OAK INSTITUTIONAL CREDIT SOLUTIONS, LLC

PRIVATE PLACEMENT MEMORANDUM

Managing Member:

OAK INSTITUTIONAL GP, LLC

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OAK INSTITUTIONAL CREDIT SOLUTIONS, LLC

$200,000,000

Limited Liability Company Interests

This private placement memorandum (this "**Memorandum**")[1] is being furnished on a confidential basis to a limited number of sophisticated prospective investors for the purpose of providing information about an investment in certain Series A membership interests (the "**Series A Interests**") and Series B membership interests (the "**Series B Interests**"), each as more fully described herein (the Series A Interests, together with the Series B Interests, the "**Interests**"), in Oak Institutional Credit Solutions, LLC, a Delaware limited liability company (the "**Fund**"). This Memorandum supersedes in its entirety any prior or contemporaneous information in respect of the Fund and may be used solely to evaluate an investment in the Fund and not for any other purpose.

Except with the prior written consent of Oak Institutional GP, LLC, a Delaware limited liability company (the "**Managing Member**"), a prospective investor may not distribute or reproduce this Memorandum, in whole or in part, or disclose any of its contents, to any person other than professional representatives of the investor in connection with its consideration of this investment. By accepting or accessing this Memorandum and any information furnished in connection herewith (collectively, the "**Investment Information**"), the investor acknowledges and agrees that: (i) the Investment Information includes confidential, proprietary or other commercially sensitive information; (ii) the investor will not distribute or reproduce this Memorandum or any Investment Information in whole or in part, other than solely for the investor's internal review and for use by its advisors who are directly involved with the prospective investor's decision regarding the purchase of the Interests; (iii) the investor will use this Memorandum and the Investment Information solely to evaluate an investment in the Interests and not for any other purpose; (iv) if at any time the Managing Member so requests, the investor will promptly return to the Managing Member this Memorandum and all Investment Information received; and (v) the investor will not disclose to any third party that this Memorandum and the other Investment Information has been provided to the investor or that the Managing Member is considering the offering described herein. Each prospective investor is responsible for the fees and costs of its own counsel, accountants and other advisors.

Notwithstanding anything in this Memorandum to the contrary, the Fund, the Managing Member, and each investor or prospective investor in the Fund (and any employee, representative or other agent of the Fund, an investor or prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Memorandum (including opinions or other tax analyses that are provided to it relating to such tax treatment and tax structure). However, any such information relating to the tax treatment or tax structure is required to be kept confidential to the extent necessary to comply with any applicable U.S. federal or state securities laws. For this purpose, tax treatment and tax structure shall not include (a) the identity of the Fund, the Managing Member or any investor in the Fund (or, in each case, any affiliate thereof); (b) any specific pricing information; or (c) other nonpublic business or financial information (including, without limitation,

[1] This Memorandum has been revised as of October 15, 2022, to reflect corrections to the formulation of the Asset Management Fee described in this Memorandum and as defined in the Amended and Restated LLC Agreement of the Fund, dated October 15, 2022, and attached hereto. Any version of the Memorandum or LLC Agreement dated prior to the date of this revision may not be relied on and any investment decision should only be made after careful review of this Memorandum, as of October 15, 2022.

the amount of any fees, expense, rates or payments) that is not relevant to an understanding of the tax treatment of the transactions contemplated by this Memorandum.

In making an investment decision, investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. The Interests have not been recommended, approved or disapproved by any U.S. federal or state or non-U.S. securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

The Interests have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws or other securities laws or the laws of any non-U.S. jurisdiction, nor is such registration contemplated. The Interests will be offered and sold only to qualifying recipients of this Memorandum pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof and Regulation D promulgated thereunder and in compliance with the applicable securities laws of the states and other jurisdictions where the offering will be made. The Interests are being sold for investment only and are subject to restrictions on transferability and resale and may not be transferred or resold except as provided in the Fund's amended and restated limited liability company agreement (the "**LLC Agreement**"). Accordingly, investors should be aware that they will be required to bear the financial risks of an investment in the Interests for an indefinite period of time. The Fund will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended and investors will not be entitled to the benefits of such registration. There will be no public market for the Interests, and there is no obligation on the part of any person to register the Interests under the Securities Act.

The Interests are offered subject to prior sale, and any subscription for Interests by an investor may be rejected, in whole or in part. An investment in the Interests will involve significant risks due, among other things, to the nature of the investments the Fund intends to make and there can be no assurance that the Fund's rate of return objectives will be realized or that there will be any return of capital. See "Certain Investment Considerations." Investors should have the financial ability and willingness to accept the risks and lack of liquidity that are characteristic of the investment described herein.

