 48,782,305 | \$ 64,462,943 | \$ 30,944,420 | - | \$ 453,594 | \$ 144,643,262 |
| Watch | - | - | - | - | - | - | - |
| Nonperforming | - | - | - | - | \$ 495,000 | - | 495,000 |
| Subtotal | - | 48,782,305 | 64,462,943 | 30,944,420 | 495,000 | 453,594 | 145,138,262 |
| <u>Unfunded Commitments</u> | | | | | | | |
| Performing | \$ - | \$ 119,200,000 | \$ 37,293,316 | \$ - | \$ - | \$ - | \$ 156,493,316 |
| Watch | - | - | - | - | - | - | - |
| Nonperforming | - | - | - | - | - | - | - |
| Subtotal | - | 119,200,000 | 37,293,316 | - | - | - | 156,493,316 |
| Total | \$ - | \$ 222,819,605 | \$ 291,421,862 | \$ 104,024,420 | \$ 495,000 | \$ 453,594 | \$ 619,214,481 |

The Partnership evaluates its outstanding principal and interest receivable balances associated with its GILs and property loans for collectability. If collection of these balances is not probable, the loan is placed on non-accrual status and either an asset-specific allowance for credit loss will be recognized or the outstanding balance will be written off. There are no GILs, taxable GILs, or property loans that are currently past due on contractual debt service payments and the Partnership considered all GILs, taxable GILs and property loans to be performing as of June 30, 2023, except as noted below. The Partnership currently has two property loans on nonaccrual status.

During the three and six months ended June 30, 2023 and 2022, the interest to be earned on the Live 929 Apartments property loan was in nonaccrual status. The discounted cash flow method used by management to establish the net realizable value of the property loan determined the collection of the interest accrued was not probable and the loan is considered to be nonperforming. The Live 929 Apartments property loan has outstanding principal of approximately \$495,000 as of June 30, 2023 and December 31, 2022, which was fully reserved with an asset-specific allowance.

In December 2022, the Partnership received a property loan in exchange for the sale of its 100% interest in The 50/50 MF Property in the amount of \$4.8 million. See Note 10 for further information on the property sale. The property loan is unsecured, will be repaid from net cash flows of the property, and is subordinate to the mortgage debt of the property which was assumed by the buyer as described in Note 10. The property loan is in non-accrual status as of June 30, 2023 because payments under the loan are not required immediately and are expected to be paid from future net cash flows of the property as previously described in Note 10. As such, the loan is considered to be performing. The property loan associated with the 50/50 MF Property had outstanding principal of approximately \$5.5 million and \$4.8 million as of June 30, 2023 and December 31, 2022, respectively.

Available-for-Sale Debt Securities

The Partnership will record an impairment for MRBs and taxable MRBs through allowance for credit losses for the portion of the difference between the estimated fair value and amortized cost that is related to expected credit losses. The following table summarizes the changes in the Partnership's allowance for credit losses for the three and six months ended June 30, 2023 and 2022:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|-------------------------------------|----------------------|-----------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Balance, beginning of period | \$ 9,961,924 | \$ 10,030,736 | \$ 9,978,891 | \$ 9,175,482 |
| Other additions ⁽¹⁾ | - | - | - | 860,533 |
| Recovery of prior credit loss ⁽²⁾ | (17,345) | (17,344) | (34,312) | (22,623) |
| Balance, end of period ⁽³⁾ | <u>\$ 9,944,579</u> | <u>\$ 10,013,392</u> | <u>\$ 9,944,579</u> | <u>\$ 10,013,392</u> |

⁽¹⁾The other addition is related to a re-allocation of the loan loss allowance upon restructuring of the Live 929 Apartments MRBs and property loan.

⁽²⁾The Partnership compared the present value of cash flows expected to be collected to the amortized cost basis of the Live 929 Apartments Series 2022A MRB, which indicated a recovery of value. As the recovery was identified prior to the effective date of the CECL standard, the Partnership will accrete the recovery of prior credit loss into investment income over the term of the MRB.

⁽³⁾The allowance for credit losses as of June 30, 2023 and 2022 relate to the Provision Center 2014-1 MRB and the Live 929 Apartments – 2022A MRB.

14. Accounts Payable, Accrued Expenses and Other Liabilities

The following table summarizes the Partnership's accounts payable, accrued expenses and other liabilities as of June 30, 2023 and December 31, 2022:

| | June 30, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Accounts payable | \$ 1,064,572 | \$ 1,244,918 |
| Accrued expenses | 3,819,233 | 4,888,438 |
| Accrued interest expense | 8,319,902 | 7,186,021 |
| Deferred gain on sale of MF Property | 6,596,622 | 6,596,622 |
| Reserve for credit losses on unfunded commitments (Note 13) | 958,000 | - |
| Other liabilities | 1,710,105 | 1,817,507 |
| Total accounts payable, accrued expenses and other liabilities | <u>\$ 22,468,434</u> | <u>\$ 21,733,506</u> |

On January 1, 2023, the Partnership adopted ASU 2016-13 which replaced the incurred loss methodology with an expected loss model known as the CECL model. See Note 13 for information regarding the Partnership's allowance for credit losses related to its unfunded commitments.

15. Secured Lines of Credit

The following tables summarize the Partnership's secured lines of credit ("LOC" or "LOCs") as of June 30, 2023 and December 31, 2022:

| Secured Lines of Credit | Outstanding as of June 30, 2023 | Total Commitment | Commitment Maturity | Variable / Fixed | Reset Frequency | Period End Rate |
|-------------------------------|---------------------------------|----------------------|--------------------------|-------------------------|-----------------|-----------------|
| BankUnited General LOC | \$ 6,500,000 | \$ 40,000,000 | July 2023 ⁽¹⁾ | Variable ⁽²⁾ | Monthly | 8.50 % |
| Bankers Trust Acquisition LOC | 6,000,000 | 50,000,000 | June 2024 ⁽³⁾ | Variable ⁽⁴⁾ | Monthly | 7.67 % |
| | <u>\$ 12,500,000</u> | <u>\$ 90,000,000</u> | | | | |

⁽¹⁾The General LOC contains two one-year extensions subject to certain conditions and payment of a 0.25% extension fee. The first extension request by the Partnership will be granted by BankUnited, N.A. ("BankUnited") if all such conditions are met. Any subsequent extension requested by the Partnership will be granted or denied in the sole discretion of the lenders.

⁽²⁾The variable rate is equal to SOFR + 3.36%, subject to an all-in floor of 3.61%.

⁽³⁾The Partnership has two one-year extension options subject to certain conditions and payment of a \$25,000 extension fee for each extension.

⁽⁴⁾The variable rate is equal to 2.50% plus a variable component based on the 1-month forward looking term Secured Overnight Financing Rate as published by CME Group Benchmark Administration Limited ("Term SOFR").

| Secured Lines of Credit | Outstanding as of December 31, 2022 | Total Commitment | Commitment Maturity | Variable / Fixed | Reset Frequency | Period End Rate |
|-------------------------------|-------------------------------------|----------------------|--------------------------|-------------------------|-----------------|-----------------|
| BankUnited General LOC | \$ 6,500,000 | \$ 40,000,000 | June 2023 ⁽¹⁾ | Variable ⁽²⁾ | Monthly | 7.42 % |
| Bankers Trust Acquisition LOC | 49,000,000 | 50,000,000 | June 2024 ⁽³⁾ | Variable ⁽⁴⁾ | Monthly | 6.68 % |
| | <u>\$ 55,500,000</u> | <u>\$ 90,000,000</u> | | | | |

⁽¹⁾The General LOC contains two one-year extensions subject to certain conditions and payment of a 0.25% extension fee. The first extension request by the Partnership will be granted by BankUnited, N.A. ("BankUnited") if all such conditions are met. Any subsequent extension requested by the Partnership will be granted or denied in the sole discretion of the lenders.

⁽²⁾The variable rate is equal to LIBOR + 3.25%, subject to an all-in floor of 3.50%. The secured credit agreement contains terms for selecting an alternative index if LIBOR is no longer available.

⁽³⁾The Partnership has two one-year extension options subject to certain conditions and payment of a \$25,000 extension fee.

⁽⁴⁾The variable rate is equal to 2.50% plus a variable component based on the 1-month forward looking term Secured Overnight Financing Rate as published by CME Group Benchmark Administration Limited ("Term SOFR").

General LOC

The Partnership has entered into a secured Credit Agreement ("Secured Credit Agreement") of up to \$40.0 million with BankUnited and Bankers Trust Company, and the sole lead arranger and administrative agent, BankUnited, for a general secured line of credit (the "General LOC"). The aggregate available commitment cannot exceed a borrowing base calculation, that is equal to 40% multiplied by the aggregate value of a pool of eligible encumbered assets. Eligible encumbered assets consist of (i) the net book value of the Suites on Paseo MF Property, and (ii) 100% of the Partnership's capital contributions to equity investments, subject to certain restrictions. The proceeds of the General LOC will be used by the Partnership to purchase additional investments and to meet general working capital and liquidity requirements. The Partnership may borrow, prepay and reborrow amounts at any time through the maturity date, subject to the limitations of the borrowing base.

The General LOC is secured by first priority security interests in the Partnership's Vantage investments, a mortgage and assignment of leases and rents of the Suites on Paseo MF Property, and a security interest in a bank account at BankUnited, in which the Partnership must maintain a balance of not less than \$5.0 million. In addition, an affiliate of the Partnership, Greystone Select Incorporated ("Greystone Select"), has provided a deficiency guaranty of the Partnership's obligations under the Secured Credit Agreement. Greystone Select is subject to certain covenants and was in compliance with such covenants as of June 30, 2023. No fees were paid to Greystone Select related to the deficiency guaranty agreement.

The Partnership is subject to various affirmative and negative covenants under the Secured Credit Agreement that, among others, require the Partnership to maintain a minimum liquidity of not less than \$5.0 million, maintain a minimum consolidated tangible net worth of \$100.0 million, and to notify BankUnited if the Partnership's consolidated net worth declines by (a) more than 20% from the immediately preceding quarter, or (b) more than 35% from the date at the end of two consecutive calendar quarters ending immediately thereafter. The Partnership was in compliance with all covenants as of June 30, 2023.

In July 2023, the General LOC was amended which extended the maturity date to June 2025 (with two one-year extension options available); modified the borrowing base advance rate to 35%; removed the bank account at BankUnited from the collateral and removed the requirement for a minimum \$5.0 million balance; added terms to allow for an increase in the maximum commitment to \$60.0 million in total, subject to the identification of lenders to provide the additional commitment, the payment of certain fees, and other conditions; modified the interest rate to Term SOFR plus 3.50%; modified the minimum liquidity covenant to increase from the current \$5.0 million

requirement upon certain increases in the maximum commitment; increased the minimum consolidated tangible net worth to \$200.0 million; and removed the financial covenant regarding changes in the Partnership's consolidated net worth between certain periods.

Acquisition LOC

The Partnership and Bankers Trust Company have entered into an amended and restated credit agreement for a secured non-operating line of credit (the "Acquisition LOC") with a maximum commitment of up to \$50.0 million. The Acquisition LOC may be used to fund purchases of multifamily real estate, tax-exempt or taxable MRBs, and tax-exempt or taxable loans issued to finance the acquisition, rehabilitation, or construction of affordable housing or which are otherwise secured by real estate or mortgage-backed securities (collectively, the "financed assets"). The financed assets acquired with the proceeds of the Acquisition LOC will be held in a custody account and the outstanding balances of the Acquisition LOC will be secured by a first priority interest in the financed assets and will be maintained in the custody account until released by Bankers Trust Company.

Advances on the Acquisition LOC are due on the 270th day following the advance date but may be extended for up to three additional 90-day periods, but in no event later than the maturity date by providing Bankers Trust Company with a written request for such extension together with a principal payment of 5% of the principal amount of the original acquisition advance for the first such extension, 10% for the second such extension, and 20% for the third such extension. The Partnership is subject to various affirmative and negative covenants related to the Acquisition LOC, with the principal covenant being that the Partnership's Leverage Ratio (as defined by the Partnership) will not exceed a specific percentage. The Partnership was in compliance with all covenants as of June 30, 2023.

16. Debt Financing

The following tables summarize the Partnership's debt financings, net of deferred financing costs, as of June 30, 2023 and December 31, 2022:

| | Outstanding Debt Financings as of June 30, 2023, net | Restricted Cash | Stated Maturities | Interest Rate Type | Tax-Exempt Interest on Senior Securities ⁽¹⁾ | Remarketing Senior Securities Rate ⁽²⁾ | Facility Fees | Period End Rates |
|--|--|--------------------|----------------------|-----------------------|--|--|---------------|-----------------------|
| TEBS Financings | | | | | | | | |
| M31 TEBS | ⁽³⁾ \$ 67,336,179 | \$ 4,999 | 2024 | Variable | Yes | 4.03% | 1.33% | 5.36% |
| M24 TEBS | 7,394,539 | 204,000 | 2027 | Fixed | Yes | N/A | N/A | 3.05% |
| M33 TEBS | 29,215,208 | 2,606 | 2030 | Fixed | Yes | N/A | N/A | 3.24% |
| M45 TEBS | ⁽⁴⁾ 210,858,753 | 5,000 | 2034 | Fixed | Yes | N/A | N/A | 3.82% |
| Subtotal/Weighed Average Period End Rate | 314,804,679 | | | | | | | 4.08% |
| Secured Notes | | | | | | | | |
| | \$ 102,325,117 | 30,781, 036 | 2025 | Variable | No | N/A | N/A | 14.32% ⁽⁵⁾ |
| TOB Trust Securitizations | | | | | | | | |
| Mizuho Capital Markets: | | | | | | | | |
| Trust 2020-XF2908 | ⁽⁶⁾ \$ 27,800,558 | ⁽⁷⁾ | 2023 | Variable | No | 5.38% | 0.90% | 6.28% |
| Hope on Avalon GIL | 18,709,641 | ⁽⁷⁾ | 2023 | Variable | Yes | 4.41% | 1.44% | 5.85% |
| Hope on Broadway GIL | 9,680,401 | ⁽⁷⁾ | 2023 | Variable | Yes | 4.41% | 1.44% | 5.85% |
| Ocotillo Springs - Series A | 9,980,000 | ⁽⁷⁾ | 2023 | Variable | Yes | 4.41% | 0.91% | 5.32% |
| Jackson Manor Apartments | 5,865,000 | ⁽⁷⁾ | 2023 | Variable | Yes | 4.41% | 1.29% | 5.70% |
| Trust 2021-XF2926 | ⁽⁸⁾ 57,521,786 | ⁽⁷⁾ | 2024 | Variable | No | 5.38% | 0.90% | 6.28% |
| Trust 2021-XF2939 | ⁽⁹⁾ 10,252,705 | ⁽⁷⁾ | 2024 | Variable | No | 5.38% | 1.17% | 6.55% |
| SoLa Impact Opportunity Zone Fund | | | | | | | | |
| Scharbauer Flats GIL | 24,511,502 | ⁽⁷⁾ | 2024 | Variable | No | 5.38% | 1.78% | 7.16% |
| Centennial Crossing GIL | 36,000,000 | ⁽⁷⁾ | 2024 | Variable | Yes | 4.41% | 0.91% | 5.32% |
| Residency at the Mayer - Series A | 29,772,000 | ⁽⁷⁾ | 2024 | Variable | Yes | 4.41% | 0.91% | 5.32% |
| Residency at the Mayer - Series A | 24,335,000 | ⁽⁷⁾ | 2024 | Variable | Yes | 4.41% | 1.19% | 5.60% |
| Montevista - Series A | 5,636,485 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 1.28% | 5.69% |
| Montecito at Williams Ranch - Series A | 6,842,659 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 1.18% | 5.59% |
| Vineyard Gardens - Series A | 3,593,154 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 1.18% | 5.59% |
| The Park at Sondrio - Series 2022A | 30,374,367 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 1.43% | 5.84% |
| The Park at Vietti - Series 2022A | 21,504,982 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 1.43% | 5.84% |
| Avistar at Copperfield - Series A | 11,436,313 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 1.68% | 6.09% |
| Avistar at Wilcrest - Series A | 4,327,312 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 1.68% | 6.09% |
| Residency at the Entrepreneur MRBs | 17,120,000 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 1.45% | 5.86% |
| Legacy Commons at Signal Hills & Hilltop at Signal Hills GILs | 53,160,000 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 0.91% | 5.32% |
| Osprey Village GIL | 48,260,000 | ⁽⁷⁾ | 2025 | Variable | Yes | 4.41% | 1.19% | 5.60% |
| Residency at Empire MRBs | 14,199,079 | ⁽⁷⁾ | 2026 | Variable | Yes | 4.41% | 1.42% | 5.83% |
| The Ivy Apartments | 24,305,718 | ⁽⁷⁾ | 2026 | Variable | Yes | 4.41% | 1.44% | 5.85% |
| Windsor Shores Apartments | 17,162,512 | ⁽⁷⁾ | 2026 | Variable | Yes | 4.41% | 1.44% | 5.85% |
| Village at Hanford Square | 7,741,554 | ⁽⁷⁾ | 2026 | Variable | Yes | 4.41% | 1.44% | 5.85% |
| MaryAlice Circle Apartments | 4,673,897 | ⁽⁷⁾ | 2026 | Variable | Yes | 4.41% | 1.44% | 5.85% |
| Meadow Valley | 8,458,256 | ⁽⁷⁾ | 2026 | Variable | Yes | 4.41% | 1.44% | 5.85% |
| Avistar at Wood Hollow - Series A Live 929 | 32,882,940 | ⁽⁷⁾ | 2027 | Variable | Yes | 4.41% | 1.44% | 5.85% |
| Live 929 | 53,092,000 | ⁽⁷⁾ | 2027 | Variable | Yes | 4.41% | 1.18% | 5.59% |
| Barclays Capital Inc.: | | | | | | | | |
| Trust 2021-XF2953 | ⁽¹⁰⁾ 61,431,267 | - | 2024 | Variable | No | 5.20% | 1.27% | 6.47% |
| Poppy Grove I GIL | 10,666,615 | - | 2024 | Variable | Yes | 4.08% | 1.25% | 5.33% |
| Poppy Grove II GIL | 5,222,615 | - | 2024 | Variable | Yes | 4.08% | 1.25% | 5.33% |
| Poppy Grove III GIL | 9,229,615 | - | 2024 | Variable | Yes | 4.08% | 1.25% | 5.33% |
| Village Point | 18,361,459 | - | 2024 | Variable | Yes | 4.13% | 1.61% | 5.74% |
| Subtotal/Weighed Average Period End Rate | 724,111,392 | | | | | | | 5.85% |
| Term TOB Trust Securitizations | | | | | | | | |
| Morgan Stanley: | | | | | | | | |
| Village at Avalon | \$ 12,787,975 | - | 2024 | Fixed | Yes | N/A | N/A | 1.98% |
| Total Debt Financings | | | | | | | | |
| | <u>\$ 1,154,029,163</u> | | | | | | | |

- (1) The tax treatment of interest paid to the trust senior trust securities is dependent on the structure of the trust financing. Debt financings designated as “tax-exempt” in the table above are such that the Partnership expects and believes the interest on the senior securities is exempt from federal income taxes, which typically requires a lower remarketing rate to place the senior securities at each weekly reset.
- (2) The remarketing senior securities rate is the market interest rate determined by the remarketing agent to ensure all senior securities tendered by holder for weekly remarketing are purchased at par.
- (3) Facility fees have a variable component. The stated maturity date in July 2024 is the expiration of the liquidity commitment rate from Freddie Mac. On that date, Freddie Mac will either extend the liquidity commitment, reset the liquidity commitment fee rate, or require the conversion to a fixed rate mode at a rate dependent on market conditions on that date. Freddie Mac cannot require redemption of the outstanding Class A Certificates on that date. The Partnership also has the right to terminate the facility and obtain alternative debt financing.
- (4) The M45 TEBS has an initial interest rate of 3.82% through July 31, 2023. From August 1, 2023 through the stated maturity date, the interest rate is 4.39%. These rates are inclusive of credit enhancement fees payable to Freddie Mac.
- (5) The Secured Notes have a stated rate of 9.25% plus SOFR which resets monthly. The Partnership has entered into a total return swap transaction with the Secured Notes as the reference security and a notional amount totaling the outstanding principal on the Secured Notes. The total return swap effectively nets down the interest rate on the Secured Notes. Considering the effect of the total return swap, the effective net interest rate of the Secured Notes is 9.07% as of June 30, 2023. See Note 18 for further information on the total return swap.
- (6) The TOB trust is securitized by the Scharbauer Flats Apartments and Centennial Crossings property loans.
- (7) The Partnership has restricted cash totaling approximately \$9,543,000 related to its total net position with Mizuho Capital Markets.
- (8) The TOB trust is securitized by the Legacy Commons at Signal Hills property loan, Hilltop at Signal Hills property loan, and the Hope on Avalon taxable GIL.
- (9) The TOB trust is securitized by the Residency at the Mayer taxable MRB, Ocotillo Springs taxable MRB, and Osprey Village property loan.
- (10) The TOB trust is securitized by the Willow Place GIL and property loan, Lutheran Gardens MRB, Magnolia Heights GIL and property loan, Poppy Grove I taxable GIL, Poppy Grove II taxable GIL and Poppy Grove III taxable GIL.

| | Outstanding Debt Financings as of December 31, 2022, net | Restricted Cash | Stated Maturities | Interest Rate Type | Tax-Exempt Interest on Senior Securities ⁽¹⁾ | Remarketing Senior Securities Rate ⁽²⁾ | Facility Fees | Period End Rates |
|--|---|--------------------|----------------------|-----------------------|--|--|---------------|-----------------------|
| TEBS Financings | | | | | | | | |
| M31 TEBS ⁽³⁾ | \$ 75,570,121 | \$ 4,999 | 2024 | Variable | Yes | 3.69% | 1.55% | 5.24% |
| M24 TEBS | 7,489,619 | 204,000 | 2027 | Fixed | Yes | N/A | N/A | 3.05% |
| M33 TEBS | 29,549,954 | 2,606 | 2030 | Fixed | Yes | N/A | N/A | 3.24% |
| M45 TEBS ⁽⁴⁾ | 211,914,923 | 5,000 | 2034 | Fixed | Yes | N/A | N/A | 3.82% |
| Subtotal/Weighted Average Period End Rate | 324,524,617 | | | | | | | 4.08% |
| Secured Notes | | | | | | | | |
| | \$ 102,488,160 | 35,979, 743 | 2025 | Variable | No | N/A | N/A | 13.05% ⁽⁵⁾ |
| TOB Trust Securitizations | | | | | | | | |
| Mizuho Capital Markets: | | | | | | | | |
| Montevista - Series A | \$ 5,650,044 | ⁽⁶⁾ | 2023 | Variable | Yes | 3.86% | 1.27% | 5.13% |
| Trust 2020-XF2908 ⁽⁷⁾ | 43,472,232 | ⁽⁶⁾ | 2023 | Variable | No | 4.57% | 0.89% | 5.46% |
| Hope on Avalon GIL | 18,695,484 | ⁽⁶⁾ | 2023 | Variable | Yes | 3.86% | 1.44% | 5.30% |
| Hope on Broadway GIL | 9,670,809 | ⁽⁶⁾ | 2023 | Variable | Yes | 3.86% | 1.44% | 5.30% |
| Ocotillo Springs - Series A | 9,978,639 | ⁽⁶⁾ | 2023 | Variable | Yes | 3.86% | 0.91% | 4.77% |
| Jackson Manor Apartments | 5,859,141 | ⁽⁶⁾ | 2023 | Variable | Yes | 3.88% | 1.29% | 5.17% |
| Trust 2021-XF2926 ⁽⁸⁾ | 70,402,736 | ⁽⁶⁾ | 2024 | Variable | No | 4.57% | 0.89% | 5.46% |
| Trust 2021-XF2939 ⁽⁹⁾ | 7,341,558 | ⁽⁶⁾ | 2024 | Variable | No | 4.57% | 1.16% | 5.73% |
| Scharbauer Flats GIL | 36,000,000 | ⁽⁶⁾ | 2024 | Variable | Yes | 3.88% | 0.91% | 4.79% |
| Oasis at Twin Lakes GIL | 30,600,000 | ⁽⁶⁾ | 2024 | Variable | Yes | 3.88% | 0.91% | 4.79% |
| Centennial Crossing GIL | 29,772,000 | ⁽⁶⁾ | 2024 | Variable | Yes | 3.88% | 0.91% | 4.79% |
| Residency at the Mayer - Series A | 21,450,000 | ⁽⁶⁾ | 2024 | Variable | Yes | 3.86% | 1.19% | 5.05% |
| Montecito at Williams Ranch - Series A | 6,872,074 | ⁽⁶⁾ | 2025 | Variable | Yes | 3.62% | 1.17% | 4.79% |
| Vineyard Gardens - Series A | 3,592,692 | ⁽⁶⁾ | 2025 | Variable | Yes | 3.67% | 1.17% | 4.84% |
| The Park at Sondrio - Series 2022A | 30,354,275 | ⁽⁶⁾ | 2025 | Variable | Yes | 3.88% | 1.43% | 5.31% |
| The Park at Vietti - Series 2022A | 21,489,569 | ⁽⁶⁾ | 2025 | Variable | Yes | 3.88% | 1.43% | 5.31% |
| Avistar at Copperfield - Series A | 11,501,641 | ⁽⁶⁾ | 2025 | Variable | Yes | 3.80% | 1.67% | 5.47% |
| Avistar at Wilcrest - Series A | 4,350,640 | ⁽⁶⁾ | 2025 | Variable | Yes | 3.88% | 1.67% | 5.55% |
| Residency at the Entrepreneur MRBs | 16,513,817 | ⁽⁶⁾ | 2025 | Variable | No | 4.57% | 1.18% | 5.75% |
| Legacy Commons at Signal Hills & Hilltop at Signal Hills GILs | 53,160,000 | ⁽⁶⁾ | 2025 | Variable | Yes | 3.88% | 0.91% | 4.79% |
| Osprey Village GIL | 32,905,000 | ⁽⁶⁾ | 2025 | Variable | Yes | 3.88% | 1.19% | 5.07% |
| Avistar at Wood Hollow - Series A Live 929 | 33,092,580 | ⁽⁶⁾ | 2027 | Variable | Yes | 3.88% | 1.44% | 5.32% |
| | 53,092,000 | ⁽⁶⁾ | 2027 | Variable | Yes | 3.88% | 1.18% | 5.06% |
| Barclays Capital Inc.: | | | | | | | | |
| Trust 2021-XF2953 ⁽¹⁰⁾ | 46,548,777 | - | 2023 | Variable | No | 4.42% | 1.27% | 5.69% |
| Poppy Grove I GIL | 6,258,486 | - | 2023 | Variable | Yes | 3.81% | 1.25% | 5.06% |
| Poppy Grove II GIL | 3,614,486 | - | 2023 | Variable | Yes | 3.81% | 1.25% | 5.06% |
| Poppy Grove III GIL | 6,821,486 | - | 2023 | Variable | Yes | 3.81% | 1.25% | 5.06% |
| Subtotal/Weighted Average Period End Rate | 619,060,166 | | | | | | | 5.19% |
| Term TOB Trust Securitizations | | | | | | | | |
| Morgan Stanley: | | | | | | | | |
| Village at Avalon | \$ 12,831,009 | - | 2024 | Fixed | Yes | N/A | N/A | 1.98% |
| Total Debt Financings | | | | | | | | |
| | <u>\$ 1,058,903,952</u> | | | | | | | |

(1) The tax treatment of interest paid to the trust senior trust securities is dependent on the structure of the trust financing. Debt financings designated as "tax-exempt" in the table above are such that the Partnership expects and believes the interest on the senior securities is exempt from federal income taxes, which typically requires a lower remarketing rate to place the senior securities at each weekly reset.

(2) The remarketing senior securities rate is the market interest rate determined by the remarketing agent to ensure all senior securities tendered by holder for weekly remarketing are purchased at par.

(3) Facility fees have a variable component.

(4) The M45 TEBS has an initial interest rate of 3.82% through July 31, 2023. From August 1, 2023 through the stated maturity date, the interest rate is 4.39%. These rates are inclusive of credit enhancement fees payable to Freddie Mac.

- (5) The Secured Notes have a stated rate of 9.25% plus SOFR which resets monthly. The Partnership has entered into a total return swap transaction with the Secured Notes as the reference security and a notional amount totaling the outstanding principal on the Secured Notes. The total return swap effectively nets down the interest rate on the Secured Notes. Considering the effect of the total return swap, the effective net interest rate of the Secured Notes is 7.80% as of December 31, 2022. See Note 18 for further information on the total return swap.
- (6) The Partnership has restricted cash totaling approximately \$38,000 related to its total net position with Mizuho Capital Markets.
- (7) The TOB trust is securitized by the Scharbauer Flats Apartments and Centennial Crossings property loans.
- (8) The TOB trust is securitized by the Legacy Commons at Signal Hills property loan, Hilltop at Signal Hills property loan, Hope on Avalon taxable GIL, and the Oasis at Twin Lakes property loan.
- (9) The TOB trust is securitized by the Residency at the Mayer taxable MRB, Ocotillo Springs taxable MRB, and Osprey Village property loan.
- (10) The TOB trust is securitized by the Willow Place GIL and property loan, Lutheran Gardens MRB, Magnolia Heights GIL and property loan, Poppy Grove I taxable GIL, Poppy Grove II taxable GIL and Poppy Grove III taxable GIL.

The TOB, Term TOB and TEBS financing arrangements are consolidated VIEs of the Partnership (Note 5). The Partnership is the primary beneficiary due to its rights to the underlying assets. Accordingly, the Partnership consolidates the TOB, Term TOB and TEBS financings on the Partnership's condensed consolidated financial statements. See information regarding the MRBs, GILs, property loans, taxable MRBs and taxable GILs securitized within the TOB, Term TOB and TEBS financings in Notes 6, 7, 8 and 12, respectively. As the residual interest holder in the arrangements, the Partnership may be required to make certain payments or contribute certain assets to the VIEs if certain events occur. Such events include, but are not limited to, a downgrade in the investment rating of the senior securities issued by the VIEs, a ratings downgrade of the liquidity provider for the VIEs, increases in short term interest rates beyond pre-set maximums, an inability to re-market the senior securities, or an inability to obtain liquidity for the senior securities. If such an event occurs in an individual VIE, the Partnership may be required to deleverage the VIE by repurchasing some or all of the senior securities. Otherwise, the underlying collateral will be sold and, if the proceeds are not sufficient to pay the principal amount of the senior securities plus accrued interest and other trust expenses, the Partnership will be required to fund any such shortfall. If the Partnership does not fund the shortfall, the default and liquidation provisions will be invoked against the Partnership. The shortfall on each TEBS financing is limited to the Partnership's residual interest. The Partnership has never been, and does not expect in the future, to be required to reimburse the VIEs for any shortfall.

The Partnership has entered into various TOB trust financings with Mizuho and Barclays secured by various investment assets. The TOB trusts and Secured Notes with Mizuho and the TOB trusts with Barclays are subject to respective master agreements that contain certain covenants and requirements. The TOB trust financings with Mizuho and Barclays require that the Partnership's residual interests in each TOB trust maintain a certain value in relation to total assets in each TOB trust. The Mizuho and Barclays master agreements also require the Partnership's partners' capital, as defined, to maintain a certain threshold and that the Partnership remain listed on the NYSE. The master agreement with Barclays also puts limits on the Partnership's Leverage Ratio (as defined by the Partnership). In addition, both Mizuho and Barclays master agreements specify that default(s) on the Partnership's other senior debts above a specified dollar amount, in the aggregate, will constitute a default under the master agreement. If the Partnership is not in compliance with any of these covenants, a termination event of the financing facilities would be triggered. The Partnership was in compliance with these covenants as of June 30, 2023.

The Partnership is subject to mark-to-market collateral posting provision for positions under the ISDA master agreements with Mizuho and Barclays related to the TOB Trusts and Secured Notes. The amount of collateral posting required is dependent on the valuation of the securitized assets and interest rate swaps (Note 18) in relation to thresholds set by Mizuho and Barclays at the initiation of each transaction. As of June 30, 2023, the Partnership had posted approximately \$9.5 million of cash collateral with Mizuho. There were no requirements to post collateral with Barclays as of June 30, 2023.

As of June 30, 2023 and December 31, 2022, the Partnership posted restricted cash as contractually required under the terms of the four TEBS financings. In addition, the Partnership has entered into an interest rate cap agreement to mitigate its exposure to interest rate fluctuations on the variable-rate M31 TEBS financing (Note 18). As of June 30, 2023 and December 31, 2022, the restricted cash associated with the Secured Notes is collateral posted with Mizuho according to the terms the total return swap that has the Secured Notes as the reference security (Note 18).

The Term TOB trust financing with Morgan Stanley is subject to a Trust Agreement and other related agreements that contain covenants with which the Partnership or the underlying MRB are required to comply. The underlying property must maintain certain occupancy and debt service covenants. A termination event will occur if the Partnership's net assets, as defined, decrease by 25% in one quarter or 35% over one year. The covenants also require the Partnership's partners' capital, as defined, to maintain a certain threshold and that the Partnership remain listed on a nationally recognized stock exchange. If the underlying property or the Partnership, as applicable, is out of compliance with any of these covenants, a termination event of the financing facility would be triggered. The Partnership was in compliance with these covenants as of June 30, 2023.

The Partnership's variable rate debt financing arrangements include maximum interest rate provisions that prevent the debt service on the debt financings from exceeding the cash flows from the underlying securitized assets.

New Debt Financings:

The following is a summary of the new TOB trust financings that were entered into during the six months ended June 30, 2023:

| TOB Trusts Securitization | Initial TOB Trust Financing | Stated Maturity | Interest Rate Type | Tax-Exempt Interest on Senior Securities | Facility Fees |
|-----------------------------------|-----------------------------|-----------------|--------------------|--|---------------|
| Residency at Empire MRB | \$ 14,400,000 | January 2026 | Variable | Yes | 1.42% |
| Windsor Shores MRB | 17,236,000 | January 2026 | Variable | Yes | 1.44% |
| SoLa Impact Opportunity Zone Fund | 27,300,000 | December 2024 | Variable | No | 1.78% |
| The Ivy Apartments MRB | 24,400,000 | February 2026 | Variable | Yes | 1.44% |
| Village at Hanford Square MRB | 7,800,000 | May 2026 | Variable | Yes | 1.44% |
| MaryAlice Circle MRB | 4,720,000 | May 2026 | Variable | Yes | 1.44% |
| Meadow Valley MRB | 8,606,000 | June 2026 | Variable | Yes | 1.44% |
| Village Point MRB | 18,400,000 | June 2024 | Variable | Yes | 1.61% |
| Total TOB Trust Financings | \$ 122,862,000 | | | | |

Redemptions:

The following is a summary of the debt financing principal payments made in connection with the redemption or sale of underlying assets during the six months ended June 30, 2023:

| Debt Financing | Debt Facility | Month | Paydown Applied |
|---|---------------|---------------|----------------------|
| Greens of Pine Glen | M31 TEBS | February 2023 | \$ 7,579,000 |
| Oasis at Twin Lakes GIL | TOB Trust | June 2023 | 30,600,000 |
| Trust 2021-XF2926 - Oasis at Twin Lakes property loan | TOB Trust | June 2023 | 21,600,000 |
| | | | \$ 59,779,000 |

Refinancing Activity:

The Partnership executed three-month extensions of the maturity date of Barclays credit facility Trusts 2021-XF2953, 2022-XF3028, 2022-XF3029 and 2022-XF3030 in January 2023 and April 2023. There were no additional changes to terms or fees associated with the extensions.