Prospective investors should not construe the contents of this Memorandum as legal, tax, investment or other advice. Each prospective investor should make its own inquiries and consult its advisors as to the Fund and this offering and as to legal, tax, financial and other relevant matters concerning an investment in the Interests and the suitability of the investment for such investor.

In considering any prior performance information contained herein, prospective investors should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that the Fund will achieve comparable results. While the Fund's projected returns contained herein are based on assumptions that the Managing Member believes are reasonable under the circumstances, the actual realized return on the Fund's investments will depend on, among other factors, future operating results, market conditions, interest rates, expenses, and the value of the assets at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ either positively or negatively from the assumptions on which the Fund's projections are based. Accordingly, such projections are inherently limited.

Unless otherwise indicated, all references to internal rates of return ("**IRRs**"), targeted or otherwise, and multiples of investment are presented on a "net" basis (i.e., they are net of all management fees, transaction costs and other expenses (other than taxes borne or to be borne by investors) and "carried interest"). As used throughout this Memorandum, and unless otherwise indicated, "IRR" means an aggregate, compound, annual, internal rate of return on investments.

Certain information contained in this Memorandum constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe," or the negatives thereof, or other variations thereon, or other comparable terminology. Due to various risks and uncertainties, including those described in this Memorandum, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements.

No person has been authorized in connection with this offering to give any information or to make any representations other than as contained in this Memorandum or the definitive subscription documents, and any representation not contained herein or therein must not be relied upon as having been authorized by the Fund (as defined herein). Statements in this Memorandum are made as of the date hereof unless otherwise stated herein, and neither the delivery of this Memorandum at any time, nor any sale hereunder, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to such date. This Memorandum does not constitute an offer or solicitation in any state or other jurisdiction to any person or entity to which it is unlawful to make such offer or solicitation in such state or jurisdiction. The terms of the offering and the Interests described herein may be modified at any time. In the event that the descriptions or terms in this Memorandum are inconsistent with or contrary to the LLC Agreement (which is available to prospective investors upon request), the LLC Agreement controls.

The representation of the Managing Member and the Fund by Whiteford Taylor Preston LLP (the "**Law Firm**") is limited to the specific matters with respect to which it has been retained and consulted. There may exist other matters that could have a bearing on the Fund, the Fund's investments and portfolio companies, the Managing Member and/or their respective affiliates as to which the Law Firm has been neither retained nor consulted. The Law Firm does not undertake to monitor the compliance of the Managing Member and its affiliates with the investment program and other investment guidelines and procedures set forth in this Memorandum and the Limited Liability Company Agreement, nor does the Law Firm monitor compliance by the Fund, the Managing Member and/or their affiliates with applicable laws, unless in each case the Law Firm has been specifically retained to do so. The Law Firm does not investigate or verify the accuracy and completeness of information set forth in this Memorandum, including the information concerning the Fund, the Managing Member or any of their respective affiliates and personnel or investments or portfolio companies. Furthermore, except for any opinions specifically set forth in a signed opinion letter issued by it, the Law Firm is providing no advice, opinion, representation, warranty or other assurance of any kind as to any matter to any limited partner of the Fund.

Prospective investors having inquiries with respect to the Interests should contact:

Raymond Davis
Managing Principal & Chief Strategy Officer
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(O) 947-217-3288
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I. EXECUTIVE SUMMARY

The Fund

OAK INSTITUTIONAL CREDIT SOLUTIONS, LLC, a Delaware limited liability company (the "**Fund**"), is a private real estate financing investment fund sponsored by White Oak Capital Holdings LLC, a Michigan[2] limited liability company (the **"Sponsor"**). The Fund specializes in providing commercial real estate, senior mortgage bridge loans, which are flexible loans that provide short-term financing for the purchase, rehabilitating or re-tenanting of commercial real estate. In addition to funding renovations and upgrades, the bridge loans may be offered to borrowers who cannot initially qualify for permanent financing from conventional lenders.

The Managing Member, is a Delaware limited liability company and will serve as managing member and make all investment decisions for the Fund.

The Fund's strategy is to provide private debt financing to owners of commercial real estate. The Company seeks to utilize the strong characteristics of its assets, favorable industry dynamics and the significant expertise and experience of the Company's senior management team, the Company believes that the Fund represents an attractive investment opportunity. The Company is seeking capital commitments through subscriptions from investors.

The Fund is targeting $200 million of aggregate equity capital commitments (the "**Capital Commitments**") from a select group of qualified investors (the "**Non-Managing Members**," and together with the Managing Member, the "**Members**"). In addition, the Managing Member will make a commitment of at least $2.5 million, exclusive of the Capital Commitments.

The Fund's objective is to achieve average annual levered cash yields of approximately 6% and a levered IRR of 10%-12% on investments.[3]

The Opportunity

The Fund will manage a vertically integrated, small-balance credit strategy that targets short duration commercial mortgage assets secured by a first lien position on income-producing properties. The Sponsor and its affiliates originate, analyze, underwrite, close and service these assets in diversified portfolios such as the Fund, with the intent to provide investors with superior risk-adjusted returns that are uncorrelated to the broader financial markets.

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2 In process of being converted to a Delaware limited liability company.

3 See the important disclosure in the introductory paragraphs of this Memorandum regarding the meaning and calculation of IRRs and investment multiples as used in this Memorandum. The Managing Member has provided certain targeted performance information herein in order to help prospective investors understand the Fund's investment strategy in comparison to other investment strategies and the Fund's process for evaluating investment opportunities, including the potential return profile the Fund seeks when selecting potential investments. Targeted returns and portfolio characteristics are provided for informational purposes only, are not indicative of future results, and are not guarantees, and there can be no assurance targeted returns will be met or investor capital will not be lost. While the Managing Member believes the targets presented herein are reasonable under current circumstances, the actual realized returns of the Fund will depend on a variety of factors, all of which may differ from the assumptions on which the projections contained herein are based.

- **Borrower Investment and Track Record**: The borrowing real estate owners must provide proof of real cash equity in the properties to be financed, and must be seasoned real estate operators with a proven track record of success.

- **Mitigating Factors**: Loans are fully-funded with renovation/re-tenanting accounts, interest reserves, cash management accounts, springing lockboxes. All reserve accounts are 100% controlled by the Fund.

- **Draw Requests**: All renovation draw requests are subject to construction audit of completed work, timeline adherence, budget adherence and lien waiver releases.

- **High-Quality Tenancy**: Tenants are generally long-standing, successful businesses with wherewithal to withstand market cycles.

- **Primary Secondary & sometimes Tertiary Markets**: Analysis and underwritten to validate growth trends, supply/demand, and current and future pricing trends.

- C**omprehensive Asset Underwriting**: Rigorous site-by-site underwriting including credit, location, tenancy, competition, market demographics and physical site review.

The Fund is targeting a levered IRR of 10%-12%, with annual levered cash yields of approximately 6%.[4]

There can be no assurance that the Fund will meet the foregoing expectations and/or achieve any particular level of return on or of investment, and investors may suffer a loss of some or all of their invested capital. In addition, investors should consult with their own tax advisors as to the availability of any potential tax benefits.

The Managing Member will commit $2.5 million of capital (the "Managing Member Capital Commitment") to the Fund, with the ability to commit more at its option, thus aligning its interest with the Non-Managing Members. The Managing Member's Capital Commitment will be pari passu to the Non-Managing Members' capital commitments and will be made in amounts at the Managing Member's discretion at each capital call. The Non-Managing Members and the Managing Member will share in the Fund's distributable proceeds based on their relative commitments to the Fund as described herein and as set forth in the LLC Agreement.

[4] See the important disclosure in the introductory paragraphs of this Memorandum regarding the meaning and calculation of IRRs and investment multiples as used in this Memorandum. The Managing Member has provided certain targeted performance information herein in order to help prospective investors understand the Fund's investment strategy in comparison to other investment strategies and the Fund's process for evaluating investment opportunities, including the potential return profile the Fund seeks when selecting potential investments. Targeted returns and portfolio characteristics are provided for informational purposes only, are not indicative of future results, and are not guarantees, and there can be no assurance targeted returns will be met or investor capital will not be lost. While the Managing Member believes the targets presented herein are reasonable under current circumstances, the actual realized returns of the Fund will depend on a variety of factors, all of which may differ from the assumptions on which the projections contained herein are based.

Distributions of the Fund's Distributable Proceeds (as defined in the LLC Agreement) are expected to be made on at least a quarterly basis among the Managing Member and the Non-Managing Members (collectively, the "Members") Distributable Proceeds, if any, will be distributed as follows:

Series A Interests	**Series B Interests**
a) First, 100% to the Members *pro rata* in proportion to their respective Fund Percentages in an amount equal to 6% per year, on a calendar year basis, non-compounded, on the unreturned Invested Capital (the "Preferred Return");	a) First, 100% to the Members *pro rata* in proportion to their respective Fund Percentages in an amount equal to 6% per year, on a calendar year basis, non-compounded, on the unreturned Invested Capital (the "Preferred Return") ;
b) Second, 100% to the Members *pro rata* in proportion to their respective Fund Percentages until each such Member has received an amount equal to such Member's Invested Capital;	b) Second, 100% to the Members *pro rata* in proportion to their respective Fund Percentages until each such Member has received an amount equal to such Member's Invested Capital;
c) Third, 100% to the Series A Non-Managing Members until each such Series A Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 8%[5];	c) Third, 100% to the Series B Non-Managing Members until each such Series B Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 8.5%[3];
d) Fourth, 60% to Series A Non-Managing Members until each such Series A Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 10%, with the balance paid to the Managing Member[3].	d) Fourth, 80% to Series B Non-Managing Members until each such Series B Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 12%, with the balance paid to the Managing Member[3].
e) Thereafter, 40% to the Non-Managing Members, with the balance paid to the Managing Member.	e) Thereafter, 40% to the Non-Managing Members, with the balance paid to the Managing Member.

Distribution Reinvestment Plan

Non-Managing Members shall have the right to participate in the fund's Distribution Reinvestment Plan ("Plan") pursuant to the terms and conditions for the DRP that may be adopted by the Managing Member from time to time.

A Non-Managing Member may elect to reinvest distributions by completing and executing a subscription agreement, an enrollment form or any other appropriate authorization form as may be available from the Company from time to time. Participation in the DRP will begin with the next Distribution payable after receipt by the Fund of the Non-Managing Member's written election to participate in the DRP at least 15 business days prior to the last day of the calendar month. Interests purchased pursuant to the DRP

[5] For the avoidance of doubt, inclusive of the return of such Non-Managing Member's Invested Capital.

shall be of the same Series as the Interests with respect to which the Participant is receiving Distributions to be reinvested through the DRP.

If a Non-Managing Member participating in the DRP does not meet the minimum income and net worth standards established for making an investment in the Fund or cannot make the other representations or warranties set forth in the subscription agreement or other applicable enrollment form or otherwise does not meet the suitability standards as adopted by the Fund from time to time for the offering of Interests under the DRP, the Non-Managing Member will promptly so notify the Fund in writing, and the Managing Member shall have the right to terminate such Non-managing Member's participation in the DRP until such Non-Managing Member can meet the aforementioned standards or make the aforementioned representations or warranties. The Managing Member shall have the right to prohibit fiduciaries, pension or profit-sharing plans, other employee benefit plans, individual retirement accounts and other plans, whether or not subject to Employee Retirement Income Security Act of 1974, as amended, or the Internal Revenue Code of 1986, as amended, from participating in the DRP if such participation could, in the Fund's view, cause its underlying assets to constitute "plan assets" of such plans and accounts, and entities deemed to hold assets of such plans and accounts.

Redemption Plan

Each Non-Managing Member shall have the right to have such Non-Managing Member's interest in the Fund redeemed, in whole or in part (it being understood that if any redemption causes a Member's Capital Account balance to be less than $25,000.00 in the case of a Series A Non-Managing Member, or less than $100,000.00 in the case of a Series B Non-Managing Member, such redemption may be treated as a total redemption) on the last day of each calendar quarter (in each such case, a "Redemption Date").

No redemptions shall be permitted prior to the third (3rd) anniversary of the "Initial Drawdown Date, except for a redemption within ninety (90) days of the death, total permanent Disability or Bankruptcy (as defined in the Fund's LLC Agreement) of a Non-Managing Member who is a natural person. Written notice of a redemption in proper form (as determined from time to time by the Managing Member in its discretion, a "Redemption Request") must be received by the Managing Member from the Non-Managing Member or such Member's estate or legal representative at least ninety (90) days prior to each Redemption Date.

In the case of a Redemption Request that is received by the Fund after the third (3rd) anniversary, but prior to the fourth (4th) anniversary, of the Initial Drawdown Date (other than a Redemption Request made in connection with the death, total permanent Disability or Bankruptcy of a Non-Managing Member who is a natural person), the interests shall be redeemed at a price equal to ninety percent (90%) the positive balance of the Non-Managing Member's Capital Account, plus any accrued and unpaid Preferred Return and subject to any applicable adjustments or deductions, allocable to the interest to be redeemed. In the case of Redemption Requests received after the fourth (4th) anniversary of the later to occur of the Effective Date or the Initial Drawdown Date the interests shall be redeemed at a price equal to the positive balance of the Non-Managing Member's Capital Account, plus any accrued and unpaid Preferred Return and subject to any applicable adjustments or deductions, allocable to the interest to be redeemed.