In February 2023, the Partnership made certain structural modifications to the TOB trust financing for Residency at the Entrepreneur MRBs. The only material changes associated with the modifications were the interest on senior securities changed from taxable to tax-exempt and the deleveraging of approximately \$800,000 of debt financings. The structural modifications required cash settlement of the initial TOB trust financings and receipt of cash proceeds from the new TOB trust financings. The cash settlements and proceeds are reported on a gross basis in the cash flows from financing activities section of the consolidated statements of cash flows. Deferred financing costs of approximately \$584,000 were written off in connection with the modifications.

In May 2023, the Partnership extended the Montevista - Series A TOB trust financing maturity date from December 2023 to December 2025. There were no additional changes to terms or fees associated with the extension of the TOB trust financing.

New Debt Financings:

The following is a summary of the new TOB trust financings that were entered into during the six months ended June 30, 2022:

| TOB Trusts Securitization | Initial TOB Trust Financing | Stated Maturity | Interest Rate Type | Tax-Exempt Interest on Senior Securities | Facility Fees |
|--|-----------------------------|-----------------|--------------------|--|---------------|
| Live 929 Series 2022A & 2022B MRBs | \$ 55,990,000 | February 2024 | Variable | No | 1.15% |
| Residency at the Entrepreneur MRBs and taxable MRB | 14,000,000 | April 2025 | Variable | No | 1.18% |
| Total TOB Trust Financings | \$ 69,990,000 | | | | |

Redemptions:

The following is a summary of the debt trust financings that were repaid in connection with the redemption or sale of underlying assets during the six months ended June 30, 2022:

| Debt Financing | Debt Facility | Month | Paydown Applied |
|-------------------------------------|---------------|--------------|----------------------|
| Live 929 Apartments - 2014 Series A | TOB Trust | January 2022 | \$ 31,565,000 |
| Ohio Properties - Series A | M24 TEBS | March 2022 | 13,544,000 |
| Bridle Ridge | M24 TEBS | April 2022 | 7,100,000 |
| Gateway Village | TOB Trust | May 2022 | 2,183,000 |
| Lynnhaven Apartments | TOB Trust | May 2022 | 2,896,000 |
| | | | <u>\$ 57,288,000</u> |

Future Maturities

The Partnership's contractual maturities of borrowings as of June 30, 2023 for the twelve-month periods ending December 31st for the next five years and thereafter are as follows:

| | |
|---|-------------------------|
| Remainder of 2023 | \$ 75,188,447 |
| 2024 | 378,483,151 |
| 2025 | 307,645,675 |
| 2026 | 81,154,863 |
| 2027 | 88,267,325 |
| Thereafter | 225,691,693 |
| Total | 1,156,431,154 |
| Unamortized deferred financing costs and debt premium | (2,401,991) |
| Total debt financing, net | <u>\$ 1,154,029,163</u> |

17. Mortgages Payable and Other Secured Financing

The Partnership has entered into a mortgage payable. The following is a summary of the mortgage payable, net of deferred financing costs, as of June 30, 2023 and December 31, 2022:

| Property Mortgage Payables | Outstanding Mortgage Payable as of June 30, 2023, net | Outstanding Mortgage Payable as of December 31, 2022, net | Year Acquired | Stated Maturity | Variable / Fixed | Period End Rate |
|--|---|---|---------------|-----------------|------------------|-----------------|
| Vantage at San Marcos--Mortgage ⁽¹⁾ | \$ 1,690,000 | \$ 1,690,000 | 2020 | November 2023 | Variable | 9.00 % |

⁽¹⁾The mortgage payable relates to a consolidated VIE for future development of a market-rate multifamily property (Note 5).

18. Derivative Instruments

The Partnership's derivative instruments are not designated as hedging instruments and are recorded at fair value. Changes in fair value are included in current period earnings as "Interest expense" in the Partnership's consolidated statements of operations. The value of the Partnership's interest rate swaps are subject to mark-to-market collateral posting provisions in conjunction with the Partnership's ISDA master agreement with Mizuho (Note 16). See Note 23 for a description of the methodology and significant assumptions for determining the fair value of the derivatives. The derivative instruments are presented within "Other assets" or "Accounts payable, accrued expenses and other liabilities", as appropriate, in the Partnership's condensed consolidated balance sheets.

Interest Rate Swap Agreements

The Partnership has entered into multiple interest rate swap agreements to mitigate interest rate risk associated with variable rate TOB trust financings (Note 16). No fees were paid to Mizuho upon closing of the interest rate swaps. The following table summarizes the Partnership's interest rate swap agreements as of June 30, 2023 and December 31, 2022:

| Trade Date | Notional Amount | Effective Date | Termination Date | Fixed Rate Paid | Period End Variable Rate Received | Variable Rate Index | Variable Debt Financing Hedged | Counterparty | Fair Value as of June 30, 2023 |
|---------------|---------------------------|----------------|------------------|-----------------|-----------------------------------|---------------------|--------------------------------|------------------------|--------------------------------|
| February 2022 | 55,990,000 | 2/9/2022 | 2/1/2024 | 1.40 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | \$ 1,482,242 |
| March 2022 | 47,850,000 | 3/3/2022 | 3/1/2027 | 1.65 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 4,140,683 |
| October 2022 | 39,795,288 ⁽¹⁾ | 4/1/2023 | 4/1/2025 | 3.92 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 1,148,455 |
| December 2022 | 15,153,143 ⁽²⁾ | 1/1/2023 | 12/1/2029 | 3.27 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 767,254 |
| December 2022 | 45,500,000 | 1/3/2023 | 1/1/2030 | 3.47 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 750,088 |
| January 2023 | 12,065,200 | 1/19/2023 | 1/1/2030 | 3.35 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 278,458 |
| January 2023 | 8,027,600 | 2/1/2023 | 2/1/2030 | 3.29 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 190,855 |
| March 2023 | 4,961,000 ⁽³⁾ | 4/1/2023 | 6/1/2029 | 3.37 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 284,806 |
| April 2023 | 4,508,000 | 5/1/2023 | 5/1/2033 | 3.49 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 195,998 |
| May 2023 | 9,170,000 | 6/1/2023 | 6/1/2030 | 3.15 % | 5.07 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 316,883 |
| June 2023 | 12,800,000 | 6/1/2023 | 6/1/2028 | 3.46 % | 5.06 % | SOFR | TOB Trusts | Barclays Bank PLC | 241,975 |
| | 255,820,231 | | | | | | | | \$ 9,797,697 |

(1) The notional amount increases according to a schedule up to a maximum notional amount of \$99.6 million.

(2) The notional amount increases according to a schedule up to a maximum notional amount of \$47.8 million.

(3) The notional amount increases according to a schedule up to a maximum notional amount of \$21.6 million.

| Trade Date | Notional Amount | Effective Date | Termination Date | Fixed Rate Paid | Period End Variable Rate Received | Variable Rate Index | Variable Debt Financing Hedged | Counterparty | Fair Value as of December 31, 2022 |
|---------------|---------------------------|----------------|------------------|-----------------|-----------------------------------|---------------------|--------------------------------|------------------------|------------------------------------|
| February 2022 | 55,990,000 | 2/9/2022 | 2/1/2024 | 1.40 % | 4.09 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | \$ 2,205,130 |
| March 2022 | 47,850,000 | 3/3/2022 | 3/1/2027 | 1.65 % | 4.09 % | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 4,048,961 |
| October 2022 | 34,436,088 ⁽¹⁾ | 4/1/2023 | 4/1/2025 | 3.92 % | N/A | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 131,427 |
| December 2022 | 10,880,000 ⁽²⁾ | 1/1/2023 | 12/1/2029 | 3.27 % | N/A | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 370,342 |
| December 2022 | 45,500,000 | 1/3/2023 | 1/1/2030 | 3.47 % | N/A | Compounded SOFR | TOB Trusts | Mizuho Capital Markets | 443,339 |
| | 194,656,088 | | | | | | | | \$ 7,199,199 |

(1) The notional amount increases according to a schedule up to a maximum notional amount of \$99.6 million.

(2) The notional amount increases according to a schedule up to a maximum notional amount of \$47.8 million.

Total Return Swap Agreement

The following table summarizes the terms of the Partnership's total return swap as of June 30, 2023 and December 31, 2022:

| Trade Date | Notional Amount | Effective Date | Termination Date | Period End Variable Rate Paid | Period End Variable Rate Received | Variable Rate Index | Counterparty | Fair Value as of June 30, 2023 |
|---------------|-----------------|----------------|------------------|-------------------------------|-----------------------------------|---------------------|------------------------|--------------------------------|
| December 2022 | 102,489,657 | December 2022 | Sept 2025 | 9.07 % ⁽¹⁾ | 14.32 % ⁽²⁾ | SOFR | Mizuho Capital Markets | \$ 224,196 |

(1) Variable rate equal to SOFR + 4.00%, subject to an all-in floor of 4.25%.

(2) Variable rate equal to SOFR + 9.25%.

| Trade Date | Notional Amount | Effective Date | Termination Date | Period End Variable Rate Paid | Period End Variable Rate Received | Variable Rate Index | Counterparty | Fair Value as of December 31, 2022 |
|---------------|-----------------|----------------|------------------|-------------------------------|-----------------------------------|---------------------|------------------------|------------------------------------|
| December 2022 | 102,690,670 | December 2022 | Sept 2025 | 7.80 % ⁽¹⁾ | 13.05 % ⁽²⁾ | SOFR | Mizuho Capital Markets | \$ 239,612 |

(1) Variable rate equal to SOFR + 4.00%, subject to an all-in floor of 4.25%.

(2) Variable rate equal to SOFR + 9.25%.

The total return swap has the Partnership's Secured Notes with Mizuho as the specified reference security (Note 16), with the total return swap notional amount equal to the outstanding principal on the Secured Notes. The rate received on the total return swap is equal to the interest rate on the Secured Notes such that they offset one another, resulting in a net interest cost equal to the rate paid under the total return swap. Under the total return swap, the Partnership is liable for any decline in the value of the Secured Notes under the ISDA master agreement with Mizuho, when netted with the value of the Partnership's other positions with Mizuho.

The Partnership was required to initially maintain cash collateral with Mizuho equal to 35% of the notional amount of the total return swap. In February 2023, the cash collateral requirement was reduced to 30% of the notional amount. In December 2022, the Partnership amended certain terms associated with the remaining total return swap, including an update in the variable rate index from 3-month LIBOR to SOFR. There were no fees associated with the amendments.

Interest Rate Cap Agreement

The Partnership has entered into an interest rate cap agreement to mitigate our exposure to interest rate risk associated with a variable-rate debt financing facility. The following tables summarize the Partnership's interest rate cap agreement as of June 30, 2023 and December 31, 2022:

| Purchase Date | Notional Amount | Maturity Date | Effective Capped Rate | Index | Variable Debt Financing Hedged | Counterparty | Fair Value as of June 30, 2023 |
|---------------|-----------------|---------------|-----------------------|-------|--------------------------------|-------------------|--------------------------------|
| August 2019 | 74,247,101 | Aug 2024 | 4.5 % | SIFMA | M31 TEBS | Barclays Bank PLC | \$ 77,427 |
| | | | | | | | <u>\$ 77,427</u> |

| Purchase Date | Notional Amount | Maturity Date | Effective Capped Rate | Index | Variable Debt Financing Hedged | Counterparty | Fair Value as of December 31, 2022 |
|---------------|-----------------|---------------|-----------------------|-------|--------------------------------|-------------------|------------------------------------|
| August 2019 | 75,014,903 | Aug 2024 | 4.5 % | SIFMA | M31 TEBS | Barclays Bank PLC | \$ 91,627 |
| | | | | | | | <u>\$ 91,627</u> |

19. Commitments and Contingencies

Legal Proceedings

The Partnership, from time to time, is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are frequently covered by insurance. If it has been determined that a loss is probable to occur and the amount of the loss can be reasonably estimated, the estimated amount of the loss is accrued in the Partnership's condensed consolidated financial statements. If the Partnership determines that a loss is reasonably possible, the Partnership will, if material, disclose the nature of the loss contingency and the estimated range of possible loss, or include a statement that no estimate of loss can be made. While the resolution of these matters cannot be predicted with certainty, the Partnership currently believes there are no pending legal proceedings in which the Partnership is currently involved the outcome of which will have a material effect on the Partnership's financial condition, results of operations, or cash flows.

Bond Purchase Commitments

The Partnership may enter into bond purchase commitments related to MRBs to be issued and secured by properties under construction. Upon execution of the bond purchase commitment, the proceeds from the MRBs will be used to pay off the construction related debt. The Partnership bears no construction or stabilization risk during the commitment period. The Partnership accounts for its bond purchase commitments as available-for-sale securities and reports the asset or liability at fair value. Changes in the fair value of bond purchase commitments are recorded as gains or losses on the Partnership's condensed consolidated statements of comprehensive income (loss). The following table summarizes the Partnership's bond purchase commitments as of June 30, 2023 and December 31, 2022:

| Bond Purchase Commitments | Commitment Date | Maximum Committed Amounts Remaining | Interest Rate | Estimated Closing Date | Fair Value as of June 30, 2023 | Fair Value as of December 31, 2022 |
|---------------------------|-----------------|-------------------------------------|---------------|------------------------|--------------------------------|------------------------------------|
| Anaheim & Walnut | September 2021 | 3,900,000 | 4.85 % | Q3 2024 | 138,100 | 98,929 |

Investment Commitments

The Partnership has remaining commitments to provide additional funding of certain MRBs, taxable MRBs, GILs, taxable GILs, and property loans while the secured properties are under construction or rehabilitation. The Partnership's remaining non-cancelable commitments for GILs, taxable GILs and property loans are subject to a reserve for credit losses, which was approximately \$1.0 million as of June 30, 2023. See Note 13 for additional information on the reserve for credit losses on such commitments. The Partnership also has outstanding commitments to contribute additional equity to unconsolidated entities. The following table summarizes the Partnership's total and remaining commitments as of June 30, 2023:

| Property Name | Commitment Date | Maturity Date | Interest Rate ⁽¹⁾ | Total Initial Commitment | Remaining Commitment as of June 30, 2023 |
|---|-----------------|------------------------------|------------------------------|--------------------------|--|
| Mortgage Revenue Bonds | | | | | |
| Meadow Valley | December 2021 | December 2029 | 6.25% | \$ 44,000,000 | \$ 32,525,000 |
| Residency at the Entrepreneur- Series J-3 | April 2022 | March 2040 | 6.00% | 26,080,000 | 21,180,000 |
| Residency at the Entrepreneur- Series J-4 | April 2022 | March 2040 | SOFR + 3.60% ⁽²⁾ | 16,420,000 | 16,420,000 |
| Residency at the Entrepreneur- Series J-5 | February 2023 | April 2025 ⁽³⁾ | SOFR + 3.60% | 5,000,000 | 4,000,000 |
| Residency at Empire - Series BB-3 | December 2022 | December 2040 | 6.45% ⁽⁴⁾ | 14,000,000 | 13,945,000 |
| Residency at Empire - Series BB-4 | December 2022 | December 2040 | 6.45% ⁽⁵⁾ | 47,000,000 | 47,000,000 |
| Subtotal | | | | 152,500,000 | 135,070,000 |
| Taxable Mortgage Revenue Bonds | | | | | |
| Residency at the Mayer Series A-T | October 2021 | April 2024 ⁽³⁾ | SOFR + 3.70% | \$ 12,500,000 | \$ 8,000,000 |
| Residency at the Entrepreneur Series J-T | April 2022 | April 2025 ⁽³⁾ | SOFR + 3.65% | 8,000,000 | 7,000,000 |
| Residency at Empire - Series BB-T | December 2022 | December 2025 ⁽³⁾ | 7.45% | 9,404,500 | 8,404,500 |
| Village at Hanford Square - Series H-T | May 2023 | May 2030 | 7.25% | 10,400,000 | 9,400,000 |
| 40rty on Colony - Series P-T | June 2023 | June 2030 | 7.45% | 5,950,000 | 4,950,000 |
| Subtotal | | | | 46,254,500 | 37,754,500 |
| Governmental Issuer Loans | | | | | |
| Osprey Village | July 2021 | August 2024 ⁽³⁾ | SOFR + 3.07% | \$ 60,000,000 | \$ 1,473,020 |
| Poppy Grove I | September 2022 | April 2025 ⁽³⁾ | 6.78% | 35,688,328 | 22,342,328 |
| Poppy Grove II | September 2022 | April 2025 ⁽³⁾ | 6.78% | 22,250,000 | 15,708,700 |
| Poppy Grove III | September 2022 | April 2025 ⁽³⁾ | 6.78% | 39,119,507 | 27,569,507 |
| Subtotal | | | | 157,057,835 | 67,093,555 |
| Taxable Governmental Issuer Loans | | | | | |
| Poppy Grove I | September 2022 | April 2025 ⁽³⁾ | 6.78% | \$ 21,157,672 | \$ 20,157,672 |
| Poppy Grove II | September 2022 | April 2025 ⁽³⁾ | 6.78% | 10,941,300 | 9,941,300 |
| Poppy Grove III | September 2022 | April 2025 ⁽³⁾ | 6.78% | 24,480,493 | 23,480,493 |
| Subtotal | | | | 56,579,465 | 53,579,465 |
| Property Loans | | | | | |
| Osprey Village | July 2021 | August 2024 ⁽³⁾ | SOFR + 3.07% | \$ 25,500,000 | \$ 24,500,000 |
| Willow Place Apartments | September 2021 | October 2024 ⁽³⁾ | SOFR + 3.30% | 21,351,328 | 11,320,296 |
| Subtotal | | | | 46,851,328 | 35,820,296 |
| Equity Investments | | | | | |
| Vantage at San Marcos ^{(6),(7)} | November 2020 | N/A | N/A | \$ 9,914,529 | \$ 8,943,914 |
| Vantage at Loveland ⁽⁸⁾ | April 2021 | N/A | N/A | 18,215,000 | 1,886,000 |
| Freestone Greeley ⁽⁷⁾ | October 2022 | N/A | N/A | 16,035,710 | 11,325,008 |
| Freestone Cresta Bella | November 2022 | N/A | N/A | 16,405,514 | 6,165,518 |
| Valage Senior Living Carson Valley | February 2023 | N/A | N/A | 8,163,301 | 2,760,119 |
| Subtotal | | | | 68,734,054 | 31,080,559 |
| Bond Purchase Commitments | | | | | |
| Anaheim & Walnut | September 2021 | Q3 2024 ⁽⁹⁾ | 4.85% | \$ 3,900,000 | \$ 3,900,000 |
| Subtotal | | | | 3,900,000 | 3,900,000 |
| Total Commitments | | | | \$ 531,877,182 | \$ 364,298,375 |

(1)The variable index interest rate components are typically subject to floors that range from 0% to 0.85%.

(2)Upon stabilization, the MRB will convert to a fixed rate of 8.0% and become subordinate to the other senior MRBs.

(3)The borrowers may elect to extend the maturity date for a period ranging between six and twelve months upon meeting certain conditions, which may include payment of a non-refundable extension fee.

(4)Beginning December 2029, the interest rate will change to the greater of (i) 3.25% over the then 10-Year SOFR Swap rate, or (ii) 6.00%.

(5)Upon stabilization, the MRB will convert to a fixed rate of 10.0% and become subordinate to the other senior MRBs of the borrower.

(6)The property became a consolidated VIE effective during the fourth quarter of 2021 (Note 5).

(7)A development site has been identified for this property but construction had not commenced as of June 30, 2023.

(8)In July 2023, the Partnership's initial commitment of \$16.3 million was increased by \$1.9 million upon meeting certain conditions as outlined in the original agreement.

(9)This is the estimated closing date of the associated bond purchase commitment.

Other Guaranties and Commitments

The Partnership has entered into guaranty agreements with unaffiliated entities under which the Partnership has guaranteed certain obligations of the general partners of certain limited partnerships upon the occurrence of a "repurchase event." Potential repurchase events include LIHTC tax credit recapture and foreclosure. The Partnership's maximum exposure is limited to 75% of the equity contributed by the limited partner to each limited partnership. No amount has been accrued for these guaranties because the Partnership believes the likelihood of repurchase events is remote. The following table summarizes the Partnership's maximum exposure under these guaranty agreements as of June 30, 2023:

| Limited Partnership(s) | End of Guaranty Period | Partnership's Maximum Exposure as of June 30, 2023 |
|-------------------------|------------------------|---|
| Ohio Properties | 2026 | \$ 2,310,609 |
| Greens of Pine Glen, LP | 2027 | 1,662,397 |

In December 2022, the Partnership sold 100% of its ownership interest in The 50/50 MF Property to an unrelated non-profit organization. The buyer assumed two mortgages payable associated with the property and the Partnership agreed to provide certain recourse support for the assumed mortgages. The TIF Loan support is in the form of a payment guaranty. The Mortgage support is in the form of a forward loan purchase agreement upon maturity of the Mortgage. The reported value of the credit guaranties was approximately \$353,000 and \$363,000 as of June 30, 2023 and December 31, 2022, respectively, and are included within other liabilities in the Partnership's condensed consolidated financial statements. No additional contingent liability has been accrued because the likelihood of claims is remote. The following table summarizes the Partnership's maximum exposure under these credit guaranties as of June 30, 2023:

| Borrower | End of Guaranty Period | Partnership's Maximum Exposure as of June 30, 2023 |
|---------------------------------|------------------------|---|
| The 50/50 MF Property--TIF Loan | 2025 | \$ 1,515,941 |
| The 50/50 MF Property--Mortgage | 2027 | 22,140,405 |

20. Redeemable Preferred Units

The Partnership has designated three series of non-cumulative, non-voting, non-convertible Preferred Units that represent limited partnership interests in the Partnership consisting of the Series A Preferred Units, the Series A-1 Preferred Units, and the Series B Preferred Units. The Preferred Units have no stated maturity, are not subject to any sinking fund requirements, and will remain outstanding indefinitely unless redeemed by the Partnership or by the holder. If declared by the General Partner, distributions to the holders of Series A Preferred Units, Series A-1 Preferred Units, and Series B Preferred Units, are paid quarterly at annual fixed rates of 3.0%, 3.0% and 5.75%, respectively.

Upon the sixth anniversary of the closing of the sale or issuance of Series A Preferred Units, Series A-1 Preferred Units and Series B Preferred Units to a subscriber, and upon each anniversary thereafter, the Partnership and each holder have the right to redeem, in whole or in part, the Preferred Units held by such holder at a per unit redemption price equal to \$10.00 per unit, plus an amount equal to all declared and unpaid distributions through the date of the redemption. Each holder desiring to exercise its redemption rights must provide written notice of its intent to so exercise no less than 180 calendar days prior to any such redemption date.

In the event of any liquidation, dissolution, or winding up of the Partnership, the holders of the Series A Preferred Units, Series A-1 Preferred Units and Series B Preferred Units are entitled to a liquidation preference in connection with their investments. With respect to anticipated quarterly distributions and rights upon liquidation, dissolution, or the winding-up of the Partnership's affairs, the Series A Preferred Units and Series A-1 Preferred Units will rank: (a) senior to the Partnership's BUCs, the Series B Preferred Units, and to any other class or series of Partnership interests or securities expressly designated as ranking junior to the Series A Preferred Units or Series A-1 Preferred Units; (b) junior to the Partnership's existing indebtedness (including indebtedness outstanding under the Partnership's senior bank credit facility) and other liabilities with respect to assets available to satisfy claims against the Partnership; and (c) junior to any other class or series of Partnership interests or securities expressly designated as ranking senior to the Series A Preferred Units or Series A-1 Preferred Units. The Series B Preferred Units will rank: (a) senior to the BUCs and to any other class or series of Partnership interests or securities that is not expressly designated as ranking senior or on parity with the Series B Preferred Units; (b) junior to the Series A Preferred Units and Series A-1 Preferred Units and to each other class or series of Partnership interests or securities with terms expressly made senior to the Series B Preferred Units; and (c) junior to all the Partnership's existing indebtedness (including indebtedness outstanding under the Partnership's senior bank credit facility) and other liabilities with respect to assets available to satisfy claims against the Partnership.

The Partnership previously issued Series A Preferred Units via a private placement to five financial institutions. In April 2022, October 2022, and February 2023, the Partnership issued Series A-1 Preferred Units in exchange for previously issued Series A Preferred Units. These Series A-1 Preferred Units were issued in a registered offering pursuant to a registration statement on Form S-4, which was declared effective by the Securities and Exchange Commission (the "Commission") on July 6, 2021, and subsequently amended pursuant to a Post-Effective Amendment to the Form S-4, which was declared effective by the Commission on April 13, 2022. In February 2023 and June 2023, the Partnership issued new Series A-1 Preferred Units to two financial institutions in registered offerings pursuant to a registration statement on Form S-3, which was declared effective by the Securities and Exchange Commission (the "Commission") on September 9, 2021, and subsequently amended pursuant to a Post-Effective Amendment to the Form S-3, which was declared effective by the Commission on April 13, 2022. The Partnership had not issued any Series B Preferred Units as of June 30, 2023.

The following table summarizes the outstanding Preferred Units as of June 30, 2023 and December 31, 2022:

| Month Issued | Units | Purchase Price | June 30, 2023 Distribution Rate | Redemption Price per Unit | Earliest Redemption Date |
|-----------------------------------|-------------------|-----------------------|---------------------------------------|------------------------------|-----------------------------|
| Series A Preferred Units | | | | | |
| March 2016 | 1,000,000 | \$ 10,000,000 | 3.00 % | \$ 10.00 | March 2024 ⁽¹⁾ |
| March 2017 | 1,000,000 | 10,000,000 | 3.00 % | 10.00 | March 2024 ⁽¹⁾ |
| August 2017 | 2,000,000 | 20,000,000 | 3.00 % | 10.00 | August 2023 ⁽²⁾ |
| October 2017 | 1,750,000 | 17,500,000 | 3.00 % | 10.00 | October 2023 ⁽³⁾ |
| Total Series A Preferred Units | 5,750,000 | 57,500,000 | | | |
| Series A-1 Preferred Units | | | | | |
| April 2022 | 2,000,000 | \$ 20,000,000 | 3.00 % | 10.00 | April 2028 |
| October 2022 | 1,000,000 | 10,000,000 | 3.00 % | 10.00 | October 2028 |
| February 2023 | 1,500,000 | 15,000,000 | 3.00 % | 10.00 | February 2029 |
| June 2023 | 1,000,000 | 10,000,000 | 3.00 % | 10.00 | June 2029 |
| Total Series A-1 Preferred Units | 5,500,000 | 55,000,000 | | | |
| Redeemable Preferred Units | | | | | |
| outstanding as of June 30, 2023 | <u>11,250,000</u> | <u>\$ 112,500,000</u> | | | |

(1) The holder did not provide a notice of its intent to redeem prior to the date 180 days before the most recent optional redemption date. Accordingly, the holder's next optional redemption date is on the next anniversary of the sale of the Series A Preferred Units.

(2) In February 2023, the holder provided notice of its intent to redeem its Series A Preferred Units in August 2023.

(3) In April 2023, the holder of \$10.0 million of Series A Preferred Units provided notice of its intent to redeem its investment in October 2023.

| Month Issued | Units | Purchase Price | December 31, 2022 Distribution Rate | Redemption Price per Unit |
|-------------------------------------|------------------|----------------------|---|------------------------------|
| Series A Preferred Units | | | | |
| March 2016 | 1,000,000 | \$ 10,000,000 | 3.00 % | \$ 10.00 |
| December 2016 | 700,000 | 7,000,000 | 3.00 % | 10.00 |
| March 2017 | 1,000,000 | 10,000,000 | 3.00 % | 10.00 |
| August 2017 | 2,000,000 | 20,000,000 | 3.00 % | 10.00 |
| October 2017 | 1,750,000 | 17,500,000 | 3.00 % | 10.00 |
| Total Series A Preferred Units | 6,450,000 | 64,500,000 | | |
| Series A-1 Preferred Units | | | | |
| April 2022 | 2,000,000 | \$ 20,000,000 | 3.00 % | 10.00 |
| October 2022 | 1,000,000 | 10,000,000 | 3.00 % | 10.00 |
| Total Series A-1 Preferred Units | 3,000,000 | 30,000,000 | | |
| Redeemable Preferred Units | | | | |
| outstanding as of December 31, 2022 | <u>9,450,000</u> | <u>\$ 94,500,000</u> | | |

21. Restricted Unit Awards

The Partnership's Plan permits the grant of restricted units and other awards to the employees of Greystone Manager, the Partnership, or any affiliate of either, and members of the Board of Managers of Greystone Manager for up to 1.0 million BUCs. As of June 30, 2023, there were approximately 374,000 restricted units and other awards available for future issuance. RUA's have historically been granted with vesting conditions ranging from three months to up to three years. Unvested RUA's are typically entitled to receive distributions during the restriction period. The Plan provides for accelerated vesting of the RUA's if there is a change in control related to the Partnership, the General Partner, or the general partner of the General Partner, or upon death or disability of the Plan participant.

The fair value of each RUA is estimated on the grant date based on the Partnership's exchange-listed closing price of the BUCs. The Partnership recognizes compensation expense for the RUA's on a straight-line basis over the requisite vesting period. The compensation expense for RUA's totaled approximately \$587,000 and \$165,000 for the three months ended June 30, 2023 and 2022, respectively. The compensation expense for RUA's totaled approximately \$937,000 and \$339,000 for the six months ended June 30, 2023 and 2022, respectively. Compensation expense is reported within "General and administrative expenses" in the Partnership's condensed consolidated statements of operations.

The following table summarizes the RUA activity for the six months ended June 30, 2023 and for the year ended December 31, 2022:

| | Restricted Units Awarded | Weighted average Grant-date Fair Value |
|----------------------------------|-----------------------------|--|
| Unvested as of January 1, 2022 | 77,523 | \$ 18.18 |
| Granted | 96,321 | 19.33 |
| Vested | (81,073) | 18.26 |
| Forfeited | (5,437) | 18.76 |
| Unvested as of December 31, 2022 | 87,334 | 19.33 |
| Granted | 104,242 | 17.67 |
| Unvested as of June 30, 2023 | <u>191,576</u> | <u>\$ 18.43</u> |

The unrecognized compensation expense related to unvested RUA's granted under the Plan was approximately \$2.0 million as of June 30, 2023. The remaining compensation expense is expected to be recognized over a weighted average period of 1.1 years. The total intrinsic value of unvested RUA's was approximately \$3.2 million as of June 30, 2023.

22. Transactions with Related Parties

The Partnership incurs costs for services and makes contractual payments to AFCA 2, AFCA 2's general partner, and their affiliates. The costs are reported either as expenses or capitalized costs depending on the nature of each item. The following table summarizes transactions with related parties that are reflected in the Partnership's condensed consolidated financial statements for the three and six months ended June 30, 2023 and 2022:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|-------------------------------------|--------------|-----------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Partnership administrative fees paid to AFCA 2 ⁽¹⁾ | \$ 1,628,000 | \$ 1,263,000 | \$ 3,206,000 | \$ 2,480,000 |
| Reimbursable franchise margin taxes incurred on behalf of unconsolidated entities ⁽²⁾ | 123,000 | 156,000 | 138,000 | 175,000 |
| Referral fees paid to an affiliate ⁽³⁾ | 29,750 | 108,000 | 106,000 | 108,000 |

⁽¹⁾ AFCA 2 is entitled to receive an administrative fee from the Partnership equal to 0.45% per annum of the outstanding principal balance of any of its investment assets for which the owner of the financed property or other third party is not obligated to pay such administrative fee directly to AFCA 2. The disclosed amounts represent administrative fees paid or accrued during the periods specified and are reported within "General and administrative expenses" on the Partnership's condensed consolidated statements of operations.

⁽²⁾ The Partnership pays franchise margin taxes on revenues in Texas related to its investments in unconsolidated entities. Such taxes are paid by the Partnership as the unconsolidated entities are required by tax regulations to be included in the Partnership's group franchise tax return. Since the Partnership is reimbursed for the franchise margin taxes paid on behalf of the unconsolidated entities, these taxes are not reported on the Partnership's condensed consolidated statements of operations.

⁽³⁾ The Partnership has an agreement with an affiliate of Greystone, in which the Greystone affiliate is entitled to receive a referral fee up to 0.25% of the original principal amount of executed tax-exempt loan or tax-exempt bond transactions introduced to the Partnership by the Greystone affiliate. The term of the agreement ends December 31, 2023, unless the parties mutually agree to extend the term. The Partnership accounts for referral fees as bond origination costs that are deferred and amortized as a yield adjustment to the related investment asset.

AFCA 2 receives fees from the borrowers and sponsors of the Partnership's investment assets for services provided to the borrower and based on the occurrence of certain investment transactions. These fees were paid by the borrowers or sponsors and are not reported in the Partnership's condensed consolidated financial statements. The following table summarizes transactions between borrowers of the Partnership's affiliates for the three and six months ended June 30, 2023 and 2022:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|-------------------------------------|-----------|-----------------------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Non-Partnership property administrative fees received by AFCA 2 ⁽¹⁾ | \$ - | \$ 8,000 | \$ - | \$ 17,000 |
| Investment/mortgage placement fees earned by AFCA 2 ⁽²⁾ | 785,000 | 1,234,000 | 3,042,000 | 1,234,000 |

⁽¹⁾AFCA 2 received administrative fees directly from the owners of certain properties financed by certain MRBs held by the Partnership. These administrative fees equal 0.45% per annum of the outstanding principal balance of the MRBs. The disclosed amounts represent administrative fees received by AFCA 2 during the periods specified.

⁽²⁾AFCA 2 received placement fees in connection with the acquisition of certain MRBs, taxable MRBs, GILs, taxable GILs and property loans and investments in unconsolidated entities.

Greystone Servicing Company LLC, an affiliate of the Partnership, has forward committed to purchase ten of the Partnership's GILs (Note 7), once certain conditions are met, at a price equal to the outstanding principal plus accrued interest. Greystone Servicing Company LLC is committed to then immediately sell the GILs to Freddie Mac pursuant to a financing commitment between Greystone Servicing Company LLC and Freddie Mac. In June 2023, Greystone Servicing Company LLC purchased the Oasis at Twin Lakes GIL for approximately \$34.1 million, consisting of principal and accrued interest.

Greystone Select, an affiliate of the Partnership, has provided a deficiency guaranty of the Partnership's obligations under the Secured Credit Agreement related to the Partnership's General LOC (Note 15). The guaranty is enforceable if an event of default occurs, the administrative agent takes certain actions in relation to the collateral and the amounts due under the Secured Credit Agreement are not collected within a certain period of time after the commencement of such actions. No fees were paid to Greystone Select related to the deficiency guaranty agreement.

Greystone Property Management Corporation, an affiliate of the Partnership, provides property management services to three MRB properties. These property management fees are paid by the respective property owners out of the revenues generated by the respective property prior to the payment of debt service on the Partnership's MRBs.

The Partnership reported receivables due from unconsolidated entities of approximately \$149,000 and \$325,000 as of June 30, 2023 and December 31, 2022, respectively. These amounts are reported within "Other assets" in the Partnership's condensed consolidated balance sheets. The Partnership had outstanding liabilities due to related parties totaling approximately \$631,000 and \$654,000 as of June 30, 2023 and December 31, 2022, respectively. These amounts are reported within "Accounts payable, accrued expenses and other liabilities" in the Partnership's condensed consolidated balance sheets.

23. Fair Value of Financial Instruments

Current accounting guidance on fair value measurements establishes a framework for measuring fair value and provides for expanded disclosures about fair value measurements. The guidance:

- Defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date; and
- Establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability on the measurement date.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the hierarchy are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs are unobservable inputs for assets or liabilities.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value on a recurring basis.

Investments in MRBs, Taxable MRBs and Bond Purchase Commitments

The fair value of the Partnership's investments in MRBs, taxable MRBs and bond purchase commitments as of June 30, 2023 and December 31, 2022, is based upon prices obtained from third-party pricing services, which are estimates of market prices. There is no active trading market for these securities, and price quotes for the securities are not available. The valuation methodology of the Partnership's third-party pricing services incorporates commonly used market pricing methods. The valuation methodology considers the underlying characteristics of each security as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, illiquidity, legal structure of the borrower, collateral, seniority to other obligations, operating results of the underlying property, geographic location, and property quality. These characteristics are used to estimate an effective yield for each security. The security fair value is estimated using a discounted cash flow and yield to maturity or call analysis by applying the effective yield to contractual cash flows. Significant increases (decreases) in the effective yield would have resulted in a significantly lower (higher) fair value estimate. Changes in fair value due to an increase or decrease in the effective yield do not impact the Partnership's cash flows.

The Partnership evaluates pricing data received from the third-party pricing services by evaluating consistency with information from either the third-party pricing services or public sources. The fair value estimates of the MRBs, taxable MRBs and bond purchase commitments are based largely on unobservable inputs believed to be used by market participants and requires the use of judgment on the part of the third-party pricing services and the Partnership. Due to the judgments involved, the fair value measurements of the Partnership's investments in MRBs, taxable MRBs and bond purchase commitments are categorized as Level 3 assets.

The range of effective yields and weighted average effective yields of the Partnership's investments in MRBs, taxable MRBs and bond purchase commitments as of June 30, 2023 and December 31, 2022 are as follows:

| Security Type | Range of Effective Yields | | Weighted Average Effective Yields ⁽¹⁾ | |
|---------------------------------------|---------------------------|-------------------|--|-------------------|
| | June 30, 2023 | December 31, 2022 | June 30, 2023 | December 31, 2022 |
| Mortgage revenue bonds ⁽²⁾ | 2.6% - 7.8% | 2.6% - 20.3% | 5.0 % | 5.1 % |
| Taxable mortgage revenue bonds | 6.8% - 11.1% | 6.5% - 11.4% | 8.4 % | 7.6 % |
| Bond purchase commitments | 4.3% | 4.5% | 4.3 % | 4.5 % |

(1) Weighted by the total principal outstanding of all the respective securities as of the reporting date.

(2) Mortgage revenue bonds excludes the Provision Center 2014-1 MRB for figures as of June 30, 2023 as the proton therapy center securing the MRB was successfully sold out of bankruptcy in July 2022 and we received liquidation proceeds of \$3.7 million in January 2023. The valuation as of June 30, 2023 is based on expected additional liquidation proceeds of approximately \$930,000 at final liquidation.

Derivative Instruments

The effect of the Partnership's interest rate swap agreements is to change a variable rate debt obligation to a fixed rate for that portion of the debt equal to the notional amount of the derivative agreement. The Partnership uses a third-party pricing service that incorporates commonly used market pricing methods to value the swap positions. The fair value is based on a model that considers observable indices and observable market trades for similar arrangements and therefore the interest rate swaps are categorized as Level 2 assets or liabilities.

The effect of the Partnership's interest rate cap is to set a cap, or upper limit, subject to performance of the counterparty, on the base rate of interest paid on the Partnership's variable rate debt financings equal to the notional amount of the derivative agreement. The Partnership uses a third-party pricing service to value the cap positions. The inputs into the interest rate cap agreements valuation model include SOFR rates, unobservable adjustments to account for the SIFMA index, as well as any recent interest rate cap trades with similar terms. The fair value is based on a model with inputs that are not observable and therefore the interest rate cap is categorized as a Level 3 asset.

The effect of the Partnership's total return swap is to lower the net interest rate related to the Partnership's Secured Notes equal to the notional amount of the derivative agreement. The Partnership uses a third-party pricing service to value the total return swap position and the inputs in the total return swap valuation model include changes in the value of the Secured Notes and the associated changes in value of the underlying assets securing the Secured Notes, accrued and unpaid interest, and any potential gain share amounts. The fair value is based on a model with inputs that are not observable and therefore the total return swaps are categorized as Level 3 assets or liabilities.

Assets measured at fair value on a recurring basis as of June 30, 2023 are summarized as follows:

| Description | Assets at Fair Value | Fair Value Measurements as of June 30, 2023 | | |
|---|-------------------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | |
| Mortgage revenue bonds, held in trust | \$ 885,677,292 | \$ - | \$ - | \$ 885,677,292 |
| Mortgage revenue bonds | 20,286,687 | - | - | 20,286,687 |
| Bond purchase commitments (reported within other assets) | 138,100 | - | - | 138,100 |
| Taxable mortgage revenue bonds (reported within other assets) | 22,297,418 | - | - | 22,297,418 |
| Derivative instruments (reported within other assets) | 10,099,320 | - | 9,797,696 | 301,624 |
| Total Assets at Fair Value, net | \$ 938,498,817 | \$ - | \$ 9,797,696 | \$ 928,701,121 |

The following tables summarize the activity related to Level 3 assets for the three and six months ended June 30, 2023:

| Description | For the Three Months Ended June 30, 2023 | | | | |
|--|--|------------------------------|-----------------------------------|---------------------------|----------------|
| | Mortgage Revenue Bonds ⁽¹⁾ | Bond Purchase Commitments | Taxable Mortgage Revenue Bonds | Derivative Instruments | Total |
| Beginning Balance April 1, 2023 | \$ 867,383,622 | \$ 211,476 | \$ 18,146,540 | \$ 285,145 | \$ 886,026,783 |
| Total gains (losses) (realized/unrealized) | | | | | |
| Included in earnings (interest income and interest expense) | 77,836 | - | (6,049) | 1,311,754 | 1,383,541 |
| Included in other comprehensive income | (11,144,483) | (73,376) | (355,087) | - | (11,572,946) |
| Purchases and advances | 51,164,875 | - | 4,514,875 | - | 55,679,750 |
| Settlements and redemptions | (1,517,871) | - | (2,861) | (1,295,275) | (2,816,007) |
| Ending Balance June 30, 2023 | \$ 905,963,979 | \$ 138,100 | \$ 22,297,418 | \$ 301,624 | \$ 928,701,121 |
| Total amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets or liabilities held on June 30, 2023 | \$ 17,345 | \$ - | \$ - | \$ (8,235) | \$ 9,110 |

⁽¹⁾Mortgage revenue bonds includes both bonds held in trust as well as those held by the Partnership.

| Description | For the Six Months ended June 30, 2023 | | | | |
|--|--|------------------------------|-----------------------------------|---------------------------|----------------|
| | Mortgage Revenue Bonds ⁽¹⁾ | Bond Purchase Commitments | Taxable Mortgage Revenue Bonds | Derivative Instruments | Total |
| Beginning Balance January 1, 2023 | \$ 799,408,004 | \$ 98,929 | \$ 16,531,896 | \$ 331,240 | \$ 816,370,069 |
| Total gains (losses) (realized/unrealized) | | | | | |
| Included in earnings (interest income and interest expense) | 155,329 | - | (12,099) | 2,629,139 | 2,772,369 |
| Included in other comprehensive income | 9,434,568 | 39,171 | (536,596) | - | 8,937,143 |
| Purchases and advances | 111,787,688 | - | 6,319,875 | - | 118,107,563 |
| Settlements and redemptions | (14,821,610) | - | (5,658) | (2,658,755) | (17,486,023) |
| Ending Balance June 30, 2023 | \$ 905,963,979 | \$ 138,100 | \$ 22,297,418 | \$ 301,624 | \$ 928,701,121 |
| Total amount of gains (losses) for the period included in earnings attributable to the change in unrealized losses relating to assets or liabilities held on June 30, 2023 | \$ 34,312 | \$ - | \$ - | \$ (14,259) | \$ 20,053 |

⁽¹⁾Mortgage revenue bonds includes both bonds held in trust as well as those held by the Partnership.

Assets measured at fair value on a recurring basis as of December 31, 2022 are summarized as follows:

| Description | Assets at Fair Value | Fair Value Measurements as of December 31, 2022 | | |
|---|-----------------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Mortgage revenue bonds, held in trust | \$ 763,208,945 | \$ - | \$ - | \$ 763,208,945 |
| Mortgage revenue bonds | 36,199,059 | - | - | 36,199,059 |
| Bond purchase commitments (reported within other assets) | 98,929 | - | - | 98,929 |
| Taxable mortgage revenue bonds (reported within other assets) | 16,531,896 | - | - | 16,531,896 |
| Derivative instruments (reported within other assets) | 7,530,438 | - | 7,199,198 | 331,240 |
| Total Assets at Fair Value, net | \$ 823,569,267 | \$ - | \$ 7,199,198 | \$ 816,370,069 |

The following tables summarize the activity related to Level 3 assets and liabilities for the three and six months ended June 30, 2022:

| | For the Three Months ended June 30, 2022 | | | | |
|--|---|---------------------------|--------------------------------|------------------------|-----------------------|
| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | | |
| | Mortgage Revenue Bonds ⁽¹⁾ | Bond Purchase Commitments | Taxable Mortgage Revenue Bonds | Derivative Instruments | Total |
| Beginning Balance April 1, 2022 | \$ 734,955,898 | \$ 145,323 | \$ 9,535,962 | \$ 397,658 | \$ 745,034,841 |
| Total gains (losses) (realized/unrealized) | | | | | |
| Included in earnings (interest income and interest expense) | 103,982 | - | (10,072) | 1,324,000 | 1,417,910 |
| Included in other comprehensive income | (19,763,232) | (136,370) | (116,770) | - | (20,016,372) |
| Purchases and advances | 20,579,250 | - | 2,050,750 | - | 22,630,000 |
| Settlements and redemptions | (8,596,901) | - | (2,614) | (1,323,378) | (9,922,893) |
| Ending Balance June 30, 2022 | <u>\$ 727,278,997</u> | <u>\$ 8,953</u> | <u>\$ 11,457,256</u> | <u>\$ 398,280</u> | <u>\$ 739,143,486</u> |
| Total amount of gains (losses) for the period included in earnings attributable to the change in unrealized losses relating to assets or liabilities held on June 30, 2022 | <u>\$ 17,344</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (12,258)</u> | <u>\$ 5,086</u> |

⁽¹⁾Mortgage revenue bonds includes both bonds held in trust as well as those held by the Partnership.

| | For the Six Months Ended June 30, 2022 | | | | |
|---|---|---------------------------|--------------------------------|------------------------|-----------------------|
| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | | |
| | Mortgage Revenue Bonds ⁽¹⁾ | Bond Purchase Commitments | Taxable Mortgage Revenue Bonds | Derivative Instruments | Total |
| Beginning Balance January 1, 2022 | \$ 793,509,844 | \$ 964,404 | \$ 3,428,443 | \$ 343,418 | \$ 798,246,109 |
| Total gains (losses) (realized/unrealized) | | | | | |
| Included in earnings (interest income and interest expense) | 218,282 | - | (10,072) | 3,198,738 | 3,406,948 |
| Included in other comprehensive income | (67,299,965) | (955,451) | (331,693) | - | (68,587,109) |
| Purchases and advances | 89,944,250 | - | 8,375,750 | - | 98,320,000 |
| Settlements and redemptions | (88,232,881) | - | (5,172) | (3,143,876) | (91,381,929) |
| Other ⁽²⁾ | (860,533) | - | - | - | (860,533) |
| Ending Balance June 30, 2022 | <u>\$ 727,278,997</u> | <u>\$ 8,953</u> | <u>\$ 11,457,256</u> | <u>\$ 398,280</u> | <u>\$ 739,143,486</u> |
| Total amount of gains for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets or liabilities held on June 30, 2022 | <u>\$ 22,623</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 122,126</u> | <u>\$ 144,749</u> |

⁽¹⁾Mortgage revenue bonds includes both bonds held in trust as well as those held by the Partnership.

⁽²⁾The other line is related to a re-allocation of the loan loss allowance upon restructuring of the Live 929 Apartments MRBs and property loan.

Total gains and losses included in earnings for the derivative instruments are reported within "Interest expense" in the Partnership's condensed consolidated statements of operations.

As of June 30, 2023 and December 31, 2022, the Partnership utilized a third-party pricing service to determine the fair value of the Partnership's GILs, taxable GILs, and construction financing property loans that share a first mortgage lien with the GILs, which is an estimate of their market price. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. The valuation methodology considers the underlying characteristics of the GILs and property loans as well as other quantitative and qualitative characteristics including, but not limited to, the progress of construction and operations of the underlying properties, and the financial capacity of guarantors. The valuation methodology also considers the probability that conditions for the execution of forward commitments to purchase the GILs will be met. Due to the judgments involved, the fair value measurements of the Partnership's GILs, taxable GIL, and construction financing property loans are categorized as Level 3 assets. The estimated fair value of the GILs and taxable GILs was \$307.2 million and \$12.3 million as of June 30, 2023, respectively. The estimated fair value of the GILs and taxable GILs was \$305.0 million and \$6.8 million as of December 31, 2022, respectively. The fair value of the construction financing property loans approximated amortized cost as of June 30, 2023 and December 31, 2022.

As of June 30, 2023 and December 31, 2022, the Partnership utilized a third-party pricing service to determine the fair value of the Partnership's financial liabilities, which are estimates of market prices. The valuation methodology of the Partnership's third-party pricing service incorporates commonly used market pricing methods. The valuation methodology considers the underlying characteristics of each financial liability as well as other quantitative and qualitative characteristics including, but not limited to, market interest rates, legal structure, seniority to other obligations, operating results of the underlying assets, and asset quality. The financial liability values are then estimated using a discounted cash flow and yield to maturity or call analysis.

The Partnership evaluates pricing data received from the third-party pricing service, including consideration of current market interest rates, quantitative and qualitative characteristics of the underlying collateral, and other information from either the third-party pricing service or public sources. The fair value estimates of these financial liabilities are based largely on unobservable inputs believed to be used by market participants and require the use of judgment on the part of the third-party pricing service and the Partnership. Due to the judgments involved, the fair value measurements of the Partnership's financial liabilities are categorized as Level 3 liabilities. The TEBS financings are credit enhanced by Freddie Mac. The TOB trust financings are credit enhanced by either Mizuho or Barclays. The table below summarizes the fair value of the Partnership's financial liabilities as of June 30, 2023 and December 31, 2022:

| | June 30, 2023 | | December 31, 2022 | |
|---|------------------|------------------|-------------------|------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Liabilities: | | | | |
| Debt financing | \$ 1,154,029,163 | \$ 1,153,187,686 | \$ 1,058,903,952 | \$ 1,059,674,409 |
| Secured lines of credit | 12,500,000 | 12,500,000 | 55,500,000 | 55,500,000 |
| Mortgages payable and other secured financing | 1,690,000 | 1,690,000 | 1,690,000 | 1,690,000 |

24. Segments

As of June 30, 2023, the Partnership had four reportable segments: (1) Affordable Multifamily MRB Investments, (2) Seniors and Skilled Nursing MRB Investments, (3) MF Properties, and (4) Market-Rate Joint Venture Investments. The Partnership separately reports its consolidation and elimination information because it does not allocate certain items to the segments.

Affordable Multifamily MRB Investments Segment

The Affordable Multifamily MRB Investments segment consists of the Partnership's portfolio of MRBs, GILs, and related property loans that have been issued to provide construction and/or permanent financing for multifamily residential and commercial properties in their market areas. Such MRBs and GILs are held as investments and the related property loans, net of loan loss allowances, are reported as such in the Partnership's condensed consolidated balance sheets. As of June 30, 2023, the Partnership reported 81 MRBs and 12 GILs in this segment. As of June 30, 2023, the multifamily residential properties securing the MRBs and GILs contain a total of 11,325 and 2,191 multifamily rental units, respectively. In addition, one MRB (Provision Center 2014-1) was collateralized by commercial real estate prior to a sale of the underlying real estate in July 2022 (Note 6). All "General and administrative expenses" on the Partnership's condensed consolidated statements of operations are reported within this segment.

Seniors and Skilled Nursing MRB Investments Segment

The Seniors and Skilled Nursing MRB Investments segment consists of two MRBs and a property loan that have been issued to provide acquisition, construction and/or permanent financing for seniors housing and skilled nursing properties. The property loan was redeemed in September 2022. Seniors housing consists of a combination of independent living, assisted living and memory care units. As of June 30, 2023, the two properties securing the MRBs contain a total of 294 beds.

Market-Rate Joint Venture Investments Segment

The Market-Rate Joint Venture Investments segment consists of the operations of ATAX Vantage Holdings, LLC, ATAX Freestone Holdings, LLC, and ATAX Senior Housing Holdings I, LLC, which make noncontrolling investments in unconsolidated entities for the construction, stabilization, and ultimate sale of market-rate multifamily and seniors housing properties (Note 9). The Market-Rate Joint Venture Investments segment also includes the consolidated VIE of Vantage at San Marcos (Note 5).

MF Properties Segment

The MF Properties segment consists primarily of a student housing residential property held by the Partnership (Note 10). During the time the Partnership holds an interest in an MF Property, any excess cash flow will be available for distribution to the Partnership. As of June 30, 2023, the Partnership owned one MF Property containing a total of 384 rental units. Income tax expense for the Greens Hold Co is reported within this segment.

The following table details certain financial information for the Partnership's reportable segments for the three and six months ended June 30, 2023 and 2022:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|-------------------------------------|----------------------|-----------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Total revenues | | | | |
| Affordable Multifamily MRB Investments | \$ 22,952,542 | \$ 12,886,972 | \$ 44,390,475 | \$ 27,020,378 |
| Seniors and Skilled Nursing MRB Investments | 336,487 | 240,905 | 433,042 | 470,283 |
| Market-Rate Joint Venture Investments | 3,906,556 | 2,160,549 | 6,084,418 | 5,077,135 |
| MF Properties | 1,108,356 | 1,944,541 | 2,333,976 | 3,871,542 |
| Total revenues | \$ 28,303,941 | \$ 17,232,967 | \$ 53,241,911 | \$ 36,439,338 |
| Interest expense | | | | |
| Affordable Multifamily MRB Investments | \$ 8,844,276 | \$ 6,306,743 | \$ 26,553,967 | \$ 9,778,787 |
| Seniors and Skilled Nursing MRB Investments | (154,384) | - | (154,384) | - |
| Market-Rate Joint Venture Investments | 298,591 | 201,357 | 560,398 | 393,681 |
| MF Properties | - | 268,866 | - | 541,629 |
| Total interest expense | \$ 8,988,483 | \$ 6,776,966 | \$ 26,959,981 | \$ 10,714,097 |
| Depreciation expense | | | | |
| Affordable Multifamily MRB Investments | \$ 5,967 | \$ 5,961 | \$ 11,913 | \$ 11,923 |
| Seniors and Skilled Nursing MRB Investments | - | - | - | - |
| Market-Rate Joint Venture Investments | - | - | - | - |
| MF Properties | 399,441 | 678,401 | 798,476 | 1,356,101 |
| Total depreciation expense | \$ 405,408 | \$ 684,362 | \$ 810,389 | \$ 1,368,024 |
| Net income (loss) | | | | |
| Affordable Multifamily MRB Investments | \$ 9,780,399 | \$ 2,758,015 | \$ 8,978,826 | \$ 9,723,570 |
| Seniors and Skilled Nursing MRB Investments | 479,871 | 240,280 | 576,426 | 469,033 |
| Market-Rate Joint Venture Investments | 10,931,529 | 14,600,082 | 28,210,796 | 33,762,125 |
| MF Properties | 95,373 | 8,304 | 312,346 | (84,029) |
| Net income | \$ 21,287,172 | \$ 17,606,681 | \$ 38,078,394 | \$ 43,870,699 |

The following table details total assets for the Partnership's reportable segments as of June 30, 2023 and December 31, 2022:

| | June 30, 2023 | December 31, 2022 |
|---|-------------------------|-------------------------|
| Total assets | | |
| Affordable Multifamily MRB Investments | \$ 1,561,397,565 | \$ 1,520,609,550 |
| Seniors and Skilled Nursing MRB Investments | 33,697,571 | 3,551,307 |
| Market-Rate Joint Venture Investments | 110,213,872 | 120,089,351 |
| MF Properties | 38,398,525 | 41,699,828 |
| Consolidation/eliminations | (87,024,360) | (118,820,471) |
| Total assets | \$ 1,656,683,173 | \$ 1,567,129,565 |

25. Subsequent Events

In July 2023, the General LOC was amended to make various changes to terms and financial covenants. A summary of the material amendments is included in Note 15.

In July 2023, the Partnership entered into an additional interest rate swap agreement to mitigate interest rate risk associated with its variable rate TOB trust financings. The following table summarizes the terms of the interest rate swap agreement:

| Trade Date | Notional Amount | Effective Date | Termination Date | Fixed Rate Paid | Variable Rate Index Received | Variable Debt Financing Hedged | Counterparty |
|------------|-----------------|----------------|------------------|-----------------|------------------------------|--------------------------------|------------------------|
| July 2023 | \$ 6,240,000 | 8/1/2023 | 6/1/2030 | 3.645% | Compounded SOFR | TOB Trusts | Mizuho Capital Markets |

In July 2023, the Partnership entered into a new TOB trust financing arrangement with Mizuho. A portion of the proceeds were used to repay the outstanding balance on the Partnership's Acquisition LOC. The following table summarizes the initial terms of the TOB trust financing:

| TOB Trusts Securitization | TOB Trust Financing | Stated Maturity | Interest Rate Type | Tax-Exempt Interest on Senior Securities | Remarketing Senior Securities Rate | Facility Fees | Interest Rate |
|--------------------------------|---------------------|-----------------|--------------------|--|------------------------------------|---------------|---------------|
| 40rty on Colony - Series P MRB | \$ 4,465,000 | July 2026 | Variable | Yes | 3.31% | 1.44% | 4.75% |

In July 2023, the Partnership executed a \$16.5 million equity commitment to fund construction of The Jessam at Hays Farms, a to-be-constructed 318 unit market rate multifamily housing property in Huntsville, AL.

In July 2023, the Ocotillo Springs property achieved stabilization and the borrower converted to permanent financing. The Ocotillo Springs - Series A-T taxable MRB with outstanding principal of \$7.0 million was redeemed in full. The Ocotillo Springs - Series A MRB was paid down to its permanent financing size. The following table summarizes the terms of the Ocotillo Springs MRB after conversion:

| Mortgage Revenue Bond Name | Month Acquired | Property Location | Units | Maturity Date | Fixed Interest Rate | Principal Acquired |
|-------------------------------|----------------|-------------------|-------|---------------|---------------------|---------------------|
| Ocotillo Springs - Series A | July 2023 | Brawley, CA | 75 | 8/1/2038 | 4.35% | \$ 3,500,000 |
| Ocotillo Springs - Series A-1 | July 2023 | Brawley, CA | 75 | 8/1/2038 | 6.50% | 500,000 |
| | | | | | | <u>\$ 4,000,000</u> |

The following is a summary of the debt financing principal payments made in connection with the redemption of the Ocotillo Springs taxable MRB and the conversion of the Ocotillo Springs MRB to permanent financing:

| Debt Financing | Debt Facility | Month | Paydown Applied |
|-----------------------------|---------------|-----------|----------------------|
| Ocotillo Springs - Series A | Variable TOB | July 2023 | \$ 10,535,000 |
| Trust 2021-XF2939 | Variable TOB | July 2023 | 5,770,000 |
| | | | <u>\$ 16,305,000</u> |

In July 2023, the Hope on Broadway GIL was purchased by Freddie Mac through a servicer. The partnership received proceeds of approximately \$13.2 million representing 100% of the outstanding principal and accrued interest from the sale of the GIL to Freddie Mac. Proceeds of approximately \$9.7 million from the sale of the Hope on Broadway GIL were used to redeem and pay all accrued interest and principal of the Hope on Broadway TOB trust financing.

In July 2023, the borrower of the Hope on Avalon GIL and Hope on Avalon taxable GIL extended the maturity dates from August 2023 to February 2024. The forward purchase commitment by Freddie Mac was extended to February 2024 as well. The Partnership received a fee of approximately \$102,000 related to the extension. The Partnership also extended the Hope on Avalon TOB trust financing maturity date from August 2023 to February 2024. There were no additional changes to terms associated with the extensions.

In July 2023, the borrower of the Jackson Manor MRB extended the maturity date to September 2023. The Partnership also extended the Jackson Manor Apartments TOB trust financing maturity date to September 2023. There were no additional changes to terms associated with the extensions.

In July 2023, the borrower of the Hilltop at Signal Hills GIL and Hilltop at Signal Hills property loan extended the maturity dates from August 1, 2023 to August 15, 2023. Freddie Mac extended its forward purchase commitment maturity to August 15, 2023 as well. There were no additional changes to terms associated with the extensions.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

In this Management’s Discussion and Analysis, all references to “we,” “us,” and the “Partnership” refer to Greystone Housing Impact Investors LP, its consolidated subsidiaries, and consolidated VIEs for all periods presented. See Note 2 and Note 5 to the Partnership’s condensed consolidated financial statements for further disclosure.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The most significant estimates and assumptions include those used in determining (i) the fair value of MRBs and taxable MRBs; (ii) investment impairments; (iii) impairment of real estate assets; and (iv) allowance for credit losses.

The Partnership’s critical accounting policies and estimates are the same as those described in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2022, except for certain policies regarding the allowance for credit losses. The Partnership’s critical accounting policy for allowance for credit losses is as follows:

Allowance for Credit Losses

On January 1, 2023, the Partnership adopted Accounting Standard Update (“ASU”) 2016-13, Financial Instruments-Credit Losses, and subsequent related amendments (“ASC 326”), which replaced the incurred loss methodology with an expected loss model known as the Current Expected Credit Loss (“CECL”) model. The CECL model establishes a single allowance framework for financial assets carried at amortized cost which reflects an estimate of credit losses over the remaining expected life of financial assets. The adoption of the ASU 2016-13 requires a cumulative-effect adjustment to Partners’ Capital upon adoption. Additionally, ASU 2016-13 requires enhanced disclosures, including additional disclosures regarding credit quality. The allowance for credit losses is presented as a valuation reserve to the corresponding assets on the Partnership’s condensed consolidated balance sheets. Expected credit losses related to non-cancelable unfunded commitments and financial guaranties are accounted for as separate liabilities and are included in “Accounts payable, accrued expenses and other liabilities” on the Partnership’s condensed consolidated balance sheets. Upon adoption on January 1, 2023, the Partnership recorded a cumulative effect of accounting change of approximately \$5.9 million as a direct reduction to Partners’ Capital. Subsequent changes to the allowance for credit losses are recognized through “Provision for credit losses” on the Partnership’s condensed consolidated statements of operations.

Held-to-Maturity Debt Securities, Held-for-Investment Loans and Related Unfunded Commitments

The Partnership estimates allowances for credit losses for its GILs, taxable GILs, property loans and related non-cancelable funding commitments using a Weighted Average Remaining Maturity (“WARM”) method loss-rate model, combined with qualitative factors that are sensitive to changes in forecasted economic conditions. The Partnership applies qualitative factors related to risk factors and changes in current economic conditions that may not be adequately reflected in quantitatively derived results, or other relevant factors to ensure the allowance for credit losses reflects the Partnership’s best estimate of current expected credit losses. The WARM method pools assets sharing similar characteristics and utilizes a historical annual charge-off rate which is applied to the outstanding asset balances over the remaining weighted average life of the pool, adjusted for certain qualitative factors to estimate expected credit losses. The Partnership has limited history with its GILs, taxable GILs, and property loans portfolio and has had minimal credit losses to date. As such, the Partnership uses historical annual charge-off data for similar assets from publicly available loan data through the Federal Financial Institution Examination Council (“FFIEC”). The Partnership adjusts for current conditions and the impact of qualitative forecasts that are reasonable and supportable. The Partnership assesses qualitative adjustments related to, but not limited to, credit quality changes in the asset portfolio, general economic conditions, changes in the affordable multifamily real estate markets, changes in lending policies and underwriting, and underlying collateral values.

The Partnership will elect to separately evaluate an asset if it no longer shares the same risk characteristics as the respective pool or the specific investment attributes do not lend to analysis with a model-based approach. For collateral-dependent assets when foreclosure is probable, the Partnership will apply a practical expedient to estimate current expected credit losses as the difference between the fair value of collateral and the amortized cost of the asset.

Charge-offs to the allowance for credit losses occur when losses are confirmed through the receipt of cash or other consideration from the completion of a sale, when a modification or restructuring takes place in which the Partnership grants a concession to a borrower or agrees to a discount in full or partial satisfaction of the asset, when the Partnership takes ownership and control of the underlying

collateral in full satisfaction of the asset, or when significant collection efforts have ceased and it is highly likely that a loss has been realized.

The Partnership has elected to not measure an allowance for credit losses on accrued interest receivables related to its GILs, taxable GILs and property loans because uncollectable accrued interest receivable is written off in a timely manner pursuant to policies for placing assets on non-accrual status.

Available-for-Sale Debt Securities

The Partnership periodically determines if allowances of credit losses are needed for its MRBs and taxable MRBs under the applicable guidance for available-for-sale debt securities. The Partnership evaluates whether unrealized losses are considered impairments based on various factors including, but not necessarily limited to, the following:

- The severity of the decline in fair value;
- The Partnership's intent to hold and the likelihood of it being required to sell the security before its value recovers;
- Adverse conditions specifically related to the security, its collateral, or both;
- The likelihood of the borrower being able to make scheduled interest and principal payments; and
- Failure of the borrower to make scheduled interest or principal payments.

While the Partnership evaluates all available information, it focuses specifically on whether the estimated fair value of the security is below amortized cost. If the estimated fair value of an MRB is below amortized cost, and the Partnership has the intent to sell or may be required to sell the MRB prior to the time that its value recovers or until maturity, the Partnership will record an impairment through earnings equal to the difference between the MRB's carrying value and its fair value. If the Partnership does not expect to sell an other-than-temporarily impaired MRB, only the portion of the impairment related to credit losses is recognized through earnings as a provision for credit loss, with the remainder recognized as a component of other comprehensive income. In determining the provision for credit loss, the Partnership compares the present value of cash flows expected to be collected to the amortized cost basis of the MRB and records any provision for credit losses as an adjustment to the allowance for credit losses. The Partnership has elected to not measure an allowance for credit losses on accrued interest receivables related to its MRBs and taxable MRBs because uncollectable accrued interest receivable is written off in a timely manner pursuant to policies for placing assets on non-accrual status.

The recognition of an impairment, provision for credit loss, and the potential impairment analysis are subject to a considerable degree of judgment, the results of which, when applied under different conditions or assumptions, could have a material impact on the Partnership's condensed consolidated financial statements. If the Partnership experiences deterioration in the values of its MRB portfolio, the Partnership may incur impairments or provisions for credit losses that could negatively impact the Partnership's financial condition, cash flows, and reported earnings. The Partnership periodically reviews any previously impaired MRBs for indications of a recovery of value. If a recovery of value is identified, the Partnership will report the recovery of prior credit losses through its allowance for credit losses as a provision for credit losses (recoveries). For MRB impairment recoveries identified prior to the adoption of the CECL model, the Partnership will accrete the recovery of prior credit losses into investment income over the remaining term of the MRB.

Executive Summary

The Partnership was formed in 1998 primarily for the purpose of acquiring a portfolio of mortgage revenue bonds ("MRBs") that are issued by state and local housing authorities to provide construction and/or permanent financing for affordable multifamily, seniors housing and commercial properties. We also invest in governmental issuer loans ("GILs"), which are similar to MRBs, to provide construction financing for affordable multifamily housing properties. We expect and believe the interest received on these MRBs and GILs is excludable from gross income for federal income tax purposes. We also invest in other types of securities and investments that may or may not be secured by real estate and may make property loans to multifamily properties which may or may not be financed by MRBs or GILs held by us and may or may not be secured by real estate.

We also make noncontrolling equity investments in unconsolidated entities ("JV Equity Investments") for the construction, stabilization, and ultimate sale of market-rate multifamily and seniors housing properties. We are entitled to distributions if, and when, cash is available for distribution either through operations, a refinance or sale of the property. In addition, the Partnership may acquire and hold interests in multifamily, student and senior citizen residential properties ("MF Properties") until their "highest and best use" can be determined by management.

The Partnership includes the assets, liabilities, and results of operations of the Partnership, our wholly owned subsidiaries and consolidated VIEs. All significant transactions and accounts between us and the consolidated VIEs have been eliminated in consolidation. See Note 2 to the Partnership's condensed consolidated financial statements for additional details.

As of June 30, 2023, we had four reportable segments: (1) Affordable Multifamily MRB Investments, (2) Seniors and Skilled Nursing MRB Investments, (3) Market-Rate Joint Venture Investments and (4) MF Properties. We separately report our consolidation and elimination information because we do not allocate certain items to the segments. All "General and administrative expenses" on the Partnership's condensed consolidated statements of operations are reported within the Affordable Multifamily MRB Investments segment. See Notes 2 and 24 to the Partnership's condensed consolidated financial statements for additional details. The following table presents summary information regarding activity of our segments for the three and six months ended June 30, 2023 and 2022 (dollar amounts in thousands):

| | For the Three Months Ended June 30, | | | | For the Six Months Ended June 30, | | | |
|---|-------------------------------------|---------------------|------------------|---------------------|-----------------------------------|---------------------|------------------|---------------------|
| | 2023 | Percentage of Total | 2022 | Percentage of Total | 2023 | Percentage of Total | 2022 | Percentage of Total |
| Total revenues | | | | | | | | |
| Affordable Multifamily MRB Investments | \$ 22,953 | 81.1 % | \$ 12,887 | 74.8 % | \$ 44,390 | 83.4 % | \$ 27,020 | 74.2 % |
| Seniors and Skilled Nursing MRB Investments | 336 | 1.2 % | 241 | 1.4 % | 433 | 0.8 % | 470 | 1.3 % |
| Market-Rate Joint Venture Investments | 3,907 | 13.8 % | 2,161 | 12.5 % | 6,084 | 11.4 % | 5,077 | 13.9 % |
| MF Properties | 1,108 | 3.9 % | 1,945 | 11.3 % | 2,334 | 4.4 % | 3,872 | 10.6 % |
| Total revenues | <u>\$ 28,304</u> | | <u>\$ 17,234</u> | | <u>\$ 53,241</u> | | <u>\$ 36,439</u> | |
| Net income (loss) | | | | | | | | |
| Affordable Multifamily MRB Investments | \$ 9,780 | 45.9 % | \$ 2,758 | 15.7 % | \$ 8,979 | 23.6 % | \$ 9,724 | 22.2 % |
| Seniors and Skilled Nursing MRB Investments | 480 | 2.3 % | 240 | 1.4 % | 576 | 1.5 % | 469 | 1.1 % |
| Market-Rate Joint Venture Investments | 10,932 | 51.4 % | 14,600 | 82.9 % | 28,211 | 74.1 % | 33,762 | 77.0 % |
| MF Properties | 95 | 0.4 % | 8 | 0.0 % | 312 | 0.8 % | (84) | -0.2 % |
| Net income | <u>\$ 21,287</u> | | <u>\$ 17,606</u> | | <u>\$ 38,078</u> | | <u>\$ 43,871</u> | |

Included in net income is approximately \$5.9 million and approximately \$2.3 million of gains from derivative fair value adjustments for the three and six months ended June 30, 2023, respectively. The Affordable Multifamily MRB Investments segment had approximately \$5.7 million and approximately \$2.1 million of gains from derivative fair value adjustments for the three and six months ended June 30, 2023, respectively. The Seniors and Skilled Nursing MRB Investments segment had approximately \$225,000 of gains from derivative fair value adjustments for the three and six months ended June 30, 2023.