The Managing Member shall have the right to delay redemption request if the Managing Member determines at any given time (i) that requested redemptions exceed the Fund's then available Distributable Proceeds, (ii) the existence of any circumstances as a result of which in the opinion of the Managing Member the payment of the redemption amounts would not be reasonably practicable or might seriously prejudice the non-redeeming Members, or (iii) requested redemptions would cause a default under, or otherwise violate any covenants in connection with, the any credit facilities of the Fund then existing (collectively, the "Hardships"). Further, the Managing Member may suspend Member redemptions in any calendar year in which the Managing Member determines that such suspension is necessary to avoid any material, negative tax impact to the Fund and the Members, or if the Managing Member determines that Hardships exist or would result from redemptions, including without limitation that (i) the effect of redemptions, including redemptions for which Redemption Requests have been received, would materially impair the Fund's ability to operate in pursuit of its objectives, or (ii) the non-redeeming Members would be unfairly and materially disadvantaged.

About White Oak Capital Holdings LLC

Sponsor is a national commercial real estate lender specializing in providing private debt financing to owners of commercial real estate. Led by senior executives with significant experience in national commercial real estate lending and capital markets fund management, Sponsor's principals have completed more than $25 billion of total real estate financings over the past 25 years and successfully navigated 8 market cycles.

Sponsor's senior management has created and operated numerous private debt fund and securitization platforms. In addition, Sponsor's managers and staff have many years of experience in the areas of legal, underwriting, processing, closing, financing and asset management. Sponsor believes that it has the financial resources and expertise to efficiently originate and pool together loan assets for the Fund and provide the most reliable source of funding in the commercial real estate financing industry.

Sponsor's senior management team is led by:

Gary Bechtel
Chief Executive Officer

- Chief Executive Officer Red Oak Capital Holdings, LLC
- President, Money360, Inc.
- Chief Lending/Originations Officer, CU Business Partners
- Grubb & Ellis (now Newmark)
- Johnson Capital (now Walker & Dunlop)
- FINOVA Realty Capital
- Allison Company
- Member / frequent speaker: Mortgage Bankers Association, NAIOP, International Council of Shopping Centers

Paul Cleary
President & Chief Operations Officer

- Chief Operating Officer, Money360, Inc.
- Executive Vice President, Loan Production, Cherrywood Commercial Lending, LLC
- Senior Vice President, Commercial Real Estate Lending, Kinecta Federal Credit Union
- Senior Vice President, Operations and Credit, Impac Commercial Capital Corporation
- J.D. from University of San Diego School of Law / MBA from University of California, Irvine
- B.A. Political Science, University of California, Santa Barbara

Thomas McGovern

Chief Financial Officer

- Interim CFO, Veronica’s Insurance
- Executive Director, Nomura Securities International
- Vice President, Royal Bank of Canada Capital Markets
- Vice-President, Cypress Associates, LLC
- MBA, Darden Graduate School of Business, University of Virginia
- B.A. Economics (summa cum laude), Hamilton College
- Chartered Financial Analyst Designation

Raymond Davis
Chief Strategy Officer

- Chief Business Development Officer, Red Oak Capital Holdings, LLC
- Principal Consultant, Corporate Forensics Advisory
- Senior Managing Director, JADDA Capital Management
- Series 22 Certification
- B.A. Business / Economics, Wayne State University

Brook Scardina
Managing Partner, Capital Markets & Investments

- Vice President and Managing Director, University of North Carolina Endowment ("UNC Management Company")
- Director of Investment Operations & Risk Management, United Parcel Service, Inc.
- Series 65 Certification
- MBA from Auburn University
- B.A. Business Administration, Georgia Southern University

II. SELECT SUMMARY OF TERMS

Oak Institutional Credit Solutions, LLC
Summary of Selected Terms

Target Fund Size:	$500 million (comprised of $200 million in Capital Commitments; plus anticipated leverage of up to 60% of Target Fund Size, or $300MM).
Managing Member:	Oak Institutional GP, LLC.
Investor Commitments:	Capital Commitments sought from the Non-Managing Members of up to $200 million.
Managing Member Commitment:	$2.5 million, with option to contribute more, in amounts at the Managing Member's discretion at each capital call.
Capital Commitment Closings:	The initial closing will be held with minimum Capital Commitments from the Non-Managing Members of at least $1 (One) million. The Managing Member may hold one or more additional closings to accommodate the admission of additional Non-Managing Members through the twenty-fourth (24th) month after the initial closing. Capital Commitments will be called on a first-made, first-called basis.
Capital Call Timing:	First capital call anticipated in conjunction with the first closing of the Fund, subject to extension by the Managing Member. Following the first closing, future Fund commitments will be drawn through a monthly capital call process. The expected funding term will be twelve months following the first closing.
Target Annual Yield:	10%-12% levered IRR.[6]
Target Annual Cash Yield:	6.0% levered current cash yield.[4]
Minimum Commitment Amount:	Series A Interest – $100,000 Series B Interest – $1,000,000 The Managing Member reserves the right in its sole discretion to accept commitments of lesser amounts from Non-Managing Members.
Portfolio Assets:	See Section V "Asset Overview".