Included in net income is approximately \$1.3 million and approximately \$3.7 million of gains from derivative fair value adjustments for the three and six months ended June 30, 2022, respectively. All derivative fair value adjustments for the three and six months ended June 30, 2022, were attributable to the Affordable Multifamily MRB Investments segment.

Corporate Responsibility

We are committed to corporate responsibility and the importance of developing environmental, social and governance ("ESG") policies and practices consistent with that commitment. We believe the implementation and maintenance of such policies and practices benefit the employees that serve the Partnership, support long-term performance for our Unitholders, and have a positive impact on society and the environment.

Environmental Responsibility

Achieving positive environmental and sustainability impacts in connection with our affordable housing investment activity is important to us. Opportunities for positive environmental investments are open to us because private activity bond volume cap and LIHTC allocations are key components of the capital structure for most new construction or acquisition/rehabilitation affordable housing properties financed by our MRB and GIL investments. These resources are allocated by individual states to our property sponsors through a competitive application process under a state-specific qualified allocation plan ("QAP") as required under Section 42 of the IRC. Each state implements its public policy objectives through an application scoring or ranking system that rewards certain property

features. Some of the common features rewarded under individual state QAPs are transit amenities (proximity to various forms of public transportation), proximity to public services (parks, libraries, full scale supermarkets, or a senior center), and energy efficiency/sustainability. Some state-specific QAPs have minimum energy efficiency standards that must be met, such as the use of low water need landscaping, Energy Star appliances and hot water heaters, and GREENGUARD Gold certified insulation. Since we can only finance properties with successful applications, we work with our sponsor clients to maximize these environmental features such that their applications can earn the most points possible under the individual state's QAP. The following table summarizes total funding commitments related to properties that were awarded both private activity bond cap and LIHTC allocations through state-specific QAPs:

| Asset Type | For the Six Months Ended June 30, 2023 | For the year ended December 31, 2022 |
|---------------------------------------|--|--------------------------------------|
| MRBs and taxable MRBs | \$ 8,050,000 | \$ 160,404,500 |
| GILs, taxable GILs and property loans | - | 184,337,300 |
| Total | \$ 8,050,000 | \$ 344,741,800 |

In 2021, we acquired an MRB investment secured by Meadow Valley, a to-be-constructed 174-bed seniors housing facility in Traverse City, MI. Part of the construction financing is provided through a Commercial Property Assessed Clean Energy (C-PACE) program, which is a state policy-enabled financing mechanism that allows developers to access the capital needed to make renewable energy accessible and cost-effective. In the case of Meadow Valley, C-PACE financing of \$24.8 million will be provided to finance energy conservation features including high efficiency windows, roof, walls, heating, cooling, indoor and outdoor lighting, water heating and low-flow fixtures. The C-PACE financing is repaid through a property tax assessment over the life of the property. Many lenders are averse to financing properties with C-PACE financing as the tax assessment is a senior obligation of the property. We have developed underwriting procedures that allow for the borrower to obtain C-PACE financing and still meet our security and underwriting requirements. We will continue to evaluate investment opportunities related to properties that utilize C-PACE financing for future investment as we want to encourage our borrowers to utilize clean energy design and construction practices.

The Suites on Paseo MF Property, which is wholly owned by the Partnership, is a LEED Silver Certified property. LEED provides a framework for healthy, efficient, carbon and cost-saving green buildings. To achieve LEED certification, a property earns points by adhering to prerequisites and credits that address carbon, energy, water, waste, transportation, materials, health and indoor environmental quality. In addition, the property has three rooftop solar panel arrays to generate renewable energy for the local power system. Two of the arrays are owned by the local utility provider on roof space leased by the property and the third array is owned by the property.

We are committed to minimizing the overall environmental impact of our corporate operations. The Partnership's operations are primarily managed by 15 employees of Greystone Manager, so we have a relatively modest environmental impact and have adequate facilities to grow our employee base without acquiring additional physical space.

Social Responsibility

Our MRB and GIL investments directly support the construction, rehabilitation, and stabilized operation of decent, safe, and sanitary affordable multifamily housing across the United States. The development of affordable multifamily housing has relatively broad legislative support at the federal and state levels. Each of the properties securing our MRB and GIL investments is required to maintain a minimum percentage of units set-aside for a combination of very low-income (50% of area median income or "AMI") and low-income (80% of AMI) tenants in accordance with IRC guidelines, and the owners of the properties often agree to exceed the minimum IRC requirements. The rent charged to income qualified tenants at MRB or GIL properties is often restricted to a certain percentage of the tenants' income, making them more affordable. For any newly originated MRBs or GILs associated with a low-income housing tax credit property, restrictions regarding tenant incomes and rents charged to those low-income households are required. In addition, certain borrowers related to our MRB investments are non-profit entities that provide affordable multifamily housing consistent with their charitable purposes. These properties provide valuable housing and support services to both low-income and market-rate tenants and create housing diversity in the geographic and social communities in which they are located.

The following table summarizes, by investment asset class, the number of residential rental units associated with the affordable multifamily properties financed by the Partnership that have some form of tenant income or rent restrictions as evidenced by a regulatory agreement recorded on the local government land records as of June 30, 2023:

| | Number of Units at <=50% AMI | Number of Units at <=60% AMI | Number of Units at <=80% AMI | Total Number of Units | Affordable Units as % of Total Units | Number of Properties | Number of States | Reported Asset Value | Percentage of Total Partnership Assets |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------|--|-------------------------|---------------------|-------------------------|---|
| MRBs and taxable MRBs | 1,883 | 6,429 | 9,421 | 10,750 | 88 % | 69 | 11 | \$ 830,861,674 | 50% |
| GILs, taxable GILs and related property loans | 115 | 2,191 | 2,191 | 2,191 | 100 % | 12 | 6 | \$ 421,108,812 | 25% |
| Total | 1,998 | 8,620 | 11,612 | 12,941 | 90 % | 81 | | \$ 1,251,970,486 | 75% |

Certain investments may be eligible for regulatory credit under the Community Reinvestment Act of 1977 ("CRA") to help meet the credit needs of the communities in which they exist, including low- and moderate-income (LMI) neighborhoods. See "Community Investments" in this Item 2 below for further information regarding assets of the Partnership the General Partner believes are eligible for regulatory credit under the CRA.

We and Greystone are committed to supporting our workforce. Greystone has implemented evaluation and compensation policies designed to attract, retain, and motivate employees that provide services to the Partnership to achieve superior results. Greystone also provides formal and informal training programs to enhance the skills of employees providing services to the Partnership and to instill Greystone's corporate policies and practices. We are also committed to ensuring the safety of personnel that work for third-party contractors that perform services at properties that underlie our investment assets. Specifically for properties under construction, we consider the safety record of contractors and monitor safety incidents through reviews of independent construction monitoring reports.

Greystone and the Partnership are committed to diversity, equity and inclusion ("DEI"). Specific Greystone DEI initiatives include formal diversity training and employee resources groups to support a diverse workforce as well as a formal DEI committee and DEI Leadership Council to lead and advise all DEI related work, events, and learning. Of the 15 employees of Greystone Manager responsible for the Partnership's operations, three are women and one employee identifies as ethnically diverse.

Corporate Governance

Greystone Manager, as the general partner of the Partnership's general partner, is committed to corporate governance that aligns with the interests of our Unitholders and stakeholders. We set high ethical standards for our related employees and partners. We regularly review and update, as appropriate, our policies governing ethical conduct and responsible behavior in order to support our sustainable and continued success. Our Code of Business Conduct and Ethics is applicable to all Greystone personnel that provide services to the Partnership and is available on the Partnership's website. All employees are required to annually affirm that they have read and understood the Code of Business Conduct and Ethics. Employees are encouraged to share any ethics or compliance concerns with their supervisors or confidentially through our third-party managed hotline. We maintain a formal compliance policy to investigate ethics or compliance concerns and to protect whistleblowers. Our policy is designed to meet the requirements and standards of the Sarbanes Oxley Act of 2002 and the Securities and Exchange Act of 1934.

The Board of Managers of Greystone Manager brings a diverse set of skills and experiences across industries in the public, private and not-for-profit sectors. The composition of the Greystone Manager Board of Managers is in compliance with the NYSE listing rules and SEC rules applicable to the Partnership. As of August 1, 2023, a majority of the members of the Greystone Manager Board of managers meet the independence standards established by the New York Stock Exchange listing rules and the rules of the SEC. All the members of the Audit Committee of Greystone Manager are independent under the applicable SEC and NYSE independence requirements, two of whom qualify as "audit committee financial experts." Of the seven Managers of Greystone Manager, one Manager is female.

The Greystone Manager Board of Managers is highly engaged in the governance and operations of the Partnership. Our non-independent Managers are employees of Greystone that regularly monitor developments in our operating environment and capital markets and discuss such developments with management on a regular basis. One of our Managers is a member of our investment committee that pre-approves all new investments. We regularly monitor and assess risks to achieving our business objectives and such risk assessments are discussed with both the Audit Committee and the full Board of Managers at regularly held meetings and in regular informal discussions. The Audit Committee and Board of Managers have had 100% attendance during 2022 and 2023.

Recent Developments*Recent Investment Activities*

The following table presents information regarding the investment activity of the Partnership for the three and six months ended June 30, 2023 and 2022:

| Investment Activity | # | Amount (in 000's) | Retired Debt (in 000's) | Tier 2 income (loss) allocable to the General Partner (in 000's) ⁽¹⁾ | Notes to the Partnership's consolidated financial statements |
|---|---|----------------------|----------------------------|--|--|
| For the Three Months Ended June 30, 2023 | | | | | |
| Mortgage revenue bond acquisitions and advance | 6 | \$ 51,150 | N/A | N/A | 6 |
| Governmental issuer loan advances | 4 | 20,402 | N/A | N/A | 7 |
| Governmental issuer loan redemption | 1 | 34,000 | 30,600 | N/A | 7 |
| Property loan advances | 3 | 9,608 | N/A | N/A | 8 |
| Property loan redemption and paydowns | 3 | 29,990 | \$ 26,005 | N/A | 8 |
| Investments in unconsolidated entities | 2 | 3,744 | N/A | N/A | 9 |
| Return of investment in unconsolidated entities upon sale | 1 | 9,025 | N/A | \$ 878 | 9 |
| Taxable mortgage revenue bond acquisitions and advance | 3 | 4,500 | N/A | N/A | 12 |
| Taxable governmental issuer loan advance | 1 | 2,573 | N/A | N/A | 12 |
| For the Three Months Ended March 31, 2023 | | | | | |
| Mortgage revenue bond advances | 6 | \$ 60,547 | N/A | N/A | 6 |
| Mortgage revenue bond redemptions | 3 | 11,856 | \$ 7,579 | \$ (1,428) | 6 |
| Governmental issuer loan advances | 4 | 17,377 | N/A | N/A | 7 |
| Property loan advances | 4 | 7,581 | N/A | N/A | 8 |
| Property loan redemption and paydowns | 3 | 18,316 | \$ 15,700 | N/A | 8 |
| Investments in unconsolidated entities | 2 | 5,698 | N/A | N/A | 9 |
| Return of investment in unconsolidated entities upon sale | 2 | 12,283 | N/A | \$ 3,843 | 9 |
| Taxable mortgage revenue bond advances | 2 | 1,805 | N/A | N/A | 12 |
| Taxable governmental issuer loan advance | 1 | 3,000 | N/A | N/A | 12 |
| For the Three Months Ended June 30, 2022 | | | | | |
| Mortgage revenue bond advances | 3 | \$ 20,307 | N/A | N/A | 6 |
| Mortgage revenue bond redemption | 1 | 7,100 | \$ 7,100 | N/A | 6 |
| Governmental issuer loan advances | 5 | 39,806 | N/A | N/A | 7 |
| Property loan advances | 7 | 23,527 | N/A | N/A | 8 |
| Investments in unconsolidated entities | 4 | 7,824 | N/A | N/A | 9 |
| Return of investment in unconsolidated entity upon sale | 1 | 7,341 | N/A | N/A | 9 |
| Taxable mortgage revenue bond advances | 2 | 2,000 | N/A | N/A | 12 |
| For the Three Months Ended March 31, 2022 | | | | | |
| Mortgage revenue bond advances | 3 | \$ 69,365 | N/A | N/A | 6 |
| Mortgage revenue bond redemptions | 4 | 70,479 | \$ 45,109 | N/A | 6 |
| Governmental issuer loan advances | 6 | 16,882 | N/A | N/A | 7 |
| Property loan advances | 5 | 38,412 | N/A | N/A | 8 |
| Property loan redemptions and principal paydowns | 7 | 3,251 | N/A | N/A | 8 |
| Investments in unconsolidated entities | 5 | 12,777 | N/A | N/A | 9 |
| Return of investment in unconsolidated entity upon sale | 1 | 12,240 | N/A | \$ 3,242 | 9 |
| Taxable mortgage revenue bond advances | 2 | 6,325 | N/A | N/A | 12 |

(1) See "Cash Available for Distribution" in Item 2 below.

Recent Financing Activity

The following table presents information regarding the debt financing, derivatives, Preferred Units and partners' capital activities of the Partnership for the three and six months ended June 30, 2023 and 2022, exclusive of retired debt amounts listed in the investment activity table above:

| Financing, Derivative and Capital Activity | # | Amount (in 000's) | Secured | Notes to the Partnership's condensed consolidated financial statements |
|---|---|----------------------|---------|--|
| For the Three Months Ended June 30, 2023 | | | | |
| Net borrowing on Acquisition LOC | 5 | \$ 6,000 | Yes | 15 |
| Net activity on General LOC | 2 | - | Yes | 15 |
| Proceeds from TOB trust financings with Mizuho | 6 | 36,516 | Yes | 16 |
| Proceeds from TOB trust financing with Barclays | 5 | 31,875 | Yes | 16 |
| Interest rate swaps executed | 3 | - | N/A | 18 |
| Issuance of Series A-1 Preferred Units | 1 | 10,000 | N/A | 20 |
| For the Three Months Ended March 31, 2023 | | | | |
| Net repayment on Acquisition LOC | 6 | \$ 49,000 | Yes | 15 |
| Proceeds from TOB trust financings with Mizuho | 9 | 98,526 | Yes | 16 |
| Proceeds from TOB trust financing with Barclays | 2 | 11,535 | Yes | 16 |
| Interest rate swaps executed | 3 | - | N/A | 18 |
| Issuance of Series A-1 Preferred Units | 1 | 8,000 | N/A | 20 |
| Exchange of Series A Preferred Units for Series A-1 Preferred Units | 1 | 7,000 | N/A | 20 |
| For the Three Months Ended June 30, 2022 | | | | |
| Net borrowing on Acquisition LOC | 5 | \$ 9,255 | Yes | 15 |
| Proceeds from TOB trust financings with Mizuho | 7 | 51,045 | Yes | 16 |
| Proceeds from TOB trust financing with Barclays | 1 | 11,875 | Yes | 16 |
| Repayment of TOB Financings with Mizuho | 2 | 5,079 | Yes | 16 |
| Exchange of Series A Preferred Units for Series A-1 Preferred Units | 1 | 20,000 | N/A | 20 |
| For the Three Months Ended March 31, 2022 | | | | |
| Net repayment on Acquisition LOC | 1 | \$ 15,515 | Yes | 15 |
| Proceeds from TOB trust financings with Mizuho | 8 | 108,530 | Yes | 16 |
| Proceeds from TOB trust financing with Barclays | 1 | 800 | Yes | 16 |
| Unrestricted cash from total return swap | 1 | 41,275 | Yes | 18 |
| Interest rate swaps executed | 2 | - | N/A | 18 |

Conditions within the Banking System

During the first six months of 2023, Silicon Valley Bank, Signature Bank and First Republic Bank were closed and taken over by the Federal Deposit Insurance Corporation (FDIC), which created significant market disruption and uncertainty for those companies and individual customers who bank with those institutions, and which raised significant concerns regarding the stability of the banking system in the United States, particularly with respect to regional and community banks. We did not hold our cash with, were not borrowing customers of, and did not otherwise bank with Silicon Valley Bank, Signature Bank, or First Republic Bank. Based on publicly available information, the banks we use in connection with our business activities are well capitalized. If the banks and financial institutions at which we hold our cash enter receivership or become insolvent in the future in response to financial conditions affecting

the banking system and financial markets, our ability to access our cash and cash equivalents may be reduced and such events could have a material adverse effect on our business and financial condition.

Affordable Multifamily MRB Investments Segment

The Partnership's primary purpose is to acquire and hold as investments a portfolio of MRBs which have been issued to provide construction and/or permanent financing for residential properties and commercial properties in their market areas. We have also invested in taxable MRBs, GILs, taxable GILs and property loans which are included within this segment. All "General and administrative expenses" on the Partnership's condensed consolidated statements of operations are reported within this segment.

The following table compares operating results for the Affordable Multifamily MRB Investments segment for the periods indicated (dollar amounts in thousands):

| | For the Three Months Ended June 30, | | | | For the Six Months Ended June 30, | | | |
|---|-------------------------------------|-----------|-----------|----------|-----------------------------------|-----------|-----------|----------|
| | 2023 | 2022 | \$ Change | % Change | 2023 | 2022 | \$ Change | % Change |
| Affordable Multifamily MRB Investments | | | | | | | | |
| Total revenues | \$ 22,953 | \$ 12,887 | \$ 10,066 | 78.1 % | \$ 44,390 | \$ 27,020 | \$ 17,370 | 64.3 % |
| Interest expense | 8,844 | 6,307 | 2,537 | 40.2 % | 26,554 | 9,779 | 16,775 | 171.5 % |
| Segment net income | 9,780 | 2,758 | 7,022 | 254.6 % | 8,979 | 9,724 | (745) | -7.7 % |

Comparison of the three months ended June 30, 2023 and 2022

Total revenues increased for the three months ended June 30, 2023 as compared to the same period in 2022 primarily due to:

- An increase of approximately \$4.0 million in interest income from higher GIL investment balances and higher average interest rates;
- An increase of approximately \$3.0 million in interest income from recent MRB advances, offset by a decrease of approximately \$506,000 in interest income due to MRB redemptions and principal repayments;
- An increase of approximately \$2.8 million in other interest income due to additional property loan, taxable MRB and taxable GIL investments and higher average interest rates;
- An increase of approximately \$662,000 of other interest income due to increasing interest earned on cash balances; and
- An increase of approximately \$133,000 in other income for receipt of a non-refundable extension for the Scharbauer Flats GIL and property loan maturity dates.

Total interest expense increased for the three months ended June 30, 2023 as compared to the same period in 2022 primarily due to:

- An increase of approximately \$5.9 million due to higher average interest rates on variable-rate debt financing;
- An increase of approximately \$1.1 million due to an increase in the average outstanding principal of our debt financing instruments of approximately \$224.6 million; and
- A decrease of approximately \$4.4 million due to fair market value adjustments of interest rate derivative instruments.

Segment net income increased for the three months ended June 30, 2023 as compared to the same period in 2022 as a result of the following factors:

- The changes in total revenues and total interest expense detailed in the tables below;
- A decrease in the provision for credit losses of \$774,000 (Note that there was no provision for credit losses in 2022 as it was prior to our adoption of the CECL standard effective January 1, 2023. See Note 2 of the condensed consolidated financial statements for additional information); and
- An increase in general and administrative expenses due to increases of approximately \$248,000 in employee compensation related to higher transactional bonuses and salaries, approximately \$422,000 in restricted unit compensation expense, approximately \$366,000 in administration fees paid to AFCA2 due to greater assets under management, and approximately \$152,000 related to professional and consulting fees from increased transactional activity.

The following table summarizes the segment's net interest income, average balances, and related yields earned on interest-earning assets and incurred on interest-bearing liabilities, as well as other income included in total revenues for the three months ended June 30,

2023 and 2022. The average balances are based primarily on monthly averages during the respective periods. All dollar amounts are in thousands.

| | For the Three Months Ended June 30, | | | | | |
|---|-------------------------------------|-------------------------|---------------------------|-----------------|-------------------------|---------------------------|
| | 2023 | | | 2022 | | |
| | Average Balance | Interest Income/Expense | Average Rates Earned/Paid | Average Balance | Interest Income/Expense | Average Rates Earned/Paid |
| Interest-earning assets: | | | | | | |
| Mortgage revenue bonds | \$ 816,809 | \$ 12,184 | 6.0 % | \$ 688,551 | \$ 9,650 | 5.6 % |
| Governmental issuer loans | 320,176 | 5,988 | 7.5 % | 218,168 | 2,014 | 3.7 % |
| Property loans | 161,798 | 3,233 | 8.0 % | 102,837 | 957 | 3.7 % |
| Other investments | 32,840 | 643 | 7.8 % | 12,138 | 156 | 5.1 % |
| Total interest-earning assets | \$ 1,331,623 | \$ 22,048 | 6.6 % | \$ 1,021,694 | \$ 12,777 | 5.0 % |
| Non-investment income | | 905 | | | 110 | |
| Total revenues | | \$ 22,953 | | | \$ 12,887 | |
| Interest-bearing liabilities: | | | | | | |
| Lines of credit | \$ 6,675 | \$ 105 | 6.3 % | \$ 20,837 | \$ 204 | 3.9 % |
| Fixed TEBS financing | 249,217 | 2,482 | 4.0 % | 263,037 | 2,584 | 3.9 % |
| Variable TEBS financing | 67,496 | 784 | 4.6 % | 76,472 | 420 | 2.2 % |
| Variable Secured Notes ⁽¹⁾ | 102,540 | 2,324 | 9.1 % | 102,934 | 1,258 | 4.9 % |
| Fixed Term TOB financing | 12,811 | 61 | 1.9 % | 12,907 | 64 | 2.0 % |
| Variable TOB financing | 719,950 | 9,840 | 5.5 % | 457,870 | 2,460 | 2.1 % |
| Interest rate swap cash payments (receipts) | N/A | (1,387) | N/A | N/A | 207 | N/A |
| Total interest-bearing liabilities | \$ 1,158,689 | \$ 14,209 | 4.9 % | \$ 934,057 | \$ 7,197 | 3.1 % |
| Net interest spread ⁽²⁾ | | \$ 7,839 | 2.4 % | | \$ 5,580 | 2.2 % |
| Interest expense on interest-bearing liabilities | | | | | | |
| | | 14,209 | | | 7,197 | |
| Amortization of deferred finance costs | | 300 | | | 378 | |
| Derivative fair value adjustments | | (5,665) | | | (1,268) | |
| Total interest expense | | \$ 8,844 | | | \$ 6,307 | |

(1) Interest expense is reported net of income/loss on the Partnership's total return swap agreements.

(2) Net interest spread equals interest income less interest expense before amortization of deferred finance costs and derivative instrument fair value adjustments. The net interest spread rate is the annualized net interest spread during the period.

The following table summarizes the changes in interest income and interest expense for the three months ended June 30, 2023 and 2022, and the extent to which these variances are attributable to 1) changes in the volume of interest-earning assets and interest-bearing liabilities, or 2) changes in the interest rates of the interest-earning assets and interest-bearing liabilities. All dollar amounts are in thousands.

| | For the Three Months Ended June 30, 2023 vs. 2022 | | |
|---|---|---------------------|-------------------|
| | Total Change | Volume \$ Change | Rate \$ Change |
| Interest-earning assets: | | | |
| Mortgage revenue bonds | \$ 2,534 | \$ 1,798 | \$ 736 |
| Governmental issuer loans | 3,974 | 942 | 3,032 |
| Property loans | 2,276 | 549 | 1,727 |
| Other investments | 487 | 266 | 221 |
| Total interest-earning assets | \$ 9,271 | \$ 3,555 | \$ 5,716 |
| Interest-bearing liabilities: | | | |
| Lines of credit | \$ (99) | (139) | 40 |
| Fixed TEBS financing | (102) | (136) | 34 |
| Variable TEBS financing | 364 | (49) | 413 |
| Variable Secured Notes ⁽¹⁾ | 1,066 | (5) | 1,071 |
| Fixed Term TOB financing | (3) | - | (3) |
| Variable TOB financing | 7,380 | 1,408 | 5,972 |
| Interest rate swap cash payments & receipts | (1,594) | N/A | (1,594) |
| Total interest-bearing liabilities | \$ 7,012 | \$ 1,079 | \$ 5,933 |
| Amortization of deferred finance costs | (78) | N/A | (78) |
| Derivative fair value adjustments | (4,397) | N/A | (4,397) |
| Total interest expense change | \$ 2,537 | \$ 1,079 | \$ 1,458 |
| Total net change | \$ 6,734 | \$ 2,476 | \$ 4,258 |

(1) Interest expense is reported net of income/loss on the Partnership's total return swap agreements.

Comparison of the six months ended June 30, 2023 and 2022

Total revenues increased for the six months ended June 30, 2023 as compared to the same period in 2022 primarily due to:

- An increase of approximately \$7.5 million in interest income from higher GIL investment balances and higher average interest rates;
- An increase of approximately \$6.1 million in interest income from recent MRB advances, offset by a decrease of approximately \$1.6 million in interest income due to MRB redemptions and principal repayments;
- An increase of approximately \$5.8 million in other interest income due to additional property loan, taxable MRB and taxable GIL investments and higher average interest rates;
- An increase of approximately \$1.4 million of other interest income due to increasing interest earned on cash balances; and
- A decrease of approximately \$1.8 million in other interest income for payments received on the Ohio Properties and Live 929 Apartments property loans in the first quarter of 2022 that did not recur.

Interest expense increased for the six months ended June 30, 2023 as compared to the same period in 2022 primarily due to:

- An increase of approximately \$12.8 million due to higher average interest rates on variable-rate debt financing;
- An increase of approximately \$1.8 million due to an increase in the average outstanding principal of our debt financing instruments of approximately \$235.2 million;
- An increase of approximately \$478,000 in amortization of deferred financing costs, which includes approximately \$584,000 of unamortized deferred financing costs that were recognized as interest expense upon the redemption of a TOB financing in February 2023; and
- An increase of approximately \$1.7 million due to fair market value adjustments of interest rate derivative instruments.

Segment net income decreased for the six months ended June 30, 2023 as compared to the same period in 2022 due to:

- The changes in total revenues and total interest expense detailed in the tables below;

•A decrease in the provision for credit losses of \$1.3 million (Note that there was no provision for credit losses in 2022 as it was prior to our adoption of the CECL standard effective January 1, 2023. See Note 2 of the condensed consolidated financial statements for additional information); and

•An increase in general and administrative expenses due to increases of approximately \$875,000 in employee compensation related to higher transactional bonuses and salaries, approximately \$598,000 in restricted unit compensation expense, approximately \$726,000 in administration fees paid to AFCA2 due to greater assets under management, and approximately \$259,000 related to professional and consulting fees from increased transactional activity.

The following table summarizes the segment's net interest income, average balances, and related yields earned on interest-earning assets and incurred on interest-bearing liabilities, as well as other income included in total revenues for the six months ended June 30, 2023 and 2022. All dollar amounts are in thousands.

| | For the Six Months Ended June 30, | | | | | |
|---|-----------------------------------|--------------------------|----------------------------|-------------------|--------------------------|----------------------------|
| | 2023 | | Average Rates Earned/ Paid | | 2022 | |
| | Average Balance | Interest Income/ Expense | | Average Balance | Interest Income/ Expense | Average Rates Earned/ Paid |
| Interest-earning assets: | | | | | | |
| Mortgage revenue bonds | \$ 807,333 | \$ 24,003 | 5.9 % | \$ 690,816 | \$ 19,462 | 5.6 % |
| Governmental issuer loans | 313,582 | 11,197 | 7.1 % | 206,734 | 3,686 | 3.6 % |
| Property loans | 166,911 | 6,384 | 7.6 % | 88,038 | 3,461 | 7.9 % ⁽¹⁾ |
| Other investments | 29,901 | 1,131 | 7.6 % | 10,377 | 270 | 5.2 % |
| Total interest-earning assets | \$ 1,317,727 | \$ 42,715 | 6.5 % | \$ 995,965 | \$ 26,879 | 5.4 % |
| Non-investment income | | 1,675 | | | 141 | |
| Total revenues | | \$ 44,390 | | | \$ 27,020 | |
| Interest-bearing liabilities: | | | | | | |
| Lines of credit | \$ 14,386 | \$ 370 | 5.1 % | \$ 24,280 | \$ 438 | 3.6 % |
| Fixed TEBS financing | 249,625 | 4,971 | 4.0 % | 270,779 | 5,316 | 3.9 % |
| Variable TEBS financing | 70,907 | 1,562 | 4.4 % | 76,636 | 708 | 1.8 % |
| Variable Secured Notes ⁽²⁾ | 102,591 | 4,551 | 8.9 % | 102,982 | 1,990 | 3.9 % |
| Fixed Term TOB financing | 12,823 | 125 | 1.9 % | 12,919 | 128 | 2.0 % |
| Variable TOB financing | 698,989 | 18,229 | 5.2 % | 426,540 | 3,863 | 1.8 % |
| Interest rate swap cash payments (receipts) | N/A | (2,354) | N/A | N/A | 366 | N/A |
| Total interest-bearing liabilities | \$ 1,149,321 | \$ 27,454 | 4.8 % | \$ 914,136 | \$ 12,809 | 2.8 % |
| Net interest spread ⁽³⁾ | | \$ 15,261 | 2.3 % | | \$ 14,070 | 2.8 % |
| Interest expense on interest-bearing liabilities | | | | | | |
| | | 27,454 | | | 12,809 | |
| Amortization of deferred finance costs | | 1,191 | | | 713 | |
| Derivative fair value adjustments | | (2,091) | | | (3,743) | |
| Total interest expense | | \$ 26,554 | | | \$ 9,779 | |

⁽¹⁾Interest income includes \$1.8 million for one-time payments received on property loans that were previously in nonaccrual status. Excluding this one-time item, the average interest rate was 3.8%.

⁽²⁾Interest expense is reported net of income/loss on the Partnership's total return swap agreements.

⁽³⁾Net interest spread equals interest income less interest expense before amortization of deferred finance costs and derivative instrument fair value adjustments. The net interest spread rate is the annualized net interest spread during the period.

The following table summarizes the changes in interest income and interest expense for the six months ended June 30, 2023 and 2022, and the extent to which these variances are attributable to 1) changes in the volume of interest-earning assets and interest-bearing liabilities, or 2) changes in the interest rates of the interest-earning assets and interest-bearing liabilities. All dollar amounts are in thousands.

| | For the Six Months Ended June 30, 2023 vs. 2022 | | |
|---|---|--------------------------|------------------------|
| | Total Change | Average Volume \$ Change | Average Rate \$ Change |
| Interest-earning assets: | | | |
| Mortgage revenue bonds | \$ 4,541 | \$ 3,283 | \$ 1,258 |
| Governmental issuer loans | 7,511 | 1,905 | 5,606 |
| Property loans | 2,923 | 3,101 | (178) ⁽¹⁾ |
| Other investments | 861 | 508 | 353 |
| Total interest-earning assets | \$ 15,836 | \$ 8,797 | \$ 7,039 |
| Interest-bearing liabilities: | | | |
| Lines of credit | \$ (68) | \$ (178) | \$ 110 |
| Fixed TEBS financing | (345) | (415) | 70 |
| Variable TEBS financing | 854 | (53) | 907 |
| Variable Secured Notes ⁽²⁾ | 2,561 | (8) | 2,569 |
| Fixed Term TOB trust financing | (3) | (1) | (2) |
| Variable TOB financing | 14,366 | 2,467 | 11,899 |
| Interest rate swap cash payments & receipts | (2,720) | N/A | (2,720) |
| Total interest-bearing liabilities | \$ 14,645 | \$ 1,812 | \$ 12,833 |
| Amortization of deferred finance costs ⁽³⁾ | 478 | N/A | 478 |
| Derivative fair value adjustments | 1,652 | N/A | 1,652 |
| Total interest expense change | \$ 16,775 | \$ 1,812 | \$ 14,963 |
| Total net change | \$ (939) | \$ 6,985 | \$ (7,924) |

⁽¹⁾The average rate change includes \$1.8 million for one-time payments received in March 2022 on property loans that were previously in nonaccrual status.

⁽²⁾Interest expense is reported net of income/loss on the Partnership's total return swap agreements.

⁽³⁾The increase in amortization of deferred finance costs is primarily due to approximately \$584,000 of previously unamortized deferred financing costs that were recognized as interest expense upon the redemption and reissuance of a TOB financing in February 2023.

Operational Matters

The multifamily properties securing our MRBs were all current on contractual debt service payments on our MRBs and we have received no requests for forbearance of contractual debt service payments as of June 30, 2023.

Our sole student housing property securing an MRB, Live 929 Apartments, was 91% occupied as of June 30, 2023, and is current on MRB debt service. As of mid-July 2023, Live 929 Apartments is approximately 63% pre-leased for the Fall 2023 semester, which is slightly behind the prior year.

The proton therapy center securing the Provision Center 2014-1 MRB was successfully sold out of bankruptcy in July 2022 and we received partial liquidation proceeds of \$3.7 million in January 2023. We expect to recover additional liquidation of proceeds of approximately \$930,000 at final liquidation.

Construction and rehabilitation activities continue at properties securing our GILs, taxable GILs and related property loans. Seven of the 12 underlying affordable multifamily properties had commenced leasing operations as of June 30, 2023. To date, these properties have not experienced any material supply chain disruptions for either construction materials or labor or incurred material construction cost overruns.

As many of our GIL investments and certain MRB investments have variable interest rates, we regularly monitor interest costs in comparison to capitalized interest reserves in each property's development budget, available construction budget contingency balances, and the funding of certain equity commitments by the owners of the underlying properties. Though original development budgets are sized to incorporate potential interest rate increases, the pace of recent interest rate increases has caused actual interest costs during construction to exceed original projections. We have noted that some properties that are complete or nearing completion have incurred interest costs that have exceeded capitalized interest reserves. In such instances, the developer has either reallocated other available reserves and contingencies, deferred their developer fees, or made direct cash payment during construction to ensure all interest is paid and avoid enforcement of our recourse guaranties against the developers and their affiliates. In addition, such projects have developer

completion guaranties as well as capital contributed by LIHTC equity investors that will only receive their tax credits upon completion and stabilization of the projects.

Freddie Mac, through a servicer, has forward committed to purchase each GIL at maturity at par if the property has reached stabilization and other conditions are met. The Freddie Mac forward commitment includes a forward committed interest rate that was set at the original closing of the GIL, with many committed rates being well below current market interest rates. Such forward committed rates significantly reduce refinance risk and incentivize borrowers to convert to the Freddie Mac loan to realize interest savings. The Oasis at Twin Lakes GIL and Hope on Broadway GIL were purchased by Freddie Mac, through a servicer, and repaid in full in June 2023 and July 2023, respectively. In addition, the Hilltop at Signal Hills, Centennial Crossing and Hope on Avalon properties are nearing stabilization and have started the forward commitment conversion process with Freddie Mac.

Seniors and Skilled Nursing MRB Investments Segment

The Seniors and Skilled Nursing MRB Investments segment provides acquisition, construction and permanent financing for seniors housing and skilled nursing properties. Seniors housing consists of a combination of independent living, assisted living and memory care units.

As of June 30, 2023, we owned two MRBs with aggregate outstanding principal of \$34.5 million, with an outstanding commitment to provide additional funding of \$32.5 million on a draw-down basis during construction. The MRBs are secured by a new construction, combined independent living, assisted living and memory care property in Traverse City, MI, with 174 total beds and a skilled nursing facility in Monroe Township, NJ with 120 beds. Furthermore, in 2021 we funded a property loan secured by a skilled nursing facility in Houston, TX, which was redeemed in September 2022.

The following table compares the operating results for the Senior and Skilled Nursing MRB Investments segment for the periods indicated (dollar amounts in thousands):

| | For the Three Months Ended June 30, | | | | For the Six Months Ended June 30, | | | |
|--|-------------------------------------|--------|-----------|----------|-----------------------------------|--------|-----------|----------|
| | 2023 | 2022 | \$ Change | % Change | 2023 | 2022 | \$ Change | % Change |
| Seniors and Skilled Nursing Investments | | | | | | | | |
| Total revenues | \$ 336 | \$ 241 | \$ 95 | 39.4 % | \$ 433 | \$ 470 | \$ (37) | -7.9 % |
| Interest expense | (154) | - | (154) | N/A | (154) | - | (154) | N/A |
| Segment net income | 480 | 240 | 240 | 100.0 % | 576 | 469 | 107 | 22.8 % |

Comparison of the three months ended June 30, 2023 and 2022

Total revenues increased for the three months ended June 30, 2023 as compared to the same period in 2022 primarily due to:

- An increase of approximately \$335,000 due to higher average principal balances; and
- A decrease of approximately \$239,000 due to the redemption of the Magnolia Crossing property loan in September 2022.

Negative interest expense is primarily due to approximately \$225,000 of gains from derivative fair value adjustments, partially offset by approximately \$65,000 in interest expense for the three months ended June 30, 2023.

The change in segment net income for the three months ended June 30, 2023 as compared to the same period in 2022 was primarily due to the change in total revenues and interest income discussed above.

Comparison of the six months ended June 30, 2023 and 2022

Total revenues decreased for the six months ended June 30, 2023 as compared to the same period in 2022 primarily due to:

- An increase of approximately \$433,000 due to higher average principal balances; and
- A decrease of approximately \$467,000 due to the redemption of the Magnolia Crossing property loan in September 2022.

Negative interest expense is primarily due to approximately \$225,000 of gains from derivative fair value adjustments, partially offset by approximately \$65,000 in interest expense for the three months ended June 30, 2023.

The change in segment net income for the six months ended June 30, 2023 as compared to the same period in 2022 was primarily due to the change in total revenues and interest income discussed above.

Market-Rate Joint Venture Investments Segment

The Market-Rate Joint Venture Investments segment consists of our noncontrolling joint venture equity investments in market-rate multifamily properties, also referred to as our investments in unconsolidated entities or JV Equity Investments, and property loans due from market-rate multifamily properties. Our joint venture equity investments are passive in nature. Operational oversight of each property is controlled by our respective joint venture partners according to each respective entity's operating agreement. All properties are managed by property management companies affiliated with our joint venture partners. Decisions on when to sell an individual property are made by our respective joint venture partners based on their views of the local market conditions and current leasing trends.

An affiliate of our Vantage joint venture partner provides a guaranty of our preferred returns on our Vantage equity investments through a date approximately five years after commencement of construction. We account for our joint venture equity investments using the equity method and recognize our preferred returns during the hold period. Upon the sale of a property, net proceeds will be distributed according to the entity operating agreement. Sales proceeds distributed to us that represent previously unrecognized preferred return and gain on sale are recognized in net income upon receipt. Historically, the majority of our income from our JV Equity Investments is recognized at the time of sale. As a result, we may experience significant income recognition in those quarters when a property is sold and our equity investment is redeemed.

The following table compares operating results for the Market-Rate Joint Venture Investments segment for the periods indicated (dollar amounts in thousands):

| | For the Three Months Ended June 30, | | | | For the Six Months Ended June 30, | | | |
|--|-------------------------------------|----------|-----------|----------|-----------------------------------|----------|-----------|----------|
| | 2023 | 2022 | \$ Change | % Change | 2023 | 2022 | \$ Change | % Change |
| Market-Rate Joint Venture Investments | | | | | | | | |
| Total revenues | \$ 3,907 | \$ 2,161 | \$ 1,746 | 80.8 % | \$ 6,084 | \$ 5,077 | \$ 1,007 | 19.8 % |
| Interest expense | 299 | 201 | 98 | 48.8 % | 560 | 394 | 166 | 42.1 % |
| Gain on sale of investments in unconsolidated entities | 7,326 | 12,644 | (5,318) | -42.1 % | 22,693 | 29,083 | (6,390) | -22.0 % |
| Segment net income | 10,932 | 14,600 | (3,668) | -25.1 % | 28,211 | 33,762 | (5,551) | -16.4 % |

Comparison of the three months ended June 30, 2023 and 2022

The increase in total revenues for the three months ended June 30, 2023 as compared to the same period in 2022 was primarily due to the following:

- An increase of approximately \$2.1 million of investment income related to preferred return received upon the sale of Vantage at Conroe in June 2023;
- A decrease of approximately \$637,000 of investment income related to the sales of Vantage at Westover Hills in May 2022, Vantage at O'Connor in July 2022, Vantage at Stone Creek in January 2023, and Vantage at Coventry in January 2023; and
- An increase of approximately \$317,000 in investment income related to our various JV Equity Investments primarily from equity contributions during 2022 and 2023.

Interest expense for the three months ended June 30, 2023 is related to our General LOC that is primarily secured by our JV Equity Investments. The increase in interest expense is primarily due to a higher variable interest rate on outstanding balances.

The gain on sale of JV Equity Investments for the three months ended June 30, 2023 primarily related to the sale of Vantage at Conroe in June 2023 for a gain of approximately \$7.3 million.

The gain on sale of JV Equity Investments for the three months ended June 30, 2022 primarily related to the sale of Vantage at Westover Hills in May 2022 for a gain of approximately \$12.7 million.

The change in segment net income for the three months ended June 30, 2023 as compared to the same period in 2022 was primarily due to the change in total revenues and gains on sales of unconsolidated entities discussed above.

Comparison of the six months ended June 30, 2023 and 2022

The increase in total revenues for the six months ended June 30, 2023 as compared to the same period in 2022 was primarily due to the following:

- An increase of approximately \$2.1 million of investment income related to preferred return received upon the sale of Vantage at Conroe in June 2023;
- A decrease of approximately \$2.0 million of investment income related to the sales of Vantage at Murfreesboro in March 2022, Vantage at Westover Hills in May 2022, Vantage at O'Connor in July 2022, Vantage at Stone Creek in January 2023, and Vantage at Coventry in January 2023; and
- An increase of approximately \$965,000 in investment income related to our various JV Equity Investments primarily from equity contributions during 2022 and 2023.

Interest expense for the six months ended June 30, 2023 is related to our General LOC that is primarily secured by our JV Equity Investments. The increase in interest expense is primarily due to a higher variable interest rate on outstanding balances.

The gain on sale of JV Equity Investments for the six months ended June 30, 2023 primarily consisted of the following:

- The sale of Vantage at Stone Creek in January 2023 for a gain of approximately \$9.1 million;
- The sale of Vantage at Coventry in January 2023 for a gain of approximately \$6.3 million; and
- The sale of Vantage at Conroe in June 2023 for a gain of approximately \$7.3 million.

The gain on sale of JV Equity Investments for the six months ended June 30, 2022 primarily consisted of the following:

- The sale of Vantage at Murfreesboro in March 2022 for a gain of approximately \$16.4 million; and
- The sale of Vantage at Westover Hills in May 2022 for a gain of approximately \$12.7 million.

The change in segment net income for the six months ended June 30, 2023 as compared to the same period in 2022 was primarily due to the change in total revenues and gains on sales of unconsolidated entities discussed above.

Operational Matters

We have noted no material construction cost overruns to date, despite generally volatile market prices for construction materials, particularly lumber and commodities. In addition, we have noted no material issues in securing materials and labor needed to construct the properties underlying our JV Equity Investments, despite general supply chain constraints noted in the current business environment. The construction loans associated with our JV Equity Investments typically have variable interest rates, so we regularly monitor interest costs in comparison to capitalized interest reserves in each property's development budget and available construction budget contingency balances. Though original development budgets were sized to incorporate potential interest rate increases, the pace of recent interest rate increases has caused actual interest costs during construction to exceed original projections. We have noted that some properties that are complete or nearing completion have incurred interest costs that have exceeded capitalized interest reserves, and such properties may utilize construction contingencies or the developers have and may continue to defer a portion of its developer fee payment. Such interest cost overruns, and other potential development cost overruns, may require us to contribute additional equity which may result in lower returns on our JV Equity Investments.

As of June 30, 2023, Vantage at Tomball, Vantage at Helotes, and Vantage at Fair Oaks have completed construction, are in the initial leasing phase, and are 91%, 85%, and 27% occupied as of June 30, 2023, respectively.

In February 2023, we executed an \$8.2 million commitment for Valage Senior Living Carson Valley, a to-be-constructed seniors housing property in Minden, NV. The structure and terms of this JV Equity Investment are very similar to our Vantage and Freestone JV Equity Investments. The managing member of the property is an experienced seniors housing developer and operator. We believe our initiation of JV Equity Investments for seniors housing properties diversifies the exposure of our portfolio of JV Equity Investment while offering risk-adjusted returns similar to our current portfolio.

In July 2023, we executed a \$16.5 million commitment for The Jessam at Hays Farms, a to-be-constructed 318 unit market rate multifamily housing property in Huntsville, AL, which is with a new, experienced developer partner. The terms of this JV Equity Investment are very similar to our Vantage and Freestone JV Equity Investments. This JV Equity Investment is held through ATAX Great Hill Holdings LLC, a wholly owned subsidiary of the Partnership, and diversifies our developer relationships for sourcing JV Equity Investments as well as our geographic areas of investment.

MF Properties Segment

As of June 30, 2023 and 2022, the Partnership owned the Suites on Paseo MF Property containing a total of 384 rental units that serve primarily university students. As of June 30, 2022, the Partnership also owned The 50/50 MF Property which was sold to an unrelated non-profit organization in December 2022.

The following table compares operating results for the MF Properties segment for the periods indicated (dollar amounts in thousands):

| | For the Three Months Ended June 30, | | | | For the Six Months Ended June 30, | | | |
|-------------------------------|-------------------------------------|----------|-----------|----------|-----------------------------------|----------|------------|----------|
| | 2023 | 2022 | \$ Change | % Change | 2023 | 2022 | \$ Change | % Change |
| MF Properties | | | | | | | | |
| Total revenues | \$ 1,108 | \$ 1,945 | \$ (837) | -43.0 % | \$ 2,334 | \$ 3,872 | \$ (1,538) | -39.7 % |
| Real estate operating expense | 615 | 979 | (364) | -37.2 % | 1,217 | 2,043 | (826) | -40.4 % |
| Interest expense | - | 269 | (269) | -100.0 % | - | 542 | (542) | -100.0 % |
| Segment net income (loss) | 95 | 8 | 87 | 1087.5 % | 312 | (84) | 396 | 471.4 % |

Comparison of the three months ended June 30, 2023 and 2022

The decrease in total revenues for the three months ended June 30, 2023 as compared to the same period in 2022 is primarily due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Revenues for The 50/50 MF Property were approximately \$823,000 for the three months ended June 30, 2022.

The decrease in real estate operating expense for the three months ended June 30, 2023 as compared to the same period in 2022 is due primarily to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Operating expenses for The 50/50 MF Property were approximately \$222,000 for the three months ended June 30, 2022. Operating expenses for The Suites on Paseo MF Property decreased approximately \$134,000 due to a non-recurring tax refund received in 2023.

The decrease in interest expense for the three months ended June 30, 2023 as compared to the same period in 2022 is due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022 and the buyer's assumption of debt outstanding at the property. The Suites on Paseo MF Property had no direct debt obligations during the three months ended June 30, 2023 and 2022.

The increase in segment net income for the three months ended June 30, 2023 as compared to the same period in 2022 was due to the changes in total revenue and interest expense described above. Included in segment net income (loss) is depreciation expense of \$405,000 and \$684,000 for the three months ended June 30, 2023 and 2022, respectively. The decrease in depreciation expense is primarily due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Depreciation expense for The 50/50 MF Property was approximately \$293,000 for the three months ended June 30, 2022.

Comparison of the six months ended June 30, 2023 and 2022

The decrease in total revenues for the six months ended June 30, 2023 as compared to the same period in 2022 is primarily due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Revenues for The 50/50 MF Property were approximately \$1.6 million for the six months ended June 30, 2022. This was partially offset by an increase of approximately \$98,000 due to higher rents at the Suites on Paseo MF Property.

The decrease in real estate operating expense for the six months ended June 30, 2023 as compared to the same period in 2022 is due primarily to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Operating expenses for The 50/50 MF Property were approximately \$690,000 for the six months ended June 30, 2022. Operating expenses for the Suites on Paseo MF Property decreased approximately \$143,000 due primarily to insurance proceeds from flood damage.

The decrease in interest expense for the six months ended June 30, 2023 as compared to the same period in 2022 is due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022 and the buyer's assumption of debt outstanding at the property. The Suites on Paseo MF Property had no direct debt obligations during the six months ended June 30, 2023 and 2022.

The improvement in segment net income (loss) for the six months ended June 30, 2023 as compared to the same period in 2022 was due to the changes in total revenue and interest expense described above. Included in segment net income (loss) is depreciation expense of \$810,000 and \$1.4 million for the six months ended June 30, 2023 and 2022, respectively. The decrease in depreciation expense is primarily due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Depreciation expense for The 50/50 MF Property was approximately \$585,000 for the six months ended June 30, 2022.

Operational Matters

In December 2022, we sold 100% of our ownership interest in The 50/50 MF Property to an unrelated non-profit organization. We received an unsecured property loan in return upon sale payable from future net cash flows of the property. The buyer assumed two mortgages payable associated with the property and we agreed to provide certain recourse support for the assumed mortgages. As a result of the sale, we deconsolidated The 50/50 MF Property in our condensed consolidated financial statements as of the date of sale. We have deferred a gain on sale of approximately \$6.6 million and will recognize the gain upon collection of principal of the unsecured property loan.

The Suites on Paseo MF Property has generated sufficient operating cash flows to meet all operational obligations through June 30, 2023. The Suites on Paseo MF Property, which is adjacent to San Diego State University, was 70% occupied as of June 30, 2023. As of mid-July 2023, the property is approximately 100% pre-leased for the Fall 2023 semester. Included in the pre-leased amount is a master lease with San Diego State University whereby the university is leasing 140 beds for the period from August 2023 through July 2024, which will be subleases to its students. The master lease will support overall occupancy and provide certainty of revenue for the related beds.

Discussion of Occupancy at Investment-Related Properties

The following tables summarize occupancy and other information regarding the properties underlying our various investment classes. The narrative discussion that follows provides a brief operating analysis of each investment class as of and for the six months ended June 30, 2023 and 2022.

Non-Consolidated Properties – Stabilized

The owners of the following properties either do not meet the definition of a VIE and/or we have evaluated and determined we are not the primary beneficiary of the VIE. As a result, we do not report the assets, liabilities and results of operations of these properties on a consolidated basis. These properties have met the stabilization criteria (see footnote 3 below the table) as of June 30, 2023. Debt service on our MRBs for the non-consolidated stabilized properties was current as of June 30, 2023. The amounts presented below were obtained from records provided by the property owners and their related property management service providers.

| Property Name | State | Number of Units as of June 30, 2023 | Physical Occupancy ⁽¹⁾ as of June 30, | | Economic Occupancy ⁽²⁾ for the six months ended June 30, | |
|--|-------|-------------------------------------|--|---------------|---|---------------|
| | | | 2023 | 2022 | 2023 | 2022 |
| MRB Multifamily Properties-Stabilized⁽³⁾ | | | | | | |
| CCBA Senior Garden Apartments | CA | 45 | 96 % | 100 % | 96 % | 97 % |
| Courtyard | CA | 108 | 100 % | 100 % | 99 % | 97 % |
| Glenview Apartments | CA | 88 | 92 % | 98 % | 87 % | 91 % |
| Harden Ranch | CA | 100 | 100 % | 100 % | 98 % | 95 % |
| Harmony Court Bakersfield | CA | 96 | 99 % | 99 % | 93 % | 92 % |
| Harmony Terrace | CA | 136 | 100 % | 99 % | 136 % | 134 % |
| Las Palmas II | CA | 81 | 100 % | 100 % | 98 % | 98 % |
| Lutheran Gardens | CA | 76 | 97 % | 92 % | 94 % | 91 % |
| Montclair Apartments | CA | 80 | 100 % | 99 % | 90 % | 94 % |
| Montecito at Williams Ranch Apartments | CA | 132 | 98 % | 95 % | 103 % | 106 % |
| Montevista | CA | 82 | 85 % | 95 % | 98 % | 96 % |
| San Vicente | CA | 50 | 96 % | 100 % | 88 % | 93 % |
| Santa Fe Apartments | CA | 89 | 98 % | 93 % | 93 % | 89 % |
| Seasons at Simi Valley | CA | 69 | 99 % | 100 % | 121 % | 118 % |
| Seasons Lakewood | CA | 85 | 100 % | 100 % | 107 % | 96 % |
| Seasons San Juan Capistrano | CA | 112 | 99 % | 99 % | 98 % | 99 % |
| Solano Vista | CA | 96 | 98 % | 93 % | 89 % | 89 % |
| Summerhill | CA | 128 | 96 % | 100 % | 93 % | 94 % |
| Sycamore Walk | CA | 112 | 96 % | 99 % | 96 % | 90 % |
| The Village at Madera | CA | 75 | 100 % | 99 % | 107 % | 101 % |
| Tyler Park Townhomes | CA | 88 | 100 % | 99 % | 98 % | 98 % |
| Vineyard Gardens | CA | 62 | 100 % | 100 % | 103 % | 100 % |
| Westside Village Market | CA | 81 | 98 % | 99 % | 97 % | 91 % |
| Brookstone | IL | 168 | 97 % | 99 % | 100 % | 100 % |
| Copper Gate Apartments | IN | 129 | 97 % | 99 % | 98 % | 102 % |
| Renaissance | LA | 208 | 96 % | 93 % | 91 % | 93 % |
| Live 929 Apartments | MD | 575 | 91 % | 89 % | 88 % | 78 % |
| Silver Moon | NM | 151 | 95 % | 98 % | 96 % | 96 % |
| Village at Avalon | NM | 240 | 99 % | 95 % | 97 % | 96 % |
| Columbia Gardens | SC | 188 | 88 % | 92 % | 100 % | 97 % |
| Companion at Thornhill Apartments | SC | 180 | 100 % | 99 % | 81 % | 84 % |
| The Palms at Premier Park Apartments | SC | 240 | 97 % | 100 % | 85 % | 91 % |
| Village at River's Edge ⁽⁴⁾ | SC | 124 | 94 % | 90 % | 93 % | 96 % |
| Willow Run | SC | 200 | 88 % | 90 % | 103 % | 100 % |
| Arbors at Hickory Ridge ⁽⁵⁾ | TN | 348 | n/a | n/a | n/a | n/a |
| Avistar at Copperfield | TX | 192 | 94 % | 97 % | 89 % | 86 % |
| Avistar at the Crest | TX | 200 | 99 % | 98 % | 91 % | 82 % |
| Avistar at the Oaks | TX | 156 | 97 % | 99 % | 90 % | 88 % |
| Avistar at the Parkway | TX | 236 | 94 % | 95 % | 85 % | 84 % |
| Avistar at Wilcrest | TX | 88 | 83 % | 94 % | 79 % | 77 % |
| Avistar at Wood Hollow | TX | 409 | 96 % | 95 % | 93 % | 88 % |
| Avistar in 09 | TX | 133 | 95 % | 99 % | 93 % | 94 % |
| Avistar on the Boulevard | TX | 344 | 91 % | 97 % | 82 % | 83 % |
| Avistar on the Hills | TX | 129 | 93 % | 97 % | 87 % | 84 % |
| Bruton Apartments | TX | 264 | 72 % | 91 % | 49 % | 62 % |
| Concord at Gulfgate | TX | 288 | 92 % | 99 % | 78 % | 87 % |
| Concord at Little York | TX | 276 | 89 % | 91 % | 75 % | 77 % |
| Concord at Williamcrest | TX | 288 | 93 % | 93 % | 86 % | 83 % |
| Crossing at 1415 | TX | 112 | 93 % | 96 % | 88 % | 88 % |
| Decatur Angle | TX | 302 | 84 % | 88 % | 71 % | 64 % |
| Esperanza at Palo Alto | TX | 322 | 89 % | 88 % | 72 % | 79 % |
| Heights at 515 | TX | 96 | 92 % | 100 % | 88 % | 89 % |
| Heritage Square | TX | 204 | 96 % | 95 % | 87 % | 82 % |
| Oaks at Georgetown | TX | 192 | 97 % | 96 % | 91 % | 94 % |
| Runnymede | TX | 252 | 99 % | 99 % | 92 % | 97 % |
| Southpark | TX | 192 | 96 % | 97 % | 89 % | 93 % |
| 15 West Apartments | WA | 120 | 99 % | 99 % | 98 % | 98 % |
| | | 9,617 | 93.9 % | 95.4 % | 88.9 % | 88.4 % |

(1) Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.

(2) Economic occupancy is defined as the net rental income received divided by the maximum amount of rental income to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Physical occupancy is a point in time measurement while economic occupancy is a measurement over the period presented. Therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.

(3) A property is considered stabilized once it reaches 90% physical occupancy for 90 days and an achievement of 1.15 times debt service coverage ratio on amortizing debt service for a period after construction completion or completion of the rehabilitation.

(4) The physical occupancy is based on the latest available financial information, which is as of March 31, 2023. Economic occupancy is as of June 30, 2023.

(5) The MRB is defeased and as such, the Partnership does not report property occupancy information.

Physical occupancy as of June 30, 2023 decreased slightly from the same period in 2022 due to modest declines across various properties in the portfolio. Economic occupancy for the six months ended June 30, 2023 is relatively stable compared with the same period in 2022.

A significant property performance decline was noted at Bruton Apartments due to higher than historical bad debt write-offs and decreased physical occupancy. Local COVID ordinances restricting evictions for non-payment of rent recently expired and evictions have resumed, which has resulted in declining occupancy as units related to evictions are being readied to be leased to new tenants. We will continue to monitor and discuss property operations with the individual borrowers.

Non-Consolidated Properties - Not Stabilized

The owners of the following residential properties do not meet the definition of a VIE and/or we have evaluated and determined we are not the primary beneficiary of each VIE. As a result, we do not report the assets, liabilities and results of operations of these properties on a consolidated basis. As of June 30, 2023, these Residential Properties have not met the stabilization criteria (see footnote 3 below the table). As of June 30, 2023, debt service on the Partnership's MRBs and GILs for the non-consolidated, non-stabilized properties was current. The amounts presented below were obtained from records provided by the property owners and their related property management service providers.

| Property Name | State | Number of Units as of June 30, 2023 | Physical Occupancy ⁽¹⁾ | | Economic Occupancy ⁽²⁾ | |
|---|-------|-------------------------------------|-----------------------------------|------|--|------|
| | | | as of June 30, 2023 | 2022 | for the six months ended June 30, 2023 | 2022 |
| MRB Multifamily Properties-Non Stabilized ⁽³⁾ | | | | | | |
| 40rty on Colony - Series P ⁽⁴⁾ | CA | 40 | n/a | n/a | n/a | n/a |
| Ocotillo Springs ⁽⁵⁾ | CA | 75 | 99 % | n/a | 104 % | n/a |
| Residency at Empire ⁽⁴⁾ | CA | 148 | n/a | n/a | n/a | n/a |
| Residency at the Entrepreneur ⁽⁴⁾ | CA | 200 | n/a | n/a | n/a | n/a |
| Residency at the Mayer ⁽⁴⁾ | CA | 79 | n/a | n/a | n/a | n/a |
| Village at Hanford Square ⁽⁴⁾ | CA | 100 | n/a | n/a | n/a | n/a |
| Handsel Morgan Village Apartments ⁽⁴⁾ | GA | 45 | n/a | n/a | n/a | n/a |
| MaryAlice Circle Apartments ⁽⁴⁾ | GA | 98 | n/a | n/a | n/a | n/a |
| Jackson Manor Apartments | MS | 60 | 98 % | 97 % | 96 % | 95 % |
| The Ivy Apartments ⁽⁵⁾ | SC | 212 | 77 % | n/a | 67 % | n/a |
| The Park at Sondrio Apartments ⁽⁵⁾ | SC | 271 | 84 % | n/a | 62 % | n/a |
| The Park at Vietti Apartments ⁽⁵⁾ | SC | 204 | 79 % | n/a | 63 % | n/a |
| Windsor Shores Apartments ⁽⁵⁾ | SC | 176 | 81 % | n/a | 73 % | n/a |
| | | 1,708 | | | | |
| GIL Multifamily Properties-Non Stabilized ⁽³⁾ | | | | | | |
| Hope on Avalon ^{(5), (6)} | CA | 88 | 63 % | n/a | n/a | n/a |
| Hope on Broadway ^{(5), (6)} | CA | 49 | 100 % | n/a | n/a | n/a |
| Centennial Crossings ⁽⁵⁾ | CO | 209 | 98 % | n/a | 95 % | n/a |
| Poppy Grove I ⁽⁴⁾ | CA | 147 | n/a | n/a | n/a | n/a |
| Poppy Grove II ⁽⁴⁾ | CA | 82 | n/a | n/a | n/a | n/a |
| Poppy Grove III ⁽⁴⁾ | CA | 158 | n/a | n/a | n/a | n/a |
| Osprey Village ⁽⁴⁾ | FL | 383 | n/a | n/a | n/a | n/a |
| Magnolia Heights ^{(5), (7)} | GA | 200 | 50 % | n/a | 51 % | n/a |
| Willow Place Apartments ⁽⁴⁾ | GA | 182 | n/a | n/a | n/a | n/a |
| Legacy Commons at Signal Hills ⁽⁵⁾ | MN | 247 | 31 % | n/a | 16 % | n/a |
| Hilltop at Signal Hills ⁽⁵⁾ | MN | 146 | 97 % | n/a | 95 % | n/a |
| Scharbauer Flats Apartments | TX | 300 | 99 % | 1 % | 33 % | 0 % |
| | | 2,191 | | | | |
| MRB Seniors Housing and Skilled Nursing Properties-Non Stabilized ⁽³⁾ | | | | | | |
| Meadow Valley ⁽⁴⁾ | MI | 174 ⁽⁸⁾ | n/a | n/a | n/a | n/a |
| Village Point Apartments ^{(5), (6)} | NJ | 120 ⁽⁹⁾ | 85 % ⁽⁹⁾ | n/a | n/a | n/a |
| | | 294 | | | | |
| Grand total | | 4,193 | | | | |

⁽¹⁾Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.

⁽²⁾Economic occupancy is defined as the net rental income received divided by the maximum amount of rental income to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Physical occupancy is a point in time measurement while economic occupancy is a measurement over the period presented. Therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.

⁽³⁾The property is not considered stabilized as it has not met the criteria for stabilization. A property is considered stabilized once construction and/or rehabilitation is complete, it reaches 90% physical occupancy for 90 days, and it achieves 1.15 times debt service coverage ratio on amortizing debt service for a certain period.

⁽⁴⁾Physical and economic occupancy information is not available for the six months ended June 30, 2023 and 2022 as the property is under construction or rehabilitation.

⁽⁵⁾Physical and economic occupancy information is not available for the six months ended June 30, 2022 as the related investment was either under construction, rehabilitation, or recently acquired.

⁽⁶⁾The physical occupancy is based on the latest available financial information, which is as of June 30, 2023. Economic occupancy is not available as of June 30, 2023 as the property was recently acquired or recently began operations.

⁽⁷⁾The physical occupancy and economic occupancy amounts are based on the latest available occupancy and financial information, which is as of March 31, 2023.

(8)Meadow Valley is a seniors housing property with 174 beds in 154 units.

(9)Village Point is a skilled nursing property with 120 beds in 92 units. Occupancy is based on the daily average of beds occupied during the month of June 2023.

As of June 30, 2023, seven MRB multifamily properties and one MRB seniors housing property were under construction and have no operating metrics to report. The Ocotillo Springs MRB property has completed construction and achieved stabilization in July 2023. The Jackson Manor, The Ivy Apartments, The Park at Sondrio Apartments, The Park at Vietti Apartments, and Windsor Shores Apartments MRB properties are currently undergoing tenant-in-place rehabilitations.

As of June 30, 2023, five GIL properties were under construction and have no operating metrics to report. The remaining seven GIL properties have substantially completed construction and are leasing units.

JV Equity Investments

We are the noncontrolling equity investor in various unconsolidated entities formed for the purpose of constructing market-rate, multifamily real estate properties. The Partnership determined the JV Equity Investments are VIEs but that the Partnership is not the primary beneficiary. As a result, the Partnership does not report the assets, liabilities and results of operations of these properties on a consolidated basis. The one exception is Vantage at San Marcos, for which the Partnership is deemed the primary beneficiary and reports the entity's assets and liabilities on a consolidated basis. Our JV Equity Investments entitle us to shares of certain cash flows generated by the entities from operations and upon the occurrence of certain capital transactions, such as a refinance or sale. The amounts presented below were obtained from records provided by the property management service providers.

| Property Name | State | Construction Completion Date | Planned Number of Units | Physical Occupancy ⁽¹⁾ as of June 30, | | Revenue For the Three Months Ended June 30, 2023 ⁽²⁾ | Sale Date | Per-unit Sale Price |
|---|-------|------------------------------|-------------------------|--|------|---|--------------|---------------------|
| | | | | 2023 | 2022 | | | |
| <u>Sold Properties</u> | | | | | | | | |
| Vantage at Germantown | TN | March 2020 | n/a | n/a | n/a | n/a | March 2021 | \$ 149,000 |
| Vantage at Powdersville | SC | February 2020 | n/a | n/a | n/a | n/a | May 2021 | 170,000 |
| Vantage at Bulverde | TX | August 2019 | n/a | n/a | n/a | n/a | August 2021 | 170,000 |
| Vantage at Murfreesboro | TN | October 2020 | n/a | n/a | n/a | n/a | March 2022 | 273,000 |
| Vantage at Westover Hills | TX | July 2021 | n/a | n/a | n/a | n/a | May 2022 | ⁽³⁾ |
| Vantage at O'Connor | TX | June 2021 | n/a | n/a | 97 % | n/a | July 2022 | 201,000 |
| Vantage at Stone Creek | NE | April 2020 | n/a | n/a | 97 % | n/a | January 2023 | 196,000 |
| Vantage at Coventry | NE | February 2021 | n/a | n/a | 97 % | n/a | January 2023 | 180,000 |
| Vantage at Conroe | TX | January 2021 | n/a | n/a | 91 % | n/a | June 2023 | 174,000 |
| <u>Operating Properties</u> | | | | | | | | |
| Vantage at Tomball | TX | April 2022 | 288 | 91 % | 48 % | \$ 1,079,467 | n/a | n/a |
| Vantage at Helotes | TX | November 2022 | 288 | 85 % | n/a | 975,775 | n/a | n/a |
| Vantage at Fair Oaks | TX | May 2023 | 288 | 27 % | n/a | 244,343 | n/a | n/a |
| <u>Properties Under Construction</u> | | | | | | | | |
| Vantage at Hutto ⁽⁴⁾ | TX | n/a | 288 | 2 % | n/a | n/a | n/a | n/a |
| Vantage at Loveland | CO | n/a | 288 | n/a | n/a | n/a | n/a | n/a |
| Vantage at McKinney Falls | TX | n/a | 288 | n/a | n/a | n/a | n/a | n/a |
| Freestone Cresta Bella | TX | n/a | 296 | n/a | n/a | n/a | n/a | n/a |
| Valage Senior Living Carson Valley | NV | n/a | 102 ⁽⁵⁾ | n/a | n/a | n/a | n/a | n/a |
| <u>Properties in Planning</u> | | | | | | | | |
| Vantage at San Marcos ⁽⁶⁾ | TX | n/a | 288 | n/a | n/a | n/a | n/a | n/a |
| Freestone Greeley | CO | n/a | 296 | n/a | n/a | n/a | n/a | n/a |

2,710

(1)Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.

- (2) Revenue is attributable to the property underlying the Partnership's equity investment and is not included in the Partnership's income.
- (3) Disclosure of the per-unit sale price is not permitted according to provisions in the purchase agreement executed by the entity's managing member and the buyer.
- (4) Information as of June 30, 2023 is provided as the property has commenced leasing operations prior to construction completion.
- (5) Valage Senior Living Carson Valley is a seniors housing property with 102 beds in 88 units.
- (6) The property is reported as a consolidated VIE as of June 30, 2023 (see Note 5 to the Partnership's condensed consolidated financial statements).

The Vantage at Hutto, Vantage at Loveland, Vantage at McKinney Falls, Freestone Cresta Bella, and Valage Senior Living Carson Valley properties are under construction and have yet to commence leasing activities as of June 30, 2023. Construction was completed on Vantage at Tomball and Vantage at Helotes during 2022 and both properties are leasing up in line with expectations. Vantage at Fair Oaks construction was completed in 2023 and has commenced leasing activities. Freestone Greeley and Vantage at San Macros are in the planning phase.

MF Properties

As of June 30, 2023, we owned one MF Property. The Partnership reports the assets, liabilities, and results of operations of this property on a consolidated basis.

| Property Name | State | Number of Units as of June 30, 2023 | Physical Occupancy ⁽¹⁾ as of June 30, | | Economic Occupancy ⁽²⁾ for the six months ended June 30, | |
|-----------------------------|-------|-------------------------------------|--|------|---|------|
| | | | 2023 | 2022 | 2023 | 2022 |
| <u>MF Properties</u> | | | | | | |
| Suites on Paseo | CA | 384 | 70 % | 88 % | 93 % | 89 % |

(1) Physical occupancy is defined as the total number of units occupied divided by total units at the date of measurement.