6 See the important disclosure in the introductory paragraphs of this Memorandum regarding the meaning and calculation of IRRs and investment multiples as used in this Memorandum. The Managing Member has provided certain targeted performance information herein in order to help prospective investors understand the Fund's investment strategy in comparison to other investment strategies and the Fund's process for evaluating investment opportunities, including the potential return profile the Fund seeks when selecting potential investments. Targeted returns and portfolio characteristics are provided for informational purposes only, are not indicative of future results, and are not guarantees, and there can be no assurance targeted returns will be met or investor capital will not be lost. While the Managing Member believes the targets presented herein are reasonable under current circumstances, the actual realized returns of the Fund will depend on a variety of factors, all of which may differ from the assumptions on which the projections contained herein are based.

Term:	Perpetual
Cash Distributions:	At least quarterly.
Distribution Reinvestment Plan	Non-Managing Members will have the option to participate in the Fund's Distribution Reinvestment Plan. See "Executive Summary - Distribution Reinvestment Plan".
Annual Management Fee:	0.75% of the gross acquisition cost and capital expenditures (including any portion thereof funded with indebtedness, through the assumption of debt or otherwise) in respect of each asset then held by the Fund (paid quarterly).
Redemption:	Redemption option starting at year 3. See "Executive Summary - Redemption Right".
Distribution of Distributable Proceeds:	Distributions of the Fund's distributable proceeds are expected to be made on at least a quarterly basis among the Managing Member and the Non-Managing Members (collectively, the "Members"). Amounts of the Fund's distributable proceeds shall be distributed as follows: **1.** Series A Interests a) First, 100% to the Members *pro rata* in proportion to their respective Fund Percentages in an amount equal to the Preferred Return; b) Second, 100% to the Members *pro rata* in proportion to their respective Fund Percentages until each Member has received an amount equal to such Member's Invested Capital; c) Third, 100% to the Series A Non-Managing Members until each such Series A Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 8%;[7] d) Fourth, 60% to Series A Non-Managing Members until each such Series A Non-Managing Member has received

[7] For the avoidance of doubt, inclusive of the return of such Non-Managing Member's Invested Capital.

	aggregate distributions sufficient to yield an IRR of 10%, with the balance paid to the Managing Member.[6] e) Thereafter, 40% to the Non-Managing Members, with the balance paid to the Managing Member. **2.** Series B Interests a) First, 100% to the Members *pro rata* in proportion to their respective Fund Percentages in an amount equal to the Preferred Return; b) Second, 100% to the Members *pro rata* in proportion to their respective Fund Percentages until each Member has received an amount equal to such Member's Invested Capital; c) Third, 100% to the Series B Non-Managing Members until each such Series B Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 8.5%;[6] d) Fourth, 80% to Series B Non-Managing Members until each such Series B Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 12%, with the balance paid to the Managing Member.[6] e) Thereafter, 40% to the Non-Managing Members, with the balance paid to the Managing Member.
Transfer Restrictions:	The LLC Agreement contains restrictions on the transfer of Fund ownership interests, as described further in Section XII, "Certain Ownership and Transfer Restrictions"

III. INVESTOR OPPORTUNITY

Given the strong characteristics of the assets, favorable industry dynamics and the significant expertise and experience of the Company's senior management team, the Sponsor believes that the Fund represents an attractive investment opportunity. In addition, the Sponsor believes that the Fund features a compelling investment structure, including the co-investment of the Managing Member. The following list details a number of the various benefits and attributes that the Sponsor expects the Fund to provide to investors.

Assets

Institutionally Underwritten Loan Assets with Strong Credit Profiles - The loan assets are sourced, underwritten and documented to institutional lender standards. All loans adhere to best-in-class credit policies, clearly identifying the strengths of each loan transactions as well as identifying any weaknesses and how those weaknesses are mitigated either through loan structure or loan document covenants and restrictions.

High-Quality Tenants and Strong Property Cash Flows - Typically, the tenants occupying and paying rent on the underlying collateral properties are large or mid-size private or publicly-traded companies (or subsidiaries of large companies) with strong (often investment grade) credit ratings. In addition to maintaining high-quality credit profiles, tenants' lease payments are assigned to lender ensuring rents are available to lender for paying property expenses and debt service in the case of payment default.