(2) Economic occupancy is defined as the net rental income received divided by the maximum amount of rental income to be derived from each property. This statistic is reflective of rental concessions, delinquent rents and non-revenue units such as model units and employee units. Physical occupancy is a point in time measurement while economic occupancy is a measurement over the period presented. Therefore, economic occupancy for a period may exceed the actual occupancy at any point in time.

The economic occupancy for the six months ended June 30, 2023 increased as compared to the same period in 2022 due to higher average monthly occupancy. The physical occupancy as of June 30, 2023 declined as compared to the same period in 2022 due to the students moving off campus during the summer months. The property previously relied on short-term non-student leases to boost occupancy, but the property is focusing on student-only tenants and transitioning to 12-month leases going forward, which should reduce occupancy declines in future summers. The property and San Diego State University have entered into a master lease whereby the university will lease 140 beds for the period from August 2023 through July 2024, which the university will then sublease to its students. The master lease will support overall occupancy and provide certainty of revenue for the related beds. As of mid-July 2023, the property is approximately 100% pre-leased for the Fall 2023 semester.

Results of Operations

The tables and following discussions of our changes in results of operations for the three and six months ended June 30, 2023 and 2022 should be read in conjunction with the Partnership's consolidated financial statements and notes thereto included in Item 1 of this report, as well as the Partnership's Annual Report on Form 10-K for the year ended December 31, 2022.

The following table compares our revenue and other income for the periods indicated (dollar amounts in thousands):

| | For the Three Months Ended June 30, | | | | For the Six Months Ended June 30, | | | |
|--|-------------------------------------|------------------|-----------------|---------------|-----------------------------------|------------------|------------------|---------------|
| | 2023 | 2022 | \$ Change | % Change | 2023 | 2022 | \$ Change | % Change |
| Revenues and Other Income: | | | | | | | | |
| Investment income | \$ 22,416 | \$ 13,825 | \$ 8,591 | 62.1 % | \$ 41,718 | \$ 28,229 | \$ 13,489 | 47.8 % |
| Property revenues | 1,108 | 1,945 | (837) | -43.0 % | 2,334 | 3,872 | (1,538) | -39.7 % |
| Other interest income | 4,646 | 1,463 | 3,183 | 217.6 % | 9,056 | 4,339 | 4,717 | 108.7 % |
| Other income | 133 | - | 133 | N/A | 133 | - | 133 | N/A |
| Gain on sale of investments in unconsolidated entities | 7,326 | 12,644 | (5,318) | -42.1 % | 22,693 | 29,083 | (6,390) | -22.0 % |
| Total Revenues and Other Income | \$ 35,629 | \$ 29,877 | \$ 5,752 | 19.3 % | \$ 75,934 | \$ 65,523 | \$ 10,411 | 15.9 % |

Discussion of Total Revenues and Other Income for the Three Months Ended June 30, 2023 and 2022

Investment income. The increase in investment income for the three months ended June 30, 2023 as compared to the same period in 2022 was due to the following factors:

- An increase of approximately \$4.0 million in interest income from higher GIL investment balances and higher average interest rates;
- An increase of approximately \$3.4 million in interest income from recent MRB advances, offset by a decrease of approximately \$506,000 in interest income due to MRB redemptions and principal repayments;
- An increase of approximately \$1.7 million of investment income related to JV Equity Investments. This increase consisted of:
 - o An increase of approximately \$2.1 million of investment income related to preferred return received upon the sale of Vantage at Conroe in June 2023;
 - o A decrease of approximately \$637,000 of investment income related to the sales of Vantage at Westover Hills in May 2022, Vantage at O'Connor in July 2022, Vantage at Stone Creek in January 2023, and Vantage at Coventry in January 2023; and
 - o An increase of approximately \$317,000 in investment income related to our various JV Equity Investments primarily from equity contributions during 2022 and 2023.

Property revenues. The decrease in property revenues for the three months ended June 30, 2023 as compared to the same period in 2022 is primarily due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Revenues for The 50/50 MF Property were approximately \$823,000 for the three months ended June 30, 2022.

Other interest income. Other interest income is comprised primarily of interest income on our property loan, taxable MRB, and taxable GIL investments. The increase in other interest income for the three months ended June 30, 2023 as compared to the same period in 2022 was due to the following factors:

- An increase of approximately \$2.8 million from higher average property loan, taxable MRB and taxable GIL investment balances of \$65.4 million and higher average interest rates;
- An increase of approximately \$662,000 of other interest income due to increasing interest earned on cash balances; and
- A decrease of approximately \$295,000 of other interest income due to property loan redemptions in 2022 and 2023.

Other income. Other income for the three months ended June 30, 2023 related to receipt of a non-refundable extension for the Scharbauer Flats GIL and property loan maturity dates.

Gain on sale of investments in unconsolidated entities. The gain on sale of JV Equity Investments for the three months ended June 30, 2023 primarily related to the sale of Vantage at Conroe in June 2023 for a gain of approximately \$7.3 million. The gain on sale of JV Equity Investments for the three months ended June 30, 2022 primarily related to the sale of Vantage at Westover Hills in May 2022 for a gain of approximately \$12.7 million.

Discussion of Total Revenues and Other Income for the Six Months Ended June 30, 2023 and 2022

Investment income. The increase in investment income for the six months ended June 30, 2023 as compared to the same period in 2022 was due to the following factors:

- An increase of approximately \$7.5 million in interest income from higher GIL investment balances and higher average interest rates;
- An increase of approximately \$6.6 million in interest income from recent MRB advances, offset by a decrease of approximately \$1.6 million in interest income due to MRB redemptions;
- An increase of approximately \$1.0 million of investment income related to JV Equity Investments consisting of:
 - o An increase of approximately \$2.1 million of investment income related to preferred return received upon the sale of Vantage at Conroe in June 2023;
 - o A decrease of approximately \$2.0 million of investment income related to the sales of Vantage at Murfreesboro in March 2022, Vantage at Westover Hills in May 2022, Vantage at O'Connor in July 2022, Vantage at Stone Creek in January 2023, and Vantage at Coventry in January 2023; and

oAn increase of approximately \$965,000 in investment income related to our various JV Equity Investments primarily from equity contributions during 2022 and 2023.

Property revenues. The decrease in property revenues for the six months ended June 30, 2023 as compared to the same period in 2022 is primarily due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Revenues for The 50/50 MF Property were approximately \$1.6 million for the six months ended June 30, 2022. This was partially offset by an increase of approximately \$98,000 due to higher rents at the Suites on Paseo MF Property.

Other interest income. Other interest income is comprised primarily of interest income on our property loan, taxable MRB, and taxable GIL investments. The increase in other interest income for the six months ended June 30, 2023 as compared to the same period in 2022 was due to the following factors:

- An increase of approximately \$5.8 million from higher average property loan, taxable MRB and taxable GIL investment balances of \$84.6 million and higher average interest rates;
- An increase of approximately \$1.4 million of other interest income due to increasing interest earned on cash balances;
- A decrease of approximately \$544,000 in other interest income due to property loan redemptions in 2022; and
- A decrease of approximately \$1.9 million in other interest income for payments received on the Ohio Properties and Live 929 Apartments property loans in the first quarter of 2022 that did not recur.

Other income. Other income for the six months ended June 30, 2023 related to receipt of a non-refundable extension fee. There was no other income for the six months ended June 30, 2022.

Gain on sale of investments in unconsolidated entities. The gain on sale of JV Equity Investments for the six months ended June 30, 2023 primarily consisted of the following:

- The sale of Vantage at Stone Creek in January 2023 for a gain of approximately \$9.1 million;
- The sale of Vantage at Coventry in January 2023 for a gain of approximately \$6.3 million; and
- The sale of Vantage at Conroe in June 2023 for a gain of approximately \$7.3 million.

The gain on sale of JV Equity Investments for the six months ended June 30, 2022 primarily consisted of the following:

- The sale of Vantage at Murfreesboro in March 2022 for a gain of approximately \$16.4 million; and
- The sale of Vantage at Westover Hills in May 2022 for a gain of approximately \$12.7 million.

The following table compares our expenses for the periods indicated (dollar amounts in thousands):

| Expenses: | For the Three Months Ended June 30, | | | | For the Six Months Ended June 30, | | | |
|--|-------------------------------------|------------------|-----------------|---------------|-----------------------------------|------------------|------------------|---------------|
| | 2023 | 2022 | \$ Change | % Change | 2023 | 2022 | \$ Change | % Change |
| Real estate operating (exclusive of items shown below) | \$ 615 | \$ 979 | \$ (364) | -37.2 % | \$ 1,217 | \$ 2,043 | \$ (826) | -40.4 % |
| Provision for credit losses | (774) | - | (774) | N/A | (1,319) | - | (1,319) | N/A |
| Depreciation and amortization | 405 | 684 | (279) | -40.8 % | 810 | 1,368 | (558) | -40.8 % |
| Interest expense | 8,988 | 6,777 | 2,211 | 32.6 % | 26,960 | 10,714 | 16,246 | 151.6 % |
| General and administrative | 5,109 | 3,809 | 1,300 | 34.1 % | 10,182 | 7,491 | 2,691 | 35.9 % |
| Total Expenses | <u>\$ 14,343</u> | <u>\$ 12,249</u> | <u>\$ 2,094</u> | <u>17.1 %</u> | <u>\$ 37,850</u> | <u>\$ 21,616</u> | <u>\$ 16,234</u> | <u>75.1 %</u> |

Discussion of Total Expenses for the Three Months Ended June 30, 2023 and 2022

Real estate operating expenses. Real estate operating expenses are related to MF Properties and are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. Real estate operating expenses decreased for the three months ended June 30, 2023 as compared to the same period in 2022 primarily due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022.

Operating expenses for The 50/50 MF Property were approximately \$222,000 for the three months ended June 30, 2022. Operating expenses for the Suites on Paseo MF Property decreased approximately \$134,000 due to a non-recurring tax refund received in 2023.

Provision for credit losses. The Partnership adopted the CECL standard effective January 1, 2023 and we recorded a cumulative effect of accounting change of approximately \$5.9 million directly to Partners' Capital as of the effective date. The provision for credit losses for the three months ended June 30, 2023 relates to declining expected credit losses for our portfolio of GIL, taxable GIL and property loan investments and is primarily due to the shortening average remaining life of such investments. There was no provision for credit losses for the three months ended June 30, 2022, which was prior to the effective date of the CECL standard.

Depreciation and amortization expense. Depreciation and amortization relate primarily to the MF Properties. Depreciation and amortization expense decreased for the three months ended June 30, 2023 as compared to the same period in 2022 due primarily to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Depreciation expense for The 50/50 MF Property was approximately \$293,000 for the three months ended June 30, 2022.

Interest expense. The increase in interest expense for the three months ended June 30, 2023 as compared to the same period in 2022 was due to the following factors:

- An increase of approximately \$6.1 million due to higher average interest rates on variable-rate debt financing;
- An increase of approximately \$0.9 million due to higher average principal outstanding of \$209.4 million;
- An decrease of approximately \$99,000 in amortization of deferred financing costs; and
- An decrease of approximately \$4.6 million due to fair market value adjustments of interest rate derivative instruments.

General and administrative expenses. The increase in general and administrative expenses for the three months ended June 30, 2023 as compared to the same period in 2022 was primarily due to increases of approximately \$248,000 in employee compensation related to higher transactional bonuses and salaries, approximately \$422,000 in restricted unit compensation expense, approximately \$366,000 in administration fees paid to AFCA2 due to greater assets under management, and approximately \$152,000 related to professional and consulting fees from increased transactional activity.

Discussion of Total Expenses for the Six Months Ended June 30, 2023 and 2022

Real estate operating expenses. Real estate operating expenses are related to MF Properties and are comprised principally of real estate taxes, property insurance, utilities, property management fees, repairs and maintenance, and salaries and related employee expenses of on-site employees. Real estate operating expenses decreased for the six months ended June 30, 2023 as compared to the same period in 2022 primarily due to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Operating expenses for The 50/50 MF Property were approximately \$690,000 for the six months ended June 30, 2022. Operating expenses for the Suites on Paseo MF Property decreased approximately \$143,000 due primarily to insurance proceeds from flood damage.

Provision for credit losses. The Partnership adopted the CECL standard effective January 1, 2023 and we recorded a cumulative effect of accounting change of approximately \$5.9 million directly to Partners' Capital as of the effective date. The provision for credit losses for the six months ended June 30, 2023 relates to declining expected credit losses for our portfolio of GIL, taxable GIL and property loan investments and is primarily due to the shortening average remaining life of such investments. There was no provision for credit losses for the six months ended June 30, 2022, which was prior to the effective date of the CECL standard.

Depreciation and amortization expense. Depreciation and amortization relate primarily to the MF Properties. Depreciation and amortization expense decreased for the six months ended June 30, 2023 as compared to the same period in 2022 due primarily to the sale of the Partnership's ownership interest in The 50/50 MF Property in December 2022. Depreciation expense for The 50/50 MF Property was approximately \$585,000 for the six months ended June 30, 2022.

Interest expense. The increase in interest expense for the six months ended June 30, 2023 as compared to the same period in 2022 was due to the following factors:

- An increase of approximately \$13.0 million due to higher average interest rates on variable-rate debt financing;
- An increase of approximately \$1.3 million due to higher average principal outstanding of \$215.8 million;

- An increase of approximately \$457,000 in amortization of deferred financing costs, which includes approximately \$584,000 of unamortized deferred financing costs that were recognized as interest expense upon the redemption of a TOB in February 2023; and
- An increase of approximately \$1.4 million due to fair market value adjustments of interest rate derivative instruments.

General and administrative expenses. The increase in general and administrative expenses for the six months ended June 30, 2023 as compared to the same period in 2022 was primarily due to increases of approximately \$875,000 in employee compensation related to higher transactional bonuses and salaries, approximately \$598,000 in restricted unit compensation expense, approximately \$726,000 in administration fees paid to AFCA2 due to greater assets under management, and approximately \$259,000 related to professional and consulting fees from increased transactional activity.

Discussion of Income Tax Expense for the Three and Six Months Ended June 30, 2023 and 2022

A wholly owned subsidiary of the Partnership, the Greens Hold Co, is a corporation subject to federal and state income tax. The Greens Hold Co owns certain property loans. The Greens Hold Co sold its ownership interest in The 50/50 MF Property to an unrelated non-profit organization in December 2022 and deferred a gain on sale of approximately \$6.6 million. There was minimal taxable income for the Greens Hold Co for the three and six months ended June 30, 2023 and 2022.

Cash Available for Distribution - Non-GAAP Financial Measures

The Partnership believes that Cash Available for Distribution (“CAD”) provides relevant information about the Partnership’s operations and is necessary, along with net income, for understanding its operating results. To calculate CAD, the Partnership begins with net income as computed in accordance with GAAP and adjusts for non-cash expenses or income consisting of depreciation expense, amortization expense related to deferred financing costs, amortization of premiums and discounts, fair value adjustments to derivative instruments, provisions for credit and loan losses, impairments on MRBs, GILs, real estate assets and property loans, deferred income tax expense (benefit) and restricted unit compensation expense. The Partnership also deducts Tier 2 income (see Note 3 to the Partnership’s condensed consolidated financial statements) distributable to the General Partner as defined in the Partnership Agreement and distributions and accretion for the Preferred Units. Net income is the GAAP measure most comparable to CAD. There is no generally accepted methodology for computing CAD, and the Partnership’s computation of CAD may not be comparable to CAD reported by other companies. Although the Partnership considers CAD to be a useful measure of the Partnership’s operating performance, CAD is a non-GAAP measure that should not be considered as an alternative to net income calculated in accordance with GAAP, or any other measures of financial performance presented in accordance with GAAP.

The following table shows the calculation of CAD (and a reconciliation of the Partnership’s net income, as determined in accordance with GAAP, to CAD) for the three and six months ended June 30, 2023 and 2022 (all per BUC amounts are presented giving effect to the BUCs Distributions on a retroactive basis for all periods presented):

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|-------------------------------------|----------------------|-----------------------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net income | \$ 21,287,172 | \$ 17,606,681 | \$ 38,078,394 | \$ 43,870,699 |
| Change in fair value of derivative instruments | (6,020,265) | (1,232,433) | (2,584,298) | (3,707,564) |
| Depreciation and amortization expense | 405,408 | 684,362 | 810,389 | 1,368,024 |
| Provision for credit losses ⁽¹⁾ | (774,000) | - | (1,319,000) | - |
| Amortization of deferred financing costs | 392,983 | 492,720 | 1,398,750 | 944,192 |
| Restricted unit compensation expense | 587,177 | 165,509 | 937,136 | 339,407 |
| Deferred income taxes | (1,073) | (13,973) | (2,055) | (6,707) |
| Redeemable Preferred Unit distributions and accretion | (799,182) | (716,500) | (1,545,832) | (1,434,244) |
| Tier 2 Income allocable to the General Partner ⁽²⁾ | (878,407) | (189,569) | (3,293,628) | (2,835,548) |
| Recovery of prior credit loss ⁽³⁾ | (17,345) | (17,344) | (34,312) | (22,623) |
| Bond premium, discount and origination fee amortization, net of cash received | (47,046) | (59,341) | (94,227) | (137,716) |
| Total CAD | <u>\$ 14,135,422</u> | <u>\$ 16,720,112</u> | <u>\$ 32,351,317</u> | <u>\$ 38,377,920</u> |
| Weighted average number of BUCs outstanding, basic | 22,639,852 | 22,582,055 | 22,639,877 | 22,581,421 |
| Net income per BUC, basic | <u>\$ 0.85</u> | <u>\$ 0.74</u> | <u>\$ 1.45</u> | <u>\$ 1.74</u> |
| Total CAD per BUC, basic | <u>\$ 0.62</u> | <u>\$ 0.74</u> | <u>\$ 1.43</u> | <u>\$ 1.70</u> |
| Cash Distributions declared, per BUC | <u>\$ 0.368</u> | <u>\$ 0.556</u> | <u>\$ 0.737</u> | <u>\$ 0.878</u> |
| BUCs Distributions declared, per BUC ⁽⁴⁾ | <u>\$ 0.07</u> | <u>\$ -</u> | <u>\$ 0.07</u> | <u>\$ -</u> |

(1) The adjustment for the three and six months ended June 30, 2023 reflects the change in allowances for credit losses under the CECL standard that was effective for the Partnership effective January 1, 2023 which requires the Partnership to update estimates of expected credit losses for our investments portfolio at each reporting date. The accounting for credit losses for the three and six months ended June 30, 2022 was subject to previous accounting guidance that was generally applied incurred loss model rather than expected credit losses. There were no credit losses incurred using prior accounting guidance for the three and six months ended June 30, 2022.

(2) As described in Note 3 to the Partnership's condensed consolidated financial statements, Net Interest Income representing contingent interest and Net Residual Proceeds representing contingent interest (Tier 2 income) will be distributed 75% to the limited partners and BUC holders, as a class, and 25% to the General Partner. This adjustment represents 25% of Tier 2 income due to the General Partner.

For the three and six months ended June 30, 2023, Tier 2 income allocable to the General Partner consisted of approximately \$3.8 million related to the gains on sale of Vantage at Stone Creek and Vantage at Coventry in January 2023 and approximately \$878,000 related to the gain on sale of Vantage at Conroe in June 2023, offset by a \$1.4 million Tier 2 loss allocable to the General Partner related to the Provision Center 2014-1 MRB realized in January 2023 upon receipt of the majority of expected bankruptcy liquidation proceeds.

For the three and six months ended June 30, 2022, Tier 2 income allocable to the general partner related to the gain on sale of Vantage at Murfreesboro in March 2022.

(3) The Partnership determined there was a recovery of previously recognized impairment recorded for the Live 929 Apartments Series 2022A MRB prior to the adoption of the CECL standard effective January 1, 2023. The Partnership is accreting the recovery of prior credit loss for this MRB into investment income over the term of the MRB consistent with applicable guidance. The accretion of recovery of value is presented as a reduction to current CAD as the original provision for credit loss was an addback for CAD calculation purposes in the period recognized.

(4) The Partnership declared the Second Quarter 2023 BUCs Distribution, payable in the form of additional BUCs equal to \$0.07 per BUC for outstanding BUCs as of the record of June 30, 2023.

Liquidity and Capital Resources

We continually evaluate our potential sources and uses of liquidity, including current and potential future developments related to market interest rates and the general economic and geopolitical environment. The information below is based on our current expectations and projections about future events and financial trends, which could materially differ from actual results.

Our short-term liquidity requirements over the next 12 months will be primarily operational expenses, investment commitments net of leverage secured by the investment assets; debt service (principal and interest payments) related to our debt financings; repayments of our secured lines of credit balances; the exercise of redemption rights by the holders of the Series A Preferred Units; and distribution payments to Unitholders. We expect to meet these liquidity requirements primarily using cash on hand, operating cash flows from our investments and an MF Property, redemptions of various investment asset at the stated maturity dates, and potentially additional debt financing issued in the normal course of business. In addition, we will consider the issuance of additional BUCs, Series A-1 Preferred Units, Series B Preferred Units, or other series of limited partnership interests in the Partnership based on needs and opportunities for executing our strategy.

Our long-term liquidity requirements will be primarily for maturities of debt financings and mortgages payable; the exercise of redemption rights by the holders of the Series A Preferred Units; and funding and purchase of additional investment assets, net of leverage secured by the investment assets. We expect to meet these liquidity requirements primarily through refinancing of maturing debt financings with the same or similar lenders; contractual principal and interest payments from investments in MRBs, GILs and property loans; and proceeds from asset sales and redemptions. In addition, we will consider the issuance of additional BUCs, Series A-1 Preferred Units, Series B Preferred Units, or other series of limited partnership interests in the Partnership based on needs and opportunities for executing our strategy.

Sources of Liquidity

The Partnership's principal sources of liquidity consist of:

- Unrestricted cash on hand;
- Operating cash flows from investment assets;
- Net operating cash flows from our MF Property;
- Secured lines of credit;
- Proceeds from the sale or redemption of assets;
- Proceeds from obtaining additional debt; and
- Issuances of debt securities, BUCs, Series A-1 Preferred Units, Series B Preferred Units, or other series of limited partnership interests.

Unrestricted Cash on Hand

As of June 30, 2023, we reported unrestricted cash on hand of approximately \$59.2 million. There are no contractual restrictions of the Partnership's ability to use unrestricted cash on hand. In July 2023, \$5.0 million of restricted cash related to our General LOC was released upon amendment of the facility. The Partnership has a financial covenant to maintain a minimum consolidated liquidity of \$5.0 million under the terms of the General LOC.

Operating Cash Flows from Investments

Cash flows from operations are primarily comprised of regular principal and interest payments received on our investment assets that provide consistent cash receipts throughout the year. All MRBs, taxable MRBs, GILs, taxable GILs and property loans are current on contractual debt service payments as of June 30, 2023, except for the Provision Center 2014-1 MRB. Investment receipts, net of interest expense on related debt financing and lines of credit, are available for our general use. We also receive distributions from JV Equity Investments if, and when, cash is available for distribution.

Receipt of cash from our investments in MRBs, taxable MRBs, and JV Equity Investments is dependent upon the generation of net cash flows at multifamily properties that underlie these investments. These underlying properties are subject to risks usually associated with direct investments in multifamily real estate, which include (but are not limited to) reduced occupancy, tenant defaults, falling rental rates, and increasing operating expenses.

Receipt of cash from our investments in GILs, taxable GILs, and construction financing and mezzanine property loans is dependent on the availability of funds in the original development budgets. The current rising interest rate environment is resulting in higher interest costs for properties with variable rate construction financing. We regularly monitor capitalized interest costs in comparison to capitalized interest reserves in the property's development budget, available construction cost contingencies balances, and the funding of certain equity commitments by the owners of the underlying properties. The developers may also make cash payments to pay interest due to avoid claims under their payment and completion guaranties.

Net Operating Cash Flows from our MF Property

Cash flows generated by the Suites on Paseo MF Property, net of operating expenses, are unrestricted for our use. Such cash flows are subject to risk usually associated with direct investments in student multifamily real estate, which include (but are not limited to) reduced occupancy, tenant defaults, falling rental rates, and increasing operating expenses.

Secured Lines of Credit

We maintain a secured line of credit ("General LOC") with two financial institutions of up to \$40.0 million to purchase additional investments and to meet general working capital and liquidity requirements. The General LOC was amended in July 2023 to modify certain terms and covenants, which are reflected in this discussion. We may borrow, prepay and reborrow amounts at any time through the maturity date, subject to the limitations of a borrowing base. The aggregate available commitment cannot exceed a borrowing base calculation, which is equal to 35% multiplied by the aggregate value of a pool of eligible encumbered assets. Eligible encumbered assets consist of (i) the net book value of the Suites on Paseo MF Property, and (ii) 100% of our equity capital contributions to Vantage JV Equity Investments, subject to certain limits and restrictions. The General LOC is secured by first priority security interests in our JV Equity Investments and a mortgage and assignment of leases and rents of the Suites on Paseo MF Property. We have the ability to increase the total maximum commitment by \$20.0 million to \$60.0 million, subject to the identification of lenders to provide the additional commitment, the payment of certain fees, and other conditions. We will evaluate whether to increase the commitment based on the size of the borrowing base, liquidity needs and costs of such additional commitments. We are subject to various affirmative and negative covenants that, among others, require us to maintain consolidated liquidity of not less than \$5.0 million (which will increase up to a maximum of \$7.5 million the maximum available commitment if fully increased to \$60.0 million) and maintain a consolidated tangible net worth of not less than \$200.0 million. We were in compliance with all covenants as of June 30, 2023 and as of the date of the amendment in July 2023. The balance of the General LOC was \$6.5 million with the ability to draw an additional \$33.5 million as of June 30, 2023. After the amendment in July 2023, the General LOC has a maturity date of June 2025, with options to extend for up to two additional years, subject to certain terms and conditions.

We maintain a secured non-operating line of credit ("Acquisition LOC") with a financial institution of up to \$50 million. The Acquisition LOC may be used to fund purchases of MRBs, taxable MRBs, or loans issued to finance the acquisition, rehabilitation, or construction of affordable housing or which are otherwise secured by real estate or mortgage-backed securities (i.e., GILs, taxable GILs, and property loans). Advances on the Acquisition LOC are due on the 270th day following the advance date but may be extended for up to an additional 270 days by making certain payments. The Acquisition LOC contains a covenant, among others, that our senior debt will not exceed a specified percentage of the market value of our assets to be consistent with the Leverage Ratio (as defined by the Partnership). We were in compliance with all covenants as of June 30, 2023. There was \$6.0 million outstanding on the Acquisition LOC and approximately \$44.0 million was available as of June 30, 2023. The Acquisition LOC has a maturity date of June 2024, with two one-year extension options, subject to certain terms and conditions.

Proceeds from the Sale or Redemption of Assets

We may, from time to time, sell or redeem our investments in MRBs, GILs, property loans, JV Equity Investments and MF Properties consistent with our strategic plans. Our MRB portfolio is marked at a premium to cost, adjusted for paydowns, primarily due to higher stated interest rates when compared to current market interest rates for similar investments. We may consider selling certain MRB investments in exchange for cash at prices that approximate our currently reported fair value. However, we are contractually prevented from selling the MRB investments included in our TEBS financings.

Our ability to dispose of investment assets on favorable terms is dependent upon several factors including, but not limited to, the number of potential buyers and the availability of credit to such potential buyers to purchase investment assets at prices we consider acceptable. Recent volatility in market interest rates, recent inflation and the potential for an economic recession may negatively impact the potential prices we could realize upon the disposition of our various assets.

The following table summarizes the proceeds from sales of our JV Equity Investments during 2023, inclusive of the return of our initial equity investments:

| Property Name | Location | Units | Month Sold | Gross Proceeds to the Partnership |
|------------------------|------------|-------|--------------|-----------------------------------|
| Vantage at Stone Creek | Omaha, NE | 294 | January 2023 | \$ 14,689,244 |
| Vantage at Coventry | Omaha, NE | 294 | January 2023 | 13,220,218 |
| Vantage at Conroe | Conroe, TX | 288 | June 2023 | 19,828,060 |
| | | | | <u>\$ 47,737,522</u> |

In February 2023, the Greens of Pine Glen MRBs and property loans were redeemed. We received approximately \$10.9 million of cash proceeds upon redemption of the MRBs and property loan. Related TEBS financing principal of \$7.6 million was paid down upon redemption.

Many of our GIL and property loan investments have maturity dates within the next 12 months, which will be purchased by Freddie Mac, through a servicer, on or before the maturity at a price equal to the principal outstanding plus accrued interest. Such proceeds will be primarily used to repay our related debt financing. We regularly monitor the progress of the underlying properties and the likelihood of redemption upon maturity and currently have no concerns regarding future conversions. Borrowers of certain GIL and property loan investments may request an extension of the maturity dates up to six months, subject to meeting various conditions, obtaining an approval of Freddie Mac to extend the maturity date of the forward purchase commitment, and payment of an extension fee to us.

Proceeds from Obtaining Additional Debt

We hold certain investments that are not associated with our debt financings, mortgages payable, or secured LOCs. We may obtain leverage for these investments by posting the investments as security. As of June 30, 2023, our primary unleveraged assets were certain MRBs and taxable MRBs with outstanding principal totaling approximately \$26.0 million.

Issuances of Debt Securities, BUCs, Series A-1 Preferred Units or Series B Preferred Units

We may, from time to time, issue additional BUCs, Preferred Units, or debt securities, in one or more offerings, at prices or quantities that are consistent with our strategic goals. In December 2022, the Partnership's Registration Statement on Form S-3 ("Registration Statement") was declared effective by the SEC under which the Partnership may, from time to time, offer and sell BUCs, Preferred Units, or debt securities, in one or more offerings, with a maximum aggregate offering price of \$300.0 million. Debt securities issued under the Registration Statement may be senior or subordinate obligations of the Partnership. The Registration Statement will expire in December 2025.

We are currently party to a Capital on DemandTM Sales Agreement to offer and sell, from time to time at market prices on the date of sale, BUCs up to an aggregate offering price of \$30 million via an "at the market offering." As of June 30, 2023, we have not sold any BUCs under this program. We will continue to assess if and when to issue BUCs under this program going forward.

We have two registration statements on Form S-3 covering the offering of Preferred Units that have been declared effective by the SEC. The following table summarizes the Partnership's current Preferred Unit offerings:

| Preferred Unit Series | Initial Registration Effectiveness Date | Expiration Date | Unit Offering Price | Distribution Rate | Optional Redemption Date | Units Available to Issue as of June 30, 2023 | Units Issued as of June 30, 2023 |
|-----------------------|---|-----------------|---------------------|-------------------|--------------------------|--|----------------------------------|
| Series A-1 | September 2021 | September 2024 | \$ 10.00 | 3.00% | Sixth anniversary | 1,700,000 | (1) 1,800,000 |
| Series B | September 2021 | September 2024 | 10.00 | 5.75% | Sixth anniversary | 10,000,000 | (2) - |
| Total | | | | | | <u>11,700,000</u> | <u>1,800,000</u> |

(1) The Partnership is able to issue Series A-1 Preferred Units so long as the aggregate market capitalization of the BUCs, based on the closing price on the trading day prior to issuance of the Series A-1 Preferred Units, is no less than three times the aggregate book value of all Series A Preferred Units and Series A-1 Preferred Units, inclusive of the amount to be issued.

⁽²⁾The Partnership is able to issue Series B Preferred Units so long as the aggregate market capitalization of the BUCs, based on the closing price on the trading day prior to issuance of the Series B Preferred Units, is no less than two times the aggregate book value of all Series A Preferred Units, Series A-1 Preferred Units and Series B Preferred Units, inclusive of the amount to be issued.

During the six months ended June 30, 2023, we sold a total of 1,800,000 Series A-1 Preferred Units to two financial institutions under the registration statement for the Series A-1 Preferred Units offering referenced in the table above for gross proceeds of \$18.0 million.

We may also designate and issue additional series of preferred units representing limited partnership interests in the Partnership in accordance with the terms of the Partnership Agreement.

Uses of Liquidity

Our principal uses of liquidity consist of:

- General and administrative expenses;
- Investment funding commitments;
- Debt service on debt financings, Secured Notes, mortgages payable, and secured lines of credit;
- Distributions paid to holders of Preferred Units and BUCs;
- Redemptions of Series A Preferred Units; and
- Other contractual obligations.

General and Administrative Expenses

We use cash to pay general and administrative expenses of our operations and real estate operating expenses of our MF Properties. For additional details, see Item 1A, “Risk Factors” in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2022 and the section captioned “Cash flows from operating activities” in the condensed consolidated statements of cash flows set forth in Item 1 of this report. General and administrative expenses are typically paid from unrestricted cash on hand and operating cash flows.

Investment Funding Commitments

Our overall strategy is to invest in quality multifamily properties through the acquisition of MRBs, GILs, property loans and JV Equity Investments in both existing and new markets. We evaluate investment opportunities based on, but not limited to, our market outlook, including general economic conditions, development opportunities and long-term growth potential. Our ability to make future investments is dependent upon identifying suitable acquisition and development opportunities, access to long-term financing sources, and the availability of investment capital. We may commit to fund additional investments on a draw-down or forward basis. The following table summarizes our outstanding investment commitments as of June 30, 2023:

| Property Name | Commitment Date | Asset Maturity Date | Total Initial Commitment | Remaining Commitment as of June 30, 2023 | Remainder of 2023 | Projected Funding by Year ⁽¹⁾ | | Interest Rate ⁽²⁾ | Related Debt Financing ⁽³⁾ |
|---|-----------------|------------------------------|--------------------------|--|-------------------|--|---------------|------------------------------|---------------------------------------|
| | | | | | | 2024 | 2025 | | |
| Mortgage Revenue Bonds | | | | | | | | | |
| Meadow Valley | December 2021 | December 2029 | \$ 44,000,000 | \$ 32,525,000 | \$ 12,500,000 | \$ 15,200,000 | \$ 4,825,000 | 6.25% | Variable TOB |
| Residency at the Entrepreneur- Series J-3 | April 2022 | March 2040 | 26,080,000 | 21,180,000 | 21,180,000 | - | - | 6.00% | Variable TOB |
| Residency at the Entrepreneur- Series J-4 | April 2022 | March 2040 | 16,420,000 | 16,420,000 | 3,000,000 | 13,420,000 | - | SOFR + 3.60% ⁽⁴⁾ | Variable TOB |
| Residency at the Entrepreneur- Series J-5 | February 2023 | April 2025 ⁽⁵⁾ | 5,000,000 | 4,000,000 | - | 4,000,000 | - | SOFR + 3.60% ⁽⁶⁾ | ⁽⁶⁾ |
| Residency at Empire - Series BB-3 | December 2022 | December 2040 | 14,000,000 | 13,945,000 | 13,945,000 | - | - | 6.45% ⁽⁷⁾ | ⁽⁶⁾ |
| Residency at Empire - Series BB-4 | December 2022 | December 2040 | 47,000,000 | 47,000,000 | 4,400,000 | 34,700,000 | 7,900,000 | 6.45% ⁽⁸⁾ | ⁽⁶⁾ |
| Subtotal | | | 152,500,000 | 135,070,000 | 55,025,000 | 67,320,000 | 12,725,000 | | |
| Taxable Mortgage Revenue Bonds | | | | | | | | | |
| Residency at the Mayer Series A-T | October 2021 | April 2024 ⁽⁵⁾ | \$ 12,500,000 | \$ 8,000,000 | \$ 8,000,000 | \$ - | \$ - | SOFR + 3.70% | Variable TOB |
| Residency at the Entrepreneur Series J-T | April 2022 | April 2025 ⁽⁵⁾ | 8,000,000 | 7,000,000 | - | 7,000,000 | - | SOFR + 3.65% | N/A |
| Residency at Empire - Series BB-T | December 2022 | December 2025 ⁽⁵⁾ | 9,404,500 | 8,404,500 | - | - | 8,404,500 | 7.45% | N/A |
| Village at Hanford Square - Series H-T | May 2023 | May 2030 | 10,400,000 | 9,400,000 | - | 9,400,000 | - | 7.25% | N/A |
| 40rty on Colony - Series P-T | June 2023 | June 2030 | 5,950,000 | 4,950,000 | - | 4,395,000 | 555,000 | 7.45% | N/A |
| Subtotal | | | 46,254,500 | 37,754,500 | 8,000,000 | 20,795,000 | 8,959,500 | | |
| Governmental Issuer Loans | | | | | | | | | |
| Osprey Village | July 2021 | August 2024 ⁽⁵⁾ | \$ 60,000,000 | \$ 1,473,020 | \$ 1,473,020 | \$ - | \$ - | SOFR + 3.07% | Variable TOB |
| Poppy Grove I | September 2022 | April 2025 ⁽⁵⁾ | 35,688,328 | 22,342,328 | 22,342,328 | - | - | 6.78% | Variable TOB |
| Poppy Grove II | September 2022 | April 2025 ⁽⁵⁾ | 22,250,000 | 15,708,700 | 5,250,000 | 10,458,700 | - | 6.78% | Variable TOB |
| Poppy Grove III | September 2022 | April 2025 ⁽⁵⁾ | 39,119,507 | 27,569,507 | 8,600,000 | 18,969,507 | - | 6.78% | Variable TOB |
| Subtotal | | | 157,057,835 | 67,093,555 | 37,665,348 | 29,428,207 | - | | |
| Taxable Governmental Issuer Loans | | | | | | | | | |
| Poppy Grove I | September 2022 | April 2025 ⁽⁵⁾ | \$ 21,157,672 | \$ 20,157,672 | \$ - | \$ 20,157,672 | \$ - | 6.78% | Variable TOB |
| Poppy Grove II | September 2022 | April 2025 ⁽⁵⁾ | 10,941,300 | 9,941,300 | - | 9,941,300 | - | 6.78% | Variable TOB |
| Poppy Grove III | September 2022 | April 2025 ⁽⁵⁾ | 24,480,493 | 23,480,493 | - | 19,980,493 | 3,500,000 | 6.78% | Variable TOB |
| Subtotal | | | 56,579,465 | 53,579,465 | - | 50,079,465 | 3,500,000 | | |
| Property Loans | | | | | | | | | |
| Osprey Village | July 2021 | August 2024 ⁽⁵⁾ | \$ 25,500,000 | \$ 24,500,000 | \$ 15,000,000 | \$ 9,500,000 | \$ - | SOFR + 3.07% | Variable TOB |
| Willow Place Apartments | September 2021 | October 2024 ⁽⁵⁾ | 21,351,328 | 11,320,296 | 11,320,296 | - | - | SOFR + 3.30% | Variable TOB |
| Subtotal | | | 46,851,328 | 35,820,296 | 26,320,296 | 9,500,000 | - | | |
| Equity Investments | | | | | | | | | |
| Vantage at San Marcos ^{(9),(10)} | November 2020 | N/A | \$ 9,914,529 | \$ 8,943,914 | \$ 8,943,914 | \$ - | \$ - | N/A | N/A |
| Vantage at Loveland ⁽¹¹⁾ | April 2021 | N/A | 18,215,000 | 1,886,000 | 1,886,000 | - | - | N/A | N/A |
| Freestone Greeley ⁽¹⁰⁾ | October 2022 | N/A | 16,035,710 | 11,325,008 | 11,325,008 | - | - | N/A | N/A |
| Freestone Cresta Bella | November 2022 | N/A | 16,405,514 | 6,165,518 | 6,000,000 | 165,518 | - | N/A | N/A |
| Valage Senior Living Carson Valley | February 2023 | N/A | 8,163,301 | 2,760,119 | 2,760,119 | - | - | N/A | N/A |
| Subtotal | | | 68,734,054 | 31,080,559 | 30,915,041 | 165,518 | - | | |
| Bond Purchase Commitments | | | | | | | | | |
| Anaheim & Walnut | September 2021 | Q3 2024 ⁽¹²⁾ | \$ 3,900,000 | \$ 3,900,000 | \$ - | \$ 3,900,000 | \$ - | 4.85% | N/A |
| Subtotal | | | 3,900,000 | 3,900,000 | - | 3,900,000 | - | | |
| Total Commitments | | | \$ 531,877,182 | \$ 364,298,375 | \$ 157,925,685 | \$ 181,188,190 | \$ 25,184,500 | | |

(1) Projected fundings by year are based on current estimates and the actual funding schedule may differ materially due to, but not limited to, the pace of construction, adverse weather conditions, delays in governmental approvals or permits, the availability of materials and contractors, and labor disputes.

(2) The variable index interest rate components are typically subject to floors that range from 0% to 0.85%.

(3) We have securitized the indicated assets in TOB financing facilities that allow for additional principal proceeds as the remaining investment commitments are funded by us. See Note 16 for further details on debt financing.

(4) Upon stabilization, the MRB will convert to a fixed rate of 8.0% and become subordinate to the other senior MRBs of the borrower.

(5) The borrower may elect to extend the maturity date for up to six months upon meeting certain conditions, which may include payment of a non-refundable extension fee.

(6) All draws to date on this investment, if applicable, were funded with available cash or proceeds from the Acquisition LOC. The Partnership intends to securitize the assets in TOB financing facilities for additional principal proceeds. See Note 16 for further details on debt financing.

(7) In December 2029, the interest rate will reset to the greater of (i) 3.25% over the then 10-Year SOFR Swap rate, or (ii) 6.00%.

(8) Upon stabilization, the MRB will resize to an amount not to exceed \$3.3 million and become subordinate to the other senior MRBs of the borrower. In December 2029, the interest rate will convert to a fixed rate of 10.0%.

(9) The property became a consolidated VIE effective during the fourth quarter of 2021.

(10) A development site has been identified for this property but construction had not commenced as of June 30, 2023.

(11) In July 2023, the Partnership's initial commitment of \$16.3 million was increased by \$1.9 million upon meeting certain conditions as outlined in the original agreement.

(12) This is the estimated closing date of the associated bond purchase commitment.

Debt Service on Debt Financings, Secured Notes, Mortgages Payable, and Secured Lines of Credit

Our debt financing arrangements consist of various secured financing transactions to leverage our portfolio of MRB, taxable MRB, GIL, taxable GIL and certain property loan investment assets. The financing arrangements generally involve the securitization of these investment assets into trusts whereby we retain beneficial interests in the trusts that provide us certain rights to the underlying investment assets. The senior securities are sold to unaffiliated parties in exchange for debt proceeds. The senior securities require periodic interest payments that may be fixed or variable, depending on the terms of the arrangement, and scheduled principal payments. We are required to fund any shortfall in principal and interest payable to the senior securities of the TEBS financings in the case of non-payment, forbearance or default of the borrowers' contractual debt service payments of the related MRBs, up to the value of our residual interests. In the case of forbearance or default on an underlying investment asset in a Term TOB or TOB trust financing, we may be required to fund shortfalls in principal and interest payable to the senior securities, repurchase a portion of the outstanding securities, or repurchase the underlying investment asset and seek alternative financing. We anticipate that cash flows from the securitized investment assets will fund normal, recurring principal and interest payments to the senior securities and all trust-related fees.

Our debt financing arrangements include various fixed and variable rate debt arrangements. Recent increases in short-term interest rates have resulted in increases in the interest costs associated with our variable rate debt financing arrangements. We actively manage our portfolio of fixed and variable rate debt financings and our exposure to changes in market interest rates. The following table summarizes our fixed and variable rate debt financings as of June 30, 2023 and December 31, 2022:

| Securitized Assets - Fixed or Variable Interest Rates | Related Debt Financing - Fixed or Variable Interest Rates | June 30, 2023 | | December 31, 2022 | |
|--|--|--------------------------|---------------------------------|--------------------------|---------------------------------|
| | | Outstanding Principal | % of Total Debt Financing | Outstanding Principal | % of Total Debt Financing |
| Fixed | Fixed | \$ 261,334,319 | 22.6 % | \$ 262,973,604 | 24.8 % |
| Variable ⁽¹⁾ | Variable ⁽¹⁾ | 376,351,001 | 32.5 % | 402,811,000 | 37.9 % |
| Fixed | Variable | 153,288,834 | 13.3 % | 165,628,934 | 15.6 % |
| Fixed | Variable - Hedged ⁽²⁾ | 365,457,000 | 31.6 % | 230,092,856 | 21.7 % |
| Total | | \$ 1,156,431,154 | | \$ 1,061,506,394 | |

(1) The securitized assets and related debt financings each have variable interest rates, though the variable rate indices may differ on individual transactions. As such, the Partnership is largely hedged against rising interest rates.

(2) The variable-rate debt financing is hedged through our interest rate swap agreements. Though the variable rate indices may differ, these interest rate swaps have effectively synthetically fixed the interest rate of the related debt financing. See further discussion of our interest rate hedging activities below.

The interest rate paid on our variable rate debt financings are generally determined by the senior securities remarketing agent as the rate necessary to remarket any senior securities tendered by holders thereof for remarketing that week at a price of par. Interest on the senior securities is either taxable or tax-exempt to the holders based on the structure of the TOB financing. The senior securities rate on TOB financings structured as tax-exempt to the senior securities holders are typically correlated to tax-exempt municipal short-term securities indices, such as SIFMA. The senior securities rate on TOB financings structured as taxable to the senior securities holders are typically correlated to taxable short-term securities indices, such as SOFR.

We have hedged a portion of our overall exposure to changes in market interest rates on our variable rate debt financings through various interest rate swaps. Our interest rate swaps are subject to monthly settlements whereby we pay a stated fixed rate and our counterparty pays a variable rate equal to the compounded SOFR rate for the settlement period. We are currently a net receiver on our interest rate swaps and received net settlement proceeds totaling \$2.1 million during the six months ended June 30, 2023.

The majority of our variable rate debt financings that are hedged through interest rate swaps have interest that is tax-exempt to the senior securities holders. In order to account for the differential between our interest rate swaps which are indexed to SOFR (a taxable rate) and our debt financing rate (which is correlated to short-term tax-exempt municipal securities rates), we assume that, over the term of our debt financing, the tax-exempt senior securities interest rate will approximate 70% of the SOFR rate. This assumption aligns with common market assumptions and the historical correlation between taxable and tax-exempt municipal short-term securities rates. However, such ratio may not be accurate in the short term or long term in the future. We apply a 70% conversion ratio when determining the notional amount of our interest rate swaps such that, as an example, a \$7.0 million notional amount indexed to SOFR is the equivalent to \$10.0 million notional amount for tax-exempt debt financing. As such, the reported amount of variable debt financing in the table above exceeds the stated notional amount of the SOFR-indexed interest rate swaps as of June 30, 2023. The following table summarizes the average stated SOFR-denominated notional amount by year for our existing interest rate swaps (does not consider our assumed 70% ratio of tax-exempt municipal securities rates to SOFR):

| Year | Average Notional |
|-------------------|------------------|
| Remainder of 2023 | 275,027,040 |
| 2024 | 277,739,167 |
| 2025 | 227,739,965 |
| 2026 | 178,518,799 |
| 2027 | 146,618,799 |
| 2028 | 123,202,132 |
| 2029 | 103,872,299 |

The table above does not include an additional interest rate swap executed in July 2023 with a fixed notional amount approximately \$6.2 million through June 2030 to hedge current and future variable rate TOB financing.

We are required to post collateral if the value of investment assets securitized in TOB trust financings, plus our net exposure on our interest rate derivatives, drops below a threshold level in the aggregate. From April through July 2023, we were required to post approximately \$12.4 million of collateral with Mizuho due to relatively volatile market interest rates and all collateral calls were satisfied using cash on hand. Continuing volatility in market interest rates and potential deterioration of general economic conditions may cause the value of our investment assets to decline and result in the posting of additional collateral in the future. The valuation of our interest rate swaps move inversely with the change in valuation of our investment assets, so our interest rate swaps partially offset the collateral posting requirement from rising market interest rates.

Our Secured Notes are secured by the cash flows from the residual certificates of our TEBS financings. Interest due on the Secured Notes, net of amounts due to the Partnership on the related total return swap transactions, will be paid from receipts related to the TEBS financing residual certificates. Future receipts of principal related to the TEBS financing residual certificates will be used to pay down the principal of the Secured Notes. The Partnership has guaranteed the payment and performance of the responsibilities under the Secured Notes and related documents.

Our General LOC and Acquisition LOC require monthly interest payments on outstanding balances and certain quarterly commitment fees. Such obligations are paid primarily from operating cash flows. The Acquisition LOC requires principal payments as previously described in this Item 2. The General LOC does not require principal payments until maturity in June 2025 as long as the outstanding principal does not exceed the borrowing base calculation.

The following table summarizes contractual maturities by year for our secured lines of credit, debt financings, and mortgages payable as of June 30, 2023:

| | Secured Lines of Credit | Debt Financing | Mortgages Payable | Total |
|-------------------|----------------------------|-------------------------|---------------------|-------------------------|
| Remainder of 2023 | \$ 12,500,000 | \$ 75,188,447 | \$ 1,690,000 | \$ 89,378,447 |
| 2024 | - | 378,483,151 | - | 378,483,151 |
| 2025 | - | 307,645,675 | - | 307,645,675 |
| 2026 | - | 81,154,863 | - | 81,154,863 |
| 2027 | - | 88,267,325 | - | 88,267,325 |
| Thereafter | - | 225,691,693 | - | 225,691,693 |
| Total | <u>\$ 12,500,000</u> | <u>\$ 1,156,431,154</u> | <u>\$ 1,690,000</u> | <u>\$ 1,170,621,154</u> |

When possible, we structure the debt financing maturity dates associated with our GIL, taxable GIL, and property loan investments to match the investment maturity dates such that investment redemption proceeds will paydown the outstanding debt financing.

Distributions Paid to Holders of Preferred Units and BUCs

Distributions to the holders of Series A Preferred Units and Series A-1 Preferred Units, if declared by the General Partner, are paid quarterly at an annual fixed rate of 3.0%. If the Partnership were to issue Series B Preferred Units, holders of such units will be paid quarterly distributions, if declared by the General Partner, at an annual fixed rate of 5.75%. The Series A Preferred Units, Series A-1 Preferred Units and Series B Preferred Units are non-cumulative, non-voting and non-convertible.

On June 14, 2023, we announced that the Board of Managers of Greystone Manager, which is the general partner of the General Partner, declared a quarterly cash distribution of \$0.37 per BUC to unitholders of record on June 30, 2023 and payable on July 31, 2023. The Board of Managers of Greystone AF Manager also declared a supplemental distribution payable in the form of additional BUCs equal to \$0.07 per BUC, which was paid on July 31, 2023 at a ratio of 0.00448 BUCs for each BUC outstanding as of June 30, 2023. All fractional BUCs resulting from the BUCs Distribution received cash for such fraction based on the market value of the BUCs on the record date.

The Partnership and its General Partner continually assess the level of distributions for the Preferred Units and BUCs based on cash available for distribution, financial performance and other factors considered relevant.

Redemptions of Series A Preferred Units

Upon the sixth anniversary of the closing of the sale of Series A Preferred Units to a subscriber, and upon each anniversary thereafter, each holder of Series A Preferred Units has the right to redeem, in whole or in part, the Series A Preferred Units held by such holder at a per unit redemption price equal to \$10.00 per unit plus an amount equal to all declared and unpaid distributions through the date of the redemption. The next optional redemption dates for the currently outstanding Series A Preferred Units range from August 2023 through March 2024 and the holders must provide notice of the election to redeem no less than 180 days prior to such redemption dates. If the holders of the Series A Preferred Units elect to redeem, we will be required, subject to certain restrictions, to secure funds to redeem from unrestricted cash on hand, proceeds from our General LOC, additional borrowings or through additional capital raising options.

In February 2023, we received notice from a holder of Series A Preferred Units of its intent to redeem 2,000,000 Series A Preferred Units for redemption proceeds of \$20.0 million in August 2023. In April 2023, we received notice from a holder of Series A Preferred Units of its intent to redeem 1,000,000 Series A Preferred Units for redemption proceeds of \$10.0 million in October 2023.

Our registration statement on Form S-4 to register the offering and issuance of up to 9,450,000 of Series A-1 Preferred Units in exchange for the Partnership's outstanding Series A Preferred Units under a shelf registration process expired in July 2023. The Partnership intends to file new registration statements on Form S-4 if the Partnership desires to facilitate future Preferred Unit exchanges by Preferred Unitholders. In February 2023, we issued 700,000 Series A-1 Preferred Units in exchange for 700,000 outstanding Series A Preferred Units, held by a financial institution which was effectuated under the Form S-4 registration statement referenced above. A total of 3,700,000 of Series A Preferred Units were exchanged for Series A-1 Preferred Units prior to expiration of the offering.

Other Contractual Obligations

We are subject to various guaranty obligations in the normal course of business, and, in most cases, do not anticipate these obligations to result in significant cash payments.

Cash Flows

For the six months ended June 30, 2023, we generated cash of \$12.4 million, which was the net result of \$13.0 million provided by operating activities, \$46.6 million used in investing activities, and \$46.0 million provided by financing activities.

Cash provided by operating activities totaled \$13.0 million for the six months ended June 30, 2023, as compared to \$14.3 million generated for the six months ended June 30, 2022. The change between periods was primarily due to the following factors:

- A decrease of \$5.8 million in net income, offset by the \$6.4 million adjustment for the gain on sale of unconsolidated entities that is considered cash from investing activities;
- A decrease of \$2.1 million related to changes in the preferred return receivable from unconsolidated entities;
- A decrease of \$1.3 million in non-cash provisions for credit loss; and
- An increase of \$1.1 million related to a reduction in the unrealized gain on interest rate derivatives.

Cash used in investing activities totaled \$46.6 million for the six months ended June 30, 2023, as compared to cash used of \$96.5 million for the six months ended June 30, 2022. The change between periods was primarily due to the following factors:

- An increase of \$45.1 million of cash due to property loan principal payments received;
- An increase of \$44.1 million of cash due to less advances on property loans;
- An increase of \$34.0 million of cash due to principal payments received on governmental issuer loans;
- An increase of \$12.2 million of cash due to less contributions to unconsolidated entities;
- An increase of \$18.9 million of cash due to less advances on governmental issuer loans;
- A decrease of \$73.4 million of cash due to less MRB paydowns and redemptions;
- A decrease of \$21.8 million of cash due to MRB acquisitions and draw-down funding;
- A decrease of \$5.6 million of cash due to advances on taxable GILs; and
- A decrease of \$4.7 million of cash due to less proceeds from the sale of investments in unconsolidated entities.

Cash provided by financing activities totaled \$46.0 million for the six months ended June 30, 2023, as compared to cash provided of \$79.8 million for the six months ended June 30, 2022. The change between periods was primarily due to the following factors:

- A net decrease of \$36.7 million of cash due to an increase in payments on the secured lines of credit;
- A net decrease of \$17.2 million of cash due to principal payments on debt financing; and
- An increase of \$18.0 million of cash related to proceeds from the issuance of Series A-1 Preferred Units.

We believe our cash balance and cash provided by the sources discussed herein will be sufficient to pay, or refinance, our debt obligations and to meet our liquidity needs over the next 12 months.

Leverage Ratio

We set target constraints for each type of financing utilized by us. Those constraints are dependent upon several factors, including the assets being leveraged, the tenor of the leverage program, whether the financing is subject to mark-to-market collateral calls, and the liquidity and marketability of the financed collateral. We use target constraints for each type of financing to manage to an overall 80% maximum leverage level (the "Leverage Ratio"), as established by the Board of Managers of Greystone Manager. The Board of Managers of Greystone Manager retains the right to change the maximum Leverage Ratio in the future based on the consideration of factors the Board of Managers considers relevant. We calculate our Leverage Ratio as total outstanding debt divided by total assets using cost adjusted for paydowns for MRBs, GILs, property loans, taxable MRBs and taxable GILs, and initial cost for deferred financing costs and real estate assets. As of June 30, 2023, our overall Leverage Ratio was approximately 72%.

Off Balance Sheet Arrangements

As of June 30, 2023 and December 31, 2022, we held MRB, GIL, taxable MRB, taxable GIL and certain property loan investments that are secured by affordable multifamily and seniors housing properties and one commercial property, which are owned by entities that are not controlled by us. We have no equity interest in these entities and do not guaranty any obligations of these entities.

We have entered into various financial commitments and guaranties. For additional discussions related to commitments and guaranties, see Note 19 to the condensed consolidated financial statements.

We do not engage in trading activities involving non-exchange traded contracts. As such, we are not materially exposed to any financing, liquidity, market, or credit risk that could arise if we had engaged in such relationships.

We do not have any relationships or transactions with persons or entities that derive benefits from their non-independent relationships with us or our related parties, other than those disclosed in Note 22 to the condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

For a discussion of recently issued accounting pronouncements that will be adopted in future periods, see Note 2 to the Partnership's condensed consolidated financial statements.

Community Investments

The Partnership has invested and intends to invest in assets which are and will be purchased in order to support underlying community development activities targeted to low- and moderate-income individuals, such as affordable housing, small business lending, and job creating activities in areas of the United States. These investments may be eligible for regulatory credit under the Community Reinvestment Act of 1977 ("CRA") and available for allocation to holders of our Preferred Units (see Note 20 to Partnership's condensed consolidated financial statements).

The following table sets forth the assets of the Partnership the General Partner believes are eligible for regulatory credit under the CRA and are available for allocation to Preferred Unit investors as of July 31, 2023:

| Property Name | Investment Availability for | Senior Bond Maturity Date ⁽¹⁾ | Street | City | County | State | Zip |
|--|--------------------------------|---|--------------------------------------|---------------------|-------------------------|-------|-------|
| | | | | | | | |
| CCBA Senior Garden Apartments | \$ 3,807,000 | 7/1/2037 | 438 3rd Ave | San Diego | San Diego | CA | 92101 |
| Courtyard Apartments | 7,305,000 | 12/1/2033 | 4127 W. Valencia Dr | Fullerton | Orange | CA | 92833 |
| Glenview Apartments | 670,000 | 12/1/2031 | 2361 Bass Lake Rd | Cameron Park | El Dorado | CA | 95682 |
| Harden Ranch Apartments | 460,000 | 3/1/2030 | 1907 Dartmouth Way | Salinas | Monterey | CA | 93906 |
| Harmony Court Apartments | 3,730,000 | 12/1/2033 | 5948 Victor Street | Bakersfield | Kern | CA | 93308 |
| Harmony Terrace Apartments | 3,400,000 | 1/1/2034 | 941 Sunset Garden Lane | Simi Valley | Ventura | CA | 93065 |
| Hope on Avalon | 13,963,000 | 8/1/2023 | 12225-12227 South Avalon Blvd | Los Angeles | Los Angeles | CA | 90061 |
| Las Palmas II Apartments | 1,695,000 | 11/1/2033 | 51075 Frederick Street | Coachella | Riverside | CA | 92236 |
| Lutheran Gardens Apartments | 10,352,000 | 2/1/2025 | 2347 E. El Segundo Boulevard | Compton | Los Angeles | CA | 90222 |
| Montclair Apartments | 1,630,000 | 12/1/2031 | 150 S 19th Ave | Lemoore | Kings | CA | 93245 |
| Montecito at Williams Ranch | 7,690,000 | 10/1/2034 | 1598 Mesquite Dr | Salinas | Monterey | CA | 93905 |
| Montevista | 6,720,000 | 7/1/2036 | 13728 San Pablo Avenue | San Pablo | Contra Costa | CA | 94806 |
| Ocotillo Springs | 4,000,000 | 8/1/2037 | 1615 I St | Brawley | Imperial | CA | 92227 |
| Poppy Grove I | 15,346,000 | 4/1/2025 | 10149 Bruceville Road | Elk Grove | Sacramento | CA | 95624 |
| Poppy Grove II | 8,541,300 | 4/1/2025 | 10149 Bruceville Road | Elk Grove | Sacramento | CA | 95624 |
| Poppy Grove III | 13,550,000 | 4/1/2025 | 10149 Bruceville Road | Elk Grove | Sacramento | CA | 95624 |
| Residency at Empire ⁽²⁾ | 19,055,000 | 12/31/2040 | 2814 W Empire Avenue | Burbank | Los Angeles | CA | 91504 |
| Residency at the Entrepreneur ⁽³⁾ | 23,400,000 | 3/31/2040 | 1657-1661 North Western Avenue | Hollywood | Los Angeles | CA | 90027 |
| Residency at the Mayer ⁽⁴⁾ | 35,300,000 | 4/1/2039 | 5500 Hollywood Boulevard | Hollywood | Los Angeles | CA | 90028 |
| San Vicente Townhomes | 495,000 | 11/1/2033 | 250 San Vicente Road | Soledad | Monterey | CA | 93960 |
| Santa Fe Apartments | 265,000 | 12/1/2031 | 16576 Sultana St | Hesperia | San Bernardino | CA | 92345 |
| Seasons Lakewood Apartments | 5,000,000 | 1/1/2034 | 21309 Bloomfield Ave | Lakewood | Los Angeles | CA | 90715 |
| Seasons San Juan Capistrano Apartments | 3,000,000 | 1/1/2034 | 31641 Rancho Viejo Rd | San Juan Capistrano | Orange | CA | 92675 |
| Seasons At Simi Valley | 4,376,000 | 9/1/2032 | 1606 Rory Ln | Simi Valley | Ventura | CA | 93063 |
| Solano Vista Apartments | 2,655,000 | 1/1/2036 | 40 Valle Vista Avenue | Vallejo | Solano | CA | 94590 |
| Summerhill Family Apartments | 3,623,000 | 12/1/2033 | 6200 Victor Street | Bakersfield | Kern | CA | 93308 |
| Sycamore Walk | 632,000 | 1/1/2033 | 380 Pacheco Road | Bakersfield | Kern | CA | 93307 |
| Tyler Park Townhomes | 75,000 | 1/1/2030 | 1120 Heidi Drive | Greenfield | Monterey | CA | 93927 |
| Village at Madera Apartments | 85,000 | 12/1/2033 | 501 Monterey St | Madera | Madera | CA | 93637 |
| Vineyard Gardens | 3,995,000 | 1/1/2035 | 2800 E Vineyard Ave | Oxnard | Ventura | CA | 93036 |
| Westside Village Apartments | 1,970,000 | 1/1/2030 | 595 Vera Cruz Way | Shafter | Kern | CA | 93263 |
| Centennial Crossings Senior Apartments | 50,637,656 | 9/1/2023 | 15475 East Fair Place | Centennial | Arapahoe | CO | 80016 |
| Osprey Village | 59,526,980 | 8/1/2024 | 151 N. Osprey Village Road | Kissimmee | Osceola | FL | 34758 |
| Handsell Morgan Village | 2,150,000 | 3/1/2041 | Elliot and South Street | Buford | Gwinnett | GA | 30518 |
| Magnolia Heights | 28,518,546 | 7/1/2024 | 10156 Magnolia Heights Circle | Covington | Newton | GA | 30014 |
| MaryAlice Circle | 5,900,000 | 3/1/2041 | Arnold Street and Gwinnett Street | Buford | Gwinnett | GA | 30518 |
| Willow Place Apartments | 37,154,537 | 10/1/2024 | 150 South Zack Hinton Parkway | McDonough | Henry | GA | 30253 |
| Brookstone Apartments | 7,351,468 | 5/1/2040 | 4200 Hickory Hills Drive | Waukegan | Lake | IL | 60087 |
| Copper Gate Apartments | 5,220,000 | 12/1/2029 | 3140 Copper Gate Circle | Lafayette | Tippecanoe | IN | 47909 |
| Renaissance Gateway Apartments | 11,500,000 | 6/1/2050 | 650 N. Ardenwood Drive | Baton Rouge | East Baton Rouge Parish | LA | 70806 |
| Hilltop at Signal Hills | 45,647,939 | 8/1/2023 | 50 Signal Hills Center | West Saint Paul | Dakota | MN | 55118 |
| Legacy Commons at Signal Hills | 66,853,972 | 2/1/2024 | 50 Signal Hills Center | West Saint Paul | Dakota | MN | 55118 |
| Jackson Manor Apartments ⁽⁵⁾ | 6,900,000 | 5/1/2038 | 332 Joanna Street | Jackson | Hinds | MS | 39202 |
| Silver Moon Apartments | 8,500,000 | 8/1/2055 | 901 Park Avenue SW | Albuquerque | Bernalillo | NM | 87102 |
| Village at Avalon | 16,400,000 | 1/1/2059 | 915 Park SW | Albuquerque | Bernalillo | NM | 87102 |
| Columbia Gardens Apartments | 15,000,000 | 12/1/2050 | 4000 Plowden Road | Columbia | Richland | SC | 29205 |
| Companion at Thornhill Apartments | 11,500,000 | 1/1/2052 | 930 East Main Street | Lexington | Lexington | SC | 29072 |
| The Ivy Apartments | 30,500,000 | 2/1/2030 | 151 Century Drive | Greenville | Greenville | SC | 29607 |
| The Palms at Premier Park | 20,152,000 | 1/1/2050 | 1155 Clemson Frontage Road | Columbia | Richland | SC | 29229 |
| Park at Sondrio Apartments | 39,200,000 | 1/1/2030 | 3500 Pelham Road | Greenville | Greenville | SC | 29615 |
| Park at Vietti Apartments | 27,865,000 | 1/1/2030 | 1000 Hunt Club Lane | Spartanburg | Spartanburg | SC | 29301 |
| Village at River's Edge | 10,000,000 | 6/1/2033 | Gibson & Macrae Streets | Columbia | Richland | SC | 29203 |
| Willow Run | 15,000,000 | 12/18/2050 | 511 Alcott Drive | Columbia | Richland | SC | 29203 |
| Windsor Shores Apartments | 22,350,000 | 2/1/2030 | 1000 Windsor Shores Drive | Columbia | Richland | SC | 29223 |
| Arbors of Hickory Ridge Apartments | 11,581,925 | 1/1/2049 | 6296 Lake View Trail | Memphis | Shelby | TN | 38115 |
| Angle Apartments | 23,000,000 | 1/1/2054 | 4250 Old Decatur Rd | Fort Worth | Tarrant | TX | 76106 |
| Avistar at Copperfield (Meadow Creek) | 14,000,000 | 5/1/2054 | 6416 York Meadow Drive | Houston | Harris | TX | 77084 |
| Avistar at the Crest Apartments | 11,211,961 | 3/1/2050 | 12660 Uhr Lane | San Antonio | Bexar | TX | 78217 |
| Avistar at the Oaks | 8,985,774 | 8/1/2050 | 3935 Thousand Oaks Drive | San Antonio | Bexar | TX | 78217 |
| Avistar at Wilcrest (Briar Creek) | 3,470,000 | 5/1/2054 | 1300 South Wilcrest Drive | Houston | Harris | TX | 77042 |
| Avistar at Wood Hollow (Oak Hollow) | 40,260,000 | 5/1/2054 | 7201 Wood Hollow Circle | Austin | Travis | TX | 78731 |
| Avistar in 09 Apartments | 7,808,622 | 8/1/2050 | 6700 North Vandiver Road | San Antonio | Bexar | TX | 78209 |
| Avistar on Parkway | 13,425,000 | 5/1/2052 | 9511 Perrin Beitel Rd | San Antonio | Bexar | TX | 78217 |
| Avistar on the Blvd | 17,559,976 | 3/1/2050 | 5100 USAA Boulevard | San Antonio | Bexar | TX | 78240 |
| Avistar on the Hills | 5,769,327 | 8/1/2050 | 4411 Callaghan Road | San Antonio | Bexar | TX | 78228 |
| Crossing at 1415 | 7,590,000 | 12/1/2052 | 1415 Babcock Road | San Antonio | Bexar | TX | 78201 |
| Concord at Gulf Gate Apartments | 9,185,000 | 2/1/2032 | 7120 Village Way | Houston | Harris | TX | 77087 |
| Concord at Little York Apartments | 13,440,000 | 2/1/2032 | 301 W Little York Rd | Houston | Harris | TX | 77076 |
| Concord at Williamcrest Apartments | 20,820,000 | 2/1/2032 | 10965 S Gessner Rd | Houston | Harris | TX | 77071 |
| Esperanza at Palo Alto Apartments | 19,540,000 | 7/1/2058 | SWC of Loop 410 and Highway 16 South | San Antonio | Bexar | TX | 78224 |
| Heights at 515 | 6,435,000 | 12/1/2052 | 515 Exeter Road | San Antonio | Bexar | TX | 78209 |
| Heritage Square Apartments | 11,185,000 | 9/1/2051 | 515 S. Sugar Rd | Edinburg | Hidalgo | TX | 78539 |
| Oaks at Georgetown Apartments | 12,330,000 | 1/1/2034 | 550 W 22nd St | Georgetown | Williamson | TX | 78626 |
| Runnymede Apartments | 10,825,000 | 10/1/2024 | 1101 Rutland Drive | Austin | Travis | TX | 78758 |
| Scharbauer Flats Apartments | 53,386,764 | 1/1/2024 | 2300 N. Fairgrounds Road | Midland | Midland | TX | 79705 |
| South Park Ranch Apartment Homes | 11,919,860 | 12/1/2049 | 9401 S 1st Street | Austin | Travis | TX | 78748 |
| 15 West Apartments | 4,850,000 | 7/1/2054 | 401 15th Street | Vancouver | Clark | WA | 98660 |
| | \$ 1,089,192,607 | | | | | | |

(1) The date reflects the stated contractual maturity of the Partnership's senior debt investment in the property. For various reasons, including, but not limited to, call provisions that can be exercised by both the borrower and the Partnership, such debt investments may be redeemed prior to the stated maturity date. The Partnership may also elect to sell certain debt investments prior to the contractual maturity, consistent with its strategic purposes.

(2) The Partnership committed to provide total funding of MRBs up to \$79.0 million and a taxable MRB up to \$9.4 million during the construction and lease-up of the property on a draw-down basis. The taxable MRB has a maturity date of 12/1/2025 with an option to extend the maturity six months if stabilization has not occurred. Upon stabilization of the property, the MRBs will be partially repaid and the maximum balance of the MRBs after stabilization will not exceed \$35.3 million and will have a maturity date of 12/1/2040.

(3) The Partnership committed to provide total funding of MRBs up to \$64.0 million and a taxable MRB up to \$8.0 million during the acquisition and rehabilitation phase of the property on a draw-down basis. The taxable MRB has a maturity date of 4/1/2025 with an option to extend the maturity six months if stabilization has not occurred. Upon stabilization of the property, the MRB will be partially repaid and the maximum balance of the MRB after stabilization will not exceed \$44.1 million and will have a maturity date of 3/31/2040.