Lease Inflation Hedge - Leases associated with collateral properties typically include annual or term rent escalators and/or Consumer Price Index (CPI) increases, thereby offering a built-in hedge against inflation. These escalators are generally applied on an annual or term basis, the latter usually a five-year period.

Lease-Up, Renovation and Expansion Opportunities – Collateral properties are by program target not fully leased and/or property cash flows stabilized. The business plans for the properties are to renovate and/or reposition the properties in order to increase cash flow and asset value, thus lowering the risk to the loan asset and ensuring end of loan refinance payoff.

Industry

Strong, Growing Industry – The private debt fund lending industry has grown tremendously over the past 10 years. Private lending and private debt fund lending had traditionally been conducted on a micro-regional basis among a high fragmented array of private lenders.[8] Currently, private debt fund lending has evolved to the point where lenders operate on a national basis offering an array of loan products and on almost unlimited loan sizes. Borrowers have grown more comfortable in seeking private debt fund loans due to the ease and availability of funding as compared to the regulated bank and credit unions or the securitization market. While the industry loan volume has grown, the quality of the underwriting and documentation standards has not evolved yet to institutional standards. The Fund plans to originate, underwrite and document loans to institutional standards in order to provide clear and consistent loan product to the market as well as provide consistent returns to investors in the Fund.

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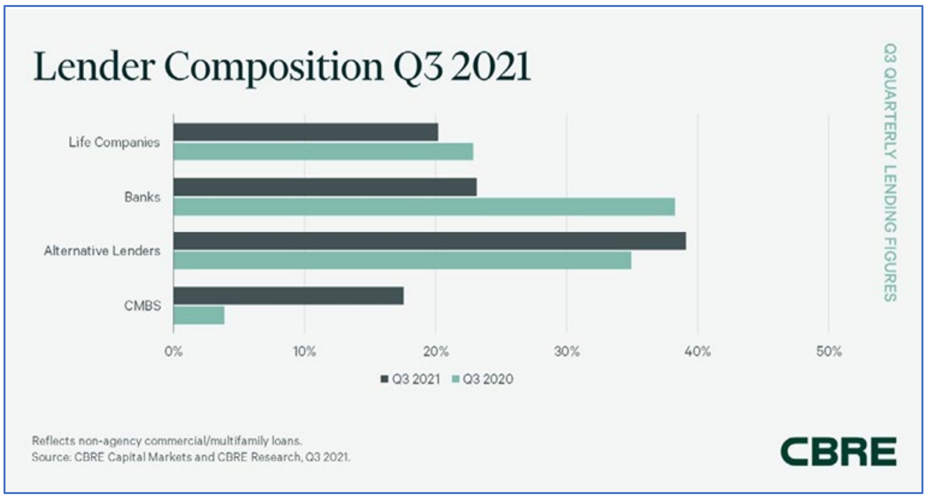
[8] See https://www.scotsmanguide.com/browse/content/alternative-lenders-can-be-your-secret-to-suc And https://www.wsj.com/articles/stock-and-bond-markets-dethroned-private-fundraising-is-now-dominant-1522683249

Huge, Fragmented Lending Market - The lending market opportunity for the Fund, highly diverse and extremely fragmented. The level of commercial/multifamily mortgage debt outstanding increased from $2.96 trillion in 2016 to $4.05 trillion by Q3 2021 according to the Mortgage Bankers Association's (MBA) Quarterly Survey of Commercial/Multifamily Mortgage Bankers. The lending volume for 2022 alone is projected to be $1 trillion for the very first time. While the total dollar volume increased over the five-year period the market share of lenders remained extremely consistent; however, a recent CBRE report for Q3 2021 reveals that lending by "Alternative Lenders" surpassed that of banks. The report concludes that, "activity by alternative lenders, such as debt funds and mortgage REITs, led volume in Q3 2021, accounting for 39% of all non-agency loan closings." The report further advised that borrowers continued to seek financing for value-added assets and "bridge loans accounted for close to 80% of alternative lender loan closings."



<u>**Fund Composition and Structure**</u>

Attractive Current Returns – The Fund expects the portfolio to generate significant cash flows over its holding period, with an annual levered cash yield of approximately 6%, and targeted IRR of 10-12% over term of the Fund. However, there can be no assurance that the foregoing return expectations will be achieved, or that investors will receive a return on or of their capital.

Diversification - The Fund is expected to be comprised of approximately 50 to 100 assets at any time when fully deployed, providing significant diversification for investors across geography, industry, tenant mix, structure type and property type. The Fund is expected to provide lending on loans of approximately $2 million to $20 million on real property assets that are well-diversified by geography, tenant mix, asset class, structure type, term and yield.