(4) The Partnership committed to provide total funding of an MRB up to \$29.5 million and a taxable MRB up to \$12.5 million during the acquisition and rehabilitation phase of the property on a draw-down basis. The taxable MRB has a maturity date of 4/1/2024 with an option to extend the maturity six months if stabilization has not occurred. Upon stabilization of the property, the MRB will be partially repaid and the maximum balance of the MRB after stabilization will not exceed \$18.1 million and will have a maturity date of 4/1/2039.

(5) The Partnership committed to provide total funding of the MRB up to \$6.9 million during the acquisition and rehabilitation phase of the property on a draw-down basis. Upon stabilization of the property, the MRB will be partially repaid and the maximum balance of the MRB after stabilization will not exceed \$4.8 million and will have a maturity date of 5/1/2038.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The primary components of our market risk as of June 30, 2023 are related to interest rate risk and credit risk. Our exposure to market risks relates primarily to our investments in MRBs, GILs, property loans and our debt financing and mortgages payable. We seek to actively manage these and other risks and to acquire and hold assets that we believe justify bearing those risks, and to maintain capital levels consistent with those risks.

The current rising interest rate environment, the recent inflationary environment, and the risk of a potential recession have contributed to increasing market risk. See the information under "Quantitative and Qualitative Disclosures about Market Risk" in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2022 for additional information.

Interest Rate Risk

Volatility in the fixed income markets continued into the second quarter of 2023. The Federal Reserve announced Federal Funds Rate increases totaling 525 basis points during 2022 and through July 31, 2023, and signaled future short term interest rate increases may be needed to combat inflation in the broader economy. The Federal Reserve has also stated its intention to reduce its balance sheet of US treasury bonds and mortgage-backed securities which may cause further upward pressure on interest rates. Increases in short-term interest rates will generally result in similar increases in the interest cost associated with our variable debt financing arrangements.

Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, and other factors beyond our control. The nature of our MRB, GIL, and property loan investments and the debt used to finance these investments, exposes us to financial risk due to fluctuations in market interest rates. The majority of our MRB investment bear interest at fixed rates. Our GIL and property loan investments predominantly bear interest at variable rates and all are subject to interest rate floors.

The following table sets forth information regarding the impact on our net interest income assuming various changes in short-term interest rates as of June 30, 2023:

| Description | - 25 basis points | + 50 basis points | + 100 basis points | + 150 basis points | + 200 basis points |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| TOB Debt Financings | \$ 1,190,974 | \$ (2,381,947) | \$ (4,763,894) | \$ (7,145,841) | \$ (9,527,788) |
| TEBS Debt Financings | 116,738 | (233,475) | (466,950) | (700,425) | (933,900) |
| Other Financings & Derivatives | (464,271) | 928,542 | 1,857,085 | 2,785,627 | 3,714,170 |
| Variable Rate Investments | (673,058) | 1,346,116 | 2,692,232 | 4,038,349 | 5,384,465 |
| Net Interest Income Impact | \$ 170,383 | \$ (340,764) | \$ (681,527) | \$ (1,022,290) | \$ (1,363,053) |
| Per BUC Impact ⁽¹⁾ | \$ 0.008 | \$ (0.015) | \$ (0.030) | \$ (0.045) | \$ (0.060) |

(1) The net interest income change per BUC calculated based on 22,639,852 BUCs outstanding as of June 30, 2023.

The interest rate sensitivity table above (the "Table") represents the change in interest income from investments, net of interest on debt and settlement payments for interest rate derivatives over the next twelve months, assuming an immediate parallel shift in the SOFR yield curve and the resulting implied forward rates are realized as a component of this shift in the curve. Assumptions include anticipated interest rates; relationships between different interest rate indices such as SOFR and SIFMA; and outstanding investment, debt financing and interest rate derivative positions. The amounts in the table above do not consider any potential non-cash derivative fair value adjustments in determining the net interest income impact or per BUC impact. No assurance can be made that the assumptions included in the Table presented herein will occur or that other events will not occur that will affect the outcomes of the analysis. Furthermore, the results included in the Table assume we do not act to change our sensitivity to the movement in interest rates. As the above information incorporates only those material positions or exposures that existed as of June 30, 2023, it does not consider those exposures or positions that have arisen or could arise after that date. The ultimate economic impact of these market risks will depend on the exposures that arise during the period, our risk mitigation strategies at that time and the overall business and economic environment.

We employ leverage to fund the acquisition of many of our fixed income assets. Approximately 77% of our leverage bears interest at short term variable interest rates. Our remaining 23% of leverage has fixed interest rates. Of those assets funded with short term

variable rate debt facilities, approximately 42% bear interest at a variable rate as well. While there is some basis risk between the interest cost associated with our debt financing arrangements and the short-term interest rate indices on our variable rate assets, this portion of our portfolio is substantially match funded with rising short term interest rates having a minimal impact on our net interest income.

For those fixed rate assets where we have variable rate funding, hedging instruments such as interest rate caps and interest rate swaps have been utilized to hedge some, but not all, of the potential increases in our funding cost that would result from higher short term interest rates. In some cases, these positions have been hedged to their expected maturity date. In others, a shorter-term hedge has been executed due to uncertainty regarding the time period over which the individual fixed rate asset might be outstanding.

The ICE Benchmark Association, or IBA, ceased publication of our relevant U.S. dollar LIBOR settings effective July 1, 2023. As of June 30, 2023, all Partnership contracts that were previously indexed to LIBOR were amended to replace such terms with SOFR or Term SOFR indexed rates such that our exposure to the cessation of LIBOR is minimal. Despite the LIBOR transition in various markets, multi-rate environments may persist in the near term. However, we have not observed any material negative impacts to our investment or debt financing portfolios as a result of the cessation of LIBOR.

For information on our debt financing and interest rate derivatives see Notes 16 and 18, respectively.

Credit Risk

Our primary credit risk is the risk of default on our investment in MRBs, GILs and property loans collateralized by multifamily residential, seniors housing and skilled nursing properties. The MRB and GIL investments are not direct obligations of the governmental authorities that issue the MRB or GIL and are not guaranteed by such authorities or any issuer. In addition, the MRB, GIL and the associated property loan investments are non-recourse obligations of the property owner. As a result, the primary sources of principal and interest payments on our MRB, GIL and property loan investments are the net operating cash flows generated by these properties or the net proceeds from a sale or refinance of these properties. Affiliates of the borrowers of our GIL and construction financing property loan investments have full to limited guaranties of construction completion and payment of principal and accrued interest on the GIL and property loan investments, so we may have additional recourse options for these investments.

If a property is unable to sustain net rental revenues at a level necessary to pay current debt service obligations on our MRB, GIL or property loan investments, a default may occur. A property's ability to generate net operating cash flows is subject to a variety of factors, including rental and occupancy rates of the property and the level of its operating expenses. Occupancy rates and rents are directly affected by the supply of, and demand for, multifamily residential, single-family rentals, seniors housing and skilled nursing properties in the market area where the property is located. This is affected by several factors such as local or national economic conditions, the amount of new apartment construction and the affordability of single-family homes. In addition, factors such as government regulation (e.g. zoning laws and permitting requirements), inflation, real estate and other taxes, labor issues, and natural disasters can affect the economic operations of a multifamily residential property. Rental rates for set-aside units at affordable multifamily properties are typically tied to certain percentages of the area median income. Increases in area median income are not necessarily correlated to inflationary increases in operating expenses. A significant mismatch between area median income growth and increased property operating expenses could negatively impact net operating cash flows available to pay debt service. If AMI declines on a year-over-year basis, rents could need to be reduced.

Certain MRB, GIL, and construction financing property loan investments fund the construction of new affordable multifamily properties and have variable interest rates. Since there are little to no operating cash flows during the construction and lease-up periods for new properties, borrowers utilize capitalized interest reserves to fund debt service prior to stabilization. Increases in market interest rates will cause an increase in debt service costs. If interest rate increases are large enough, such capitalized interest reserves and other budgeted contingencies may be insufficient to pay all debt service through stabilization. Such cost overruns may cause defaults on our construction financing investments if other funding sources are not available to the borrowers or if related guarantors fail to meet their obligations.

Defaults on our MRB, GIL, or property loan investments may reduce the amount of future cash available for distribution to Unitholders. In addition, if a property's net operating cash flow declines, it may affect the market value of the property, which may result in net proceeds from the ultimate sale or refinancing of the property to be insufficient to repay the entire principal balance of our MRB, GIL or property loan investment. In the event of a default, we will have the right to foreclose on the mortgage or deed of trust on the property securing the investment. If we take ownership of the property securing a defaulted MRB or GIL investment, we will be entitled to all net operating cash flows generated by the property and will be subject to risks associated with ownership of multifamily real estate. If such an event occurs, these investments will not provide tax-exempt income. In the event of default, we will likely be required to repay debt secured by our investment using available liquidity or arrange alternative financing, if available, which is likely to be at less favorable terms. Such occurrences will negatively impact our overall available liquidity.

We actively manage the credit risks associated with our MRB, GIL, and property loan investments by performing a complete due diligence and underwriting process of the owners and the properties securing these investments prior to investing. In addition, we carefully monitor the on-going performance of the properties underlying these investments.

Credit risk is also present in the geographical concentration of the properties securing our MRB investments. We have significant geographic concentrations in Texas, California, and South Carolina. The table below summarizes the geographic concentrations in these states as a percentage of the total MRB principal outstanding:

| | June 30, 2023 | December 31, 2022 |
|----------------|---------------|-------------------|
| Texas | 32 % | 37 % |
| California | 25 % | 26 % |
| South Carolina | 20 % | 17 % |

Mortgage Revenue Bonds Sensitivity Analysis

Third-party pricing services are used to value our MRB investments. The pricing service uses a discounted cash flow and yield to maturity or call analysis which encompasses judgment in its application. The key assumption in the yield to maturity or call analysis is the range of effective yields of the individual MRB investments. The effective yield analysis for each MRB considers the current market yield of similar securities, specific terms of each MRB, and various characteristics of the property collateralizing the MRB such as debt service coverage ratio, loan to value, and other characteristics.

We completed a sensitivity analysis which is hypothetical and is as of a specific point in time. The results of the sensitivity analysis may not be indicative of actual changes in fair value and should be used with caution. The table below summarizes the sensitivity analysis metrics related to our MRB investments as of June 30, 2023:

| Description | Estimated Fair Value (in 000's) | Range of Effective Yields used in Valuation | Range of Effective Yields if 10% Adverse Applied | Additional Unrealized Losses with 10% Adverse Change (in 000's) |
|---------------------------------------|---------------------------------|---|--|---|
| Mortgage Revenue Bonds ⁽¹⁾ | \$ 905,964 | 2.6% - 7.8% | 2.9 %-8.6% | \$ 23,307 |

⁽¹⁾Mortgage revenue bonds excludes the Provision Center 2014-1 MRB for figures as of June 30, 2023 as the proton therapy center securing the MRB was successfully sold out of bankruptcy in July 2022 and we received liquidation proceeds of \$3.7 million in January 2023. The valuation as of June 30, 2023 is based on expected additional liquidation proceeds of approximately \$930,000 at final liquidation.

Real Estate Valuation Risk

We own multifamily real estate and our JV Equity Investments fund the construction, stabilization and sale of market-rate multifamily real estate. The realizable property values for such investments are primarily dependent upon the value of a property to prospective buyers at the time of its sale, which may be impacted by, among other factors, the operating results of the property, cap rates, local market conditions and competition, and interest rates on mortgage financing. Operating results of real estate properties may be affected by many factors, such as the number of tenants, the rental and fee rates, operating expenses, the cost of repairs and maintenance, taxes, debt service requirements, competition from other similar multifamily rental properties and general and local economic conditions. In addition, all outstanding financing directly secured by such real estate properties must be repaid upon sale. Lower sales proceeds may prevent us from collecting our accrued preferred return or the return of our original investment equity, which would result in realized losses on our investments.

Reinvestment Risk

MRB investments may have optional call features that may be exercised by either the borrower or the Partnership that are earlier than the contractual maturity. These optional call features may be at either par or premiums to par. In addition, our GIL and most

property loan investments are prepayable at any time without penalty. Borrowers may choose to redeem our investments if prevailing market interest rates are lower than the interest rate on our investment asset or for other reasons. In order to maintain or grow our investment portfolio size and earnings, we must reinvest repayment proceeds in new assets. New MRB, GIL and property loan investment opportunities may not generate the same returns as our current investments such that our reported operating results may decline over time. In addition, rising interest rates and construction costs could limit the ability of developers to initiate new projects for us to finance with MRB, GIL, and property loan investments.

Similarly, we are subject to reinvestment risk on the return of capital from sales of JV Equity Investments. Our strategy involves making JV Equity Investments for the development, stabilization and sale of market-rate multifamily rental properties. Our initial equity contributions are returned upon sale of the underlying properties, at which time we will look to reinvest the capital into new JV Equity Investments or other investments. Fewer new investment opportunities may result from negative changes in various economic factors and those new investments that we do make may not generate the same returns as our prior investments due to factors including, but not limited to, increasing competition in the development of market-rate multifamily rental properties, rising interest rates and increasing construction costs. We have observed declining availability of credit and tighter credit underwriting standards for banks similar to those that provide construction financing for our JV Equity Investments, which may result in lower loan proceeds and higher rates on construction loans in the near-term such that new investment profitability is negatively impacted or more difficult to originate. Lower returns on new investment opportunities will result in declining operating results over time.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures. The Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of the Partnership's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of such period, the Partnership's disclosure controls and procedures were effective in ensuring that (i) information required to be disclosed by the Partnership in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) information required to be disclosed by the Partnership in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Partnership's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. There were no changes in the Partnership's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1A. Risk Factors.

The risk factors affecting the Partnership are described in Item 1A “Risk Factors” in the Partnership’s Annual Report on Form 10-K for the year ended December 31, 2022 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, which are incorporated by reference herein. There have been no material changes from these previously disclosed risk factors for the six months ended June 30, 2023.

Item 6. Exhibits.

The following exhibits are filed as required by Item 601 of Regulation S-K. Exhibit numbers refer to the paragraph numbers under Item 601 of Regulation S-K:

- 3.1 [First Amendment to Second Amended and Restated Agreement of Limited Partnership of Greystone Housing Impact Investors LP dated June 6, 2023 \(incorporated by reference to Exhibit 3.1 to Form 8-K \(No. 001-41564\), filed by the Partnership on June 7, 2023\).](#)
- 3.2 [Greystone Housing Impact Investors LP Second Amended and Restated Agreement of Limited Partnership dated December 5, 2022 \(incorporated herein by reference to Exhibit 3.1 to Form 8-K \(No. 001-41564\), filed by the Partnership on December 5, 2022\).](#)
- 10.1 [Series A-1 Preferred Units Subscription Agreement dated June 2, 2023.](#)
- 10.2 [Second Amendment to Credit Agreement dated June 9, 2023 between Greystone Housing Impact Investors LP, the Lenders, and BankUnited, N.A., as Administrative Agent \(incorporated herein by reference to Exhibit 10.1 to Form 8-K \(No. 001-41564\), filed by the Partnership on June 15, 2023\).](#)
- 10.3 [Third Amendment to Amended and Restated Credit Agreement dated June 27, 2023 between Greystone Housing Impact Investors LP and Bankers Trust Company \(incorporated herein by reference to Exhibit 10.1 to Form 8-K \(No. 001-41564\), filed by the Partnership on June 29, 2023\).](#)
- 31.1 [Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following materials from the Partnership’s Quarterly Report on Form 10-Q for the periods ended June 30, 2023 are filed herewith, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets on June 30, 2023 and December 31, 2022, (ii) the Condensed Consolidated Statements of Operations for the periods ended June 30, 2023 and 2022, (iii) the Condensed Consolidated Statements of Comprehensive Income for the periods ended June 30, 2023 and 2022, (iv) the Condensed Consolidated Statements of Partners’ Capital for the periods ended June 30, 2023 and 2022, (v) the Condensed Consolidated Statements of Cash Flows for the periods ended June 30, 2023 and 2022, and (vi) Notes to Condensed Consolidated Financial Statements. Such materials are presented with detailed tagging of notes and financial statement schedules.
- 104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREYSTONE HOUSING IMPACT INVESTORS LP

Date: August 3, 2023 By: /s/ Kenneth C. Rogozinski
 Kenneth C. Rogozinski
 Chief Executive Officer

Date: August 3, 2023 By: /s/ Jesse A. Coury
 Jesse A. Coury
 Chief Financial Officer

SUBSCRIPTION DOCUMENTS INSTRUCTIONS TO INVESTORS

AFTER YOU HAVE DECIDED TO SUBSCRIBE FOR AND PURCHASE THE SERIES A-1 PREFERRED UNITS, PLEASE OBSERVE THESE INSTRUCTIONS:

- A. Confidential Subscriber Questionnaire** Complete and sign two originals of the “Confidential Subscriber Questionnaire.” The purpose of the Confidential Subscriber Questionnaire is to provide certain information as to the status of a subscriber to enable the Partnership and the General Partner to determine whether to accept a subscription. It is understood that the information provided is confidential and will not be reviewed by anyone other than the Partnership, the General Partner, and its counsel.
- B. Subscription Agreement** Complete and sign two originals of the “Subscription Agreement.” PLEASE READ THE SUBSCRIPTION AGREEMENT IN ITS ENTIRETY. IT CONTAINS VARIOUS STATEMENTS AND REPRESENTATIONS TO BE MADE BY SUBSCRIBERS, AS WELL AS ADDITIONAL INFORMATION ABOUT THE PARTNERSHIP.
- C. Counterpart Signature Page to the Limited Partnership Agreement** Complete and sign two originals of the counterpart signature page to the Second Amended and Restated Agreement of Limited Partnership of Greystone Housing Impact Investors LP dated December 5, 2022.
- D. Return of Subscription Materials** All of the foregoing documents must be delivered to:
Greystone Housing Impact Investors LP c/o
c/o Greystone AF Manager LLC
14301 FNB Parkway, Suite 211
Omaha, Nebraska 68154
Attention: Jesse A. Coury, CFO
- After receipt of all the foregoing completed documents, the General Partner will determine whether to accept the subscription. If the subscription is accepted, the General Partner will notify the prospective investor of the date by which the prospective investor will be required to transmit the amount of such investor’s subscription proceeds, together with instructions for making payment for the Series A-1 Preferred Units to be purchased. All payments must be made by wire transfer of immediately available funds. If a potential investor’s subscription is not accepted, the General Partner will notify such potential investor as soon as practicable.

All information is to be typed or printed in ink.

Subscription Instructions

GREYSTONE HOUSING IMPACT INVESTORS LP
(A Delaware Limited Partnership)
Series A-1 Preferred Units Representing Limited Partnership Interests SUBSCRIPTION
AGREEMENT

THIS SUBSCRIPTION AGREEMENT (the "Agreement") is effective as of the date set forth on the signature page of the Subscription Acceptance hereof (the "Effective Date"), between the undersigned subscriber (the "Subscriber"), and Greystone Housing Impact Investors LP (formerly known as America First Multifamily Investors, L.P.), a Delaware limited partnership (the "Partnership").

Recitals

WHEREAS, the Partnership is offering for sale 3,500,000 Series A-1 Preferred Units representing limited partnership interests of the Partnership (the "Series A-1 Preferred Units") at a price of \$10.00 per unit (the "Offering"), with a minimum investment requirement of \$5,000,000 (500,000 Series A-1 Preferred Units) per subscriber, unless otherwise approved by the General Partner in its sole discretion; and

WHEREAS, the Partnership has filed, in accordance with the provisions of the Securities Act of 1933, as amended (the "Securities Act") and the rules and regulations thereunder (the "Securities Act Regulations"), with the Securities and Exchange Commission ("Commission") a registration statement on Form S-3 (File No. 333-259203), covering the Series A-1 Preferred Units to be issued from time to time by the Partnership, which was declared effective by the Commission on September 9, 2021, and which was subsequently amended pursuant to a Post-Effective Amendment No. 1 filed by the Partnership on April 4, 2022 and declared effective by the Commission on April 13, 2022 (as so amended, the "Registration Statement"); and

WHEREAS, the Partnership has prepared a prospectus dated April 15, 2022, which was subsequently supplemented pursuant to a Prospectus Supplement filed by the Partnership with the Commission on December 8, 2022, specifically relating to the Series A-1 Preferred Units, which is included as part of the Registration Statement, pursuant to which the Series A-1 Preferred Units are being offered by the Partnership in the Offering, which prospectus may be further supplemented from time to time to add, update, or change information contained therein (the prospectus, including all documents incorporated therein by reference, included in the Registration Statement, as it may be supplemented from time to time by any prospectus supplement, in the form in which such prospectus and/or prospectus supplement have most recently been filed by the Partnership with the Commission pursuant to Rule 424(b) under the Securities Act Regulations, together with any then issued free writing prospectus, is referred to herein as the "Prospectus"); and

WHEREAS, all capitalized terms not otherwise defined herein shall have the meanings set forth in the Prospectus.

NOW, THEREFORE, in consideration of the promises made by the parties herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows.

Agreement

Section 1. **Subscription for Series A-1 Preferred Units.** Subject to the terms and conditions of this Agreement, as of the Effective Date the Subscriber hereby subscribes for, and the Partnership agrees to issue to the Subscriber, that number of Series A-1 Preferred Units of the Partnership set forth on the Subscriber's signature page hereto. The closing of the purchase and sale of the Series A-1 Preferred Units described herein shall occur at such time and location as the parties shall mutually agree (the "Closing").

Subscription Agreement
S-1

Section 2. **Closing Deliveries.** At the Closing, the Subscriber shall deliver or cause to be delivered to the Partnership the aggregate amount of the Subscriber's amount of subscription, as set forth on the Subscriber's signature page hereto, by wire transfer of immediately available funds to the account as specified by the Partnership. Upon the Closing, the Partnership shall deliver or cause to be delivered to the Subscriber the originally executed: (i) Confidential Subscriber Questionnaire completed by the Subscriber and accompanying this Agreement (the "Confidential Subscriber Questionnaire"); (ii) this Agreement; (iii) counterpart signature page to the Partnership Agreement, as countersigned by the General Partner; and (iv) such other evidence of the Subscriber's record ownership of the Series A-1 Preferred Units as may be reasonably requested by the Subscriber and mutually agreed to by the General Partner.

Section 3. **Representations and Warranties.** The Subscriber understands that the Partnership is relying upon the representations and agreements contained in this Agreement (and any supplemental information) for the purpose of determining whether to accept the Subscriber's subscription for Series A-1 Preferred Units. Accordingly, the Subscriber hereby represents and warrants to the Partnership, and intends that the Partnership rely upon these representations and warranties for the purpose of establishing the acceptability of this Agreement, as follows:

(a)**Subscriber Information.** The address of the Subscriber in the Confidential Subscriber Questionnaire is the true and correct address of the domicile and residency of the Subscriber, and the Subscriber has no present intention of changing such address to another state or jurisdiction. The Subscriber agrees to promptly notify the Partnership if the information contained in this Agreement, the accompanying Confidential Subscriber Questionnaire, or any other document is or becomes incorrect.

(b)**Investment Intent.** The Subscriber is subscribing for the Series A-1 Preferred Units for its own account and for investment purposes only, and not with a view to the distribution or resale thereof, in whole or in part, to anyone else.

(c)**Liquidity.** The Subscriber is in such a financial condition that it has no need for liquidity with respect to a subscription in the Series A-1 Preferred Units and no need to dispose of any portion of the Series A-1 Preferred Units subscribed for hereby to satisfy any existing or contemplated undertaking or indebtedness. The Subscriber hereby represents that, at the present time, the Subscriber could afford a complete loss of its subscription in the Series A-1 Preferred Units.

(d)**No Governmental Approvals of Offering.** The Subscriber understands that no federal or state governmental agency or authority has passed upon the Series A-1 Preferred Units or made any finding or determination concerning the fairness, advisability, or merits of the Offering or this subscription.

(e)**Availability of Other Information.** The Subscriber acknowledges that the Partnership has made available to it and its management the opportunity to ask questions and receive answers concerning the Partnership, the Partnership Agreement, and the Series A-1 Preferred Units, and to obtain any additional information which the Partnership or General Partner possesses or can acquire without unreasonable effort or expense and has received any and all information requested.

(f)**Independent Evaluation of Subscription.** No representations or warranties have been made to the Subscriber concerning the Partnership, its business, the General Partner, or the Series A-1 Preferred Units by the Partnership, the General Partner, any affiliate of the Partnership or the General Partner, or any agent, officer, or employee of any of them, or by any other person,

Subscription Agreement

and in entering into this Agreement the Subscriber is not relying on any information other than the results of the Subscriber's own independent investigation and due diligence. In this regard, the Subscriber has made its own inquiry and analysis (on its own or with the assistance of others) with respect to the Partnership and its business, the General Partner, the Series A-1 Preferred Units, the Partnership Agreement, and other material factors affecting the Series A-1 Preferred Units. Based on such information and analysis, the Subscriber has been able to make an informed decision to subscribe for the Series A-1 Preferred Units.

(g)**Sophistication of Subscriber.** The Subscriber has such knowledge and experience in financial and business matters that the Subscriber is capable of evaluating the merits and risks of a subscription in the Series A-1 Preferred Units. To the extent necessary, the Subscriber has retained, at its own expense, and relied upon, appropriate professional advice regarding the investment, tax, and legal merits and consequences of this subscription and ownership of the Series A-1 Preferred Units.

(h)**No Public Market for the Series A-1 Preferred Units.** The Subscriber understands that there is no public market for the Series A-1 Preferred Units, the Partnership does not intend for a public market in the Series A-1 Preferred Units to develop, and such a public market is unlikely ever to develop.

(i)**State of Domicile.** The Subscriber's state of domicile, both at the time of the initial offer of the Series A-1 Preferred Units to the Subscriber and at the present time, was and is within the state set forth in the Subscriber's address disclosed on this Agreement below.

(j)**Organization and Authority; Subscriber Status.** If the Subscriber is an entity, the Subscriber is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization with the full right, corporate or partnership power, and authority to enter into and to consummate the transactions contemplated by this Agreement and to otherwise carry out its obligations hereunder. The execution, delivery, and performance by the Subscriber of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or similar action on the part of the Subscriber. The Subscriber's governing instruments permit, and it is duly qualified to make, this subscription for the Series A-1 Preferred Units. This Agreement and the Confidential Subscriber Questionnaire have been duly executed by the Subscriber, and when delivered by the Subscriber in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Subscriber, enforceable against it in accordance with its terms. By executing this Agreement, the Subscriber hereby represents that the representations and warranties of the Subscriber set forth in the Confidential Subscriber Questionnaire attached to this Agreement, including the representations and warranties regarding the legal status of the Subscriber, are true and correct.

(k)**Tax Consequences of Subscription.** The Subscriber hereby acknowledges that there can be no assurance regarding the tax consequences of a subscription for the Series A-1 Preferred Units, nor can there be any assurance that the Internal Revenue Code of 1986, as amended, or the regulations promulgated thereunder, or other applicable laws and regulations, will not be amended at some future time. In making this subscription for the Series A-1 Preferred Units, the Subscriber hereby represents that it is relying solely upon the advice of the Subscriber's tax advisor with respect to the tax aspects of a subscription for the Series A-1 Preferred Units.

(l)**Anti-Money Laundering Provisions.** Neither the Subscriber nor (i) any person controlling or controlled by the Subscriber, (ii) any person having a beneficial interest in the Subscriber, or (iii) any person for whom the Subscriber is acting as agent or nominee in connection

Subscription Agreement

with this investment, is a person or entity with which the Partnership would be prohibited from engaging in a transaction under the rules and regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control. No funds the Subscriber will use for the purchase of Series A-1 Preferred Units either now or for any future capital contributions, if any, were, and are not directly or indirectly derived from, activities that contravene U.S. federal, state, local, or international laws and regulations applicable to the Subscriber, including U.S. anti-money laundering laws and regulations. The Subscriber agrees to promptly notify the Partnership if any of the foregoing representations in this Section 3(l) cease to be true and accurate regarding the Subscriber. The Subscriber also agrees to provide the Partnership and the General Partner with any additional information regarding the Subscriber that the Partnership or General Partner deems necessary or convenient to ensure compliance with the foregoing representations. The Subscriber understands and agrees that if at any time it is discovered that any of the foregoing representations are incorrect, or if otherwise required by applicable law or regulation related to money laundering or similar activities, the Partnership may undertake appropriate actions to ensure compliance with applicable laws or regulations, including, but not limited to, segregation and/or redemption of the Subscriber's investment in the Series A-1 Preferred Units. The Subscriber further understands that the Partnership may release confidential information about the Subscriber and, if applicable, any underlying beneficial owners of the Subscriber, to the proper authorities if the General Partner, in its sole discretion, determines that it is in the best interests of the Partnership in light of the foregoing described anti-money laundering rules.

(m)**No Right to Require Registration Upon Resale.** The Subscriber understands that the Subscriber has no right to require the Partnership to register the further resale of the Subscriber's Series A-1 Preferred Units under federal or state securities laws at any time.

Section 4. **Other Covenants.**

(a)**Governing Law.** The Subscriber agrees that, notwithstanding the place where this Agreement may be executed by any of the parties hereto, all the terms and provisions hereof shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of laws. The Subscriber hereby irrevocably agrees that any suit, action, or proceeding with respect to this Agreement and any or all transactions relating hereto shall be brought in the local courts in New Castle County, Delaware or in the U.S. District Court for the District of Delaware, as the case may be.

(b)**Indemnification of the Partnership and Others.** The Subscriber agrees to hold the Partnership, the General Partner, and its officers, managers, and controlling persons (as defined in the Securities Act), and any persons affiliated with any of them or with the issuance of the Series A-1 Preferred Units, harmless from all expenses, liabilities, and damages (including reasonable attorneys' fees) deriving from a disposition of the Series A-1 Preferred Units by the Subscriber in a manner in violation of the Securities Act, or of any applicable state securities law or which may be suffered by any such person by reason of any breach by the Subscriber of any of the representations contained herein.

(c)**Use of Proceeds.** The Partnership will use the proceeds from the Offering as described in the Prospectus.

Section 5. **Amendments.** Neither this Agreement nor any term hereof may be amended, changed, or waived without the prior written consent of all the parties hereto.

Section 6. **Execution and Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which taken together shall constitute one and the same Agreement, it being understood that the parties need not sign the same counterpart. In the event that any signature on this Agreement or any instrument pursuant to Section 5 hereof is delivered by e-mail delivery of a “.pdf” format data file, such signature shall create a legally valid and binding obligation of the executing party (or on whose behalf such signature is executed) with the same force and effect as if such “.pdf” signature page was an original thereof.

Section 7. **Entire Agreement.** This Agreement and the Confidential Subscriber Questionnaire contain the entire agreement and understanding of the parties with respect to its subject matter and supersedes all prior agreements and understandings between the parties with respect to their subject matter.

Section 8. **Severability.** If any term, provision, covenant, or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void, or unenforceable, the remainder of the terms, provisions, covenants, and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired, or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant, or restriction.

Section 9. **WAIVER OF JURY TRIAL.** IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, EACH PARTY HEREBY KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

Section 10. **Miscellaneous.** This Agreement is not transferable or assignable by the Subscriber without the prior written consent of the Partnership. All notices or other communications to be given or made hereunder to the Subscriber shall be in writing and may be hand delivered or sent by fax, certified or registered mail, postage prepaid, e-mail, or by a private overnight delivery service to the Subscriber’s address set forth below. The headings herein are for convenience only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof. This Agreement shall be binding upon and inure to the benefit of the parties and their permitted successors and assigns. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person, except as set forth in Section 4(b) of this Agreement. The representations, warranties, and covenants contained herein shall survive the Closing and the delivery of the Series A-1 Preferred Units.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Subscription Agreement to be effective as of the Effective Date set forth below on the Subscription Acceptance.

Subscriber:

Name of Subscriber: PNC Community Development Company, LLC

Address of Subscriber: 1900 East Ninth Street, Suite 3400, Cleveland, OH 44114

Signature of Authorized Signatory: /s/ David M. Eddy

Name and Title of Authorized Signatory: David M. Eddy, Vice President

Number of Series A-1 Preferred Units Subscribed For: 1,000,000

In no event shall the total number of shares subscribed for by the Subscriber herein, or 1,000,000 units, exceed thirty percent (30%) of the total number of Series A-1 Preferred Units subject to this offering of 3,500,000 units, or 1,050,000 units.

Aggregate Amount of Subscription: \$10,000,000

Date Signed by Subscriber: 6/2/2023

Selection of Designated Target Region:

The Subscriber indicated above hereby selects the following as the Designated Target Region for the Subscriber's investment:

Complete One:

The State of .

The multi-state region including .

The metropolitan area of Houston-The Woodlands Sugarland TX MSA 26420.

The entire United States.

The Subscriber also may specify the amount of the Subscriber's investment proceeds to be allocated to one or more of the following Specified CRA Assets:

The Subscriber may also request an allocation of capital to specific investments already within the portfolio. Such requests to be allocated as according to the "CRA Credit Allocation Methodology" set forth in the Prospectus and subject to confirmation by the General Partner.

| Property Name | State | Allocation Request Amount |
|--|-------|---------------------------|
| Concord at Gulf Gate Apartments 7120 Village Way Houston, TX 77087 | TX | \$10,000,000 |

By signing this Agreement, the Subscriber acknowledges reading and agrees to the provisions set forth in the section captioned "CRA Credit Allocation Methodology" of the Prospectus. The Subscriber acknowledges that the General Partner provides no guarantee that the Subscriber will receive CRA credit for its investment in the Series A-1 Preferred Units.

SUBSCRIPTION ACCEPTANCE

This Agreement is accepted as of June 2, 2023, which shall be the Effective Date of the subscription described in this Agreement.

Greystone Housing Impact Investors LP

By: /s/ Kenneth C. Rogozinski
Kenneth C. Rogozinski, Chief Executive Officer

Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kenneth C. Rogozinski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greystone Housing Impact Investors LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023

By /s/ Kenneth C. Rogozinski
Kenneth C. Rogozinski
Chief Executive Officer
Greystone Housing Impact Investors LP

Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jesse A. Coury, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greystone Housing Impact Investors LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023

By /s/ Jesse A. Coury
Jesse A. Coury
Chief Financial Officer
Greystone Housing Impact Investors LP

Certification of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Kenneth C. Rogozinski, Chief Executive Officer of Greystone Housing Impact Investors LP (the "Partnership"), certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1)The Quarterly Report on Form 10-Q of the Partnership for the quarter ended June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 3, 2023

/s/ Kenneth C. Rogozinski
Kenneth C. Rogozinski
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Greystone Housing Impact Investors LP and will be retained by Greystone Housing Impact Investors LP and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Jesse A. Coury, Chief Financial Officer of Greystone Housing Impact Investors LP (the "Partnership"), certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1)The Quarterly Report on Form 10-Q of the Partnership for the quarter ended June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 3, 2023

/s/ Jesse A. Coury
Jesse A. Coury
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Greystone Housing Impact Investors LP and will be retained by Greystone Housing Impact Investors LP and furnished to the Securities and Exchange Commission or its staff upon request.