Managing Member Co-Investment for Alignment of Interest - The Managing Member Capital Commitment aligns the Managing Member interest with the Non-Managing Members.

Experienced Management with Successful Track Record - With over a combined 100 years of experience at various institutions, Sponsor principals have completed transactions with an aggregate value in excess of $25 billion and successfully built and managed numerous national market lenders. Sponsor's team has built a vast network of strong relationships in the market, enabling it secure attractive lending opportunities.

Comprehensive Loan Underwriting – Loan-by-loan underwriting which generally includes the following due diligence: (i) third-party appraiser valuations; (ii) third-party engineer property and environmental inspection; (iii) market rent and value analysis; (iv) current and prospective property cash flow analysis; (v) borrower and sponsor credit analysis; (vi) title insurance and vesting review; (vii) demographic analysis; (viii) competitive set market analysis; (ix) lease review; and, (x) survey review.

High Overall Returns: The Fund targets a levered return of 11% to 12%+ with significant current income of 6% annually.

Low Volatility and Market Correlation: The Fund is expected to own a diversified portfolio of real property senior position mortgages consisting of stable, cash-flowing RE properties located in primary and tertiary markets with low volatility and almost no correlation to broader market investment / asset classes.

IV. Operational Overview

The senior mortgage bridge loans to be originated will be sourced through the wholesale broker channel by the Fund's affiliate, Red Oak Financial, LLC ("ROF"). All loans will be processed, underwritten, and documented by ROF, utilizing outsourced experts where required or needed, such as MAI appraiser and legal counsel.

The underwriting standards used by the Fund are intended to evaluate the value and adequacy of the senior mortgaged property as collateral and the mortgagor's credit standing and repayment ability and to determine the final loan amount if the loan is approved. However, the facts and circumstances surrounding each senior mortgage loan, such as the quality and location of the real estate, the tenancy of the property and the sponsorship of the borrower, will impact the extent to which the general guidelines described below are applied to a specific mortgage loan. Thus, the underwriting and origination procedures and the credit analysis may significantly differ from one senior mortgage loan to another and will be driven by circumstances particular to that mortgage loan and the related mortgaged property. The underwriting criteria is general and there is no assurance that the underwriting of any particular mortgage loan will conform in all respects to the Fund's lending policies and guidelines.

The Fund's affiliate, Red Oak Capital Holdings, LLC ("ROCH"), also makes senior mortgage commercial real estate loans; however, the Fund's loans are intended to be of a higher credit quality and lower interest rate pricing and cost that the product offered by ROCH. Both the Fund and ROCH utilize ROF for marketing and origination. Nevertheless, by having ROF as a central point of marketing and origination for the Fund and ROCH, the Fund hopes to have better vision of the audience of borrowers in the marketplace and a consistent, more impactful message in reaching potential borrowers.

The differences in lending parameters can be observed in the following:

	Red Oak	White Oak (Core)	White Oak (CorePlus)
Geography	Primary, Secondary, and select Tertiary Markets (25,000 minimum)	Primary, Secondary, and select Tertiary Markets (100,000 minimum)	Primary, Secondary, and select Tertiary Markets (100,000 minimum)
Loan Size	$1,000,000 - $15,000,000	$2,000,000 - $20,000,000	$2,000,000 - $20,000,000
Loan Terms	1-3 Years (Fully Extended)	1-3 Years	1-3 Years
Interest Rates	10.00% to 12.00%	6.99% to 8.99%	7.99% to 9.990%
LTC / LTV	95% / 75%	75% / 75%	85% / 75%
Minimum DSCR	None	1.00x	1.00x
Recourse	Recourse & Non-Recourse	Non-Recourse	Non-Recourse
Prepayment	Minimum six (6) Months Interest	Minimum twelve (12) Months Interest	Minimum twelve (12) Months Interest
Loan Fees	3.00% to 5.00%	1.00% to 2.00%	2.00% to 3.00%
Exit Fees	2.00% to 6.00%	None	1.00% to 2.00%

Origination.

The ROF's origination personnel review all loan applications and preliminary documentation submitted to determine if the prospective loan conforms with the Fund's program parameters. If these parameters are met, a Letter of Interest (the "**LOI**") is usually issued with conditions specific to the loan which can be identified at that time. If the LOI is executed by a potential mortgagor, an application package is sent for the mortgagor's completion.

Application.

A mortgage application is "completed" once the applicant has provided financial and other information as to the property and the mortgagor. Supporting documentation (or other verification) for all material data provided by the mortgagor in the application are generally required. In addition, during the application process, the applicant is required to authorize the Fund to obtain a credit report and other public records search that summarizes the applicant's or the related guarantor's credit history and any record of bankruptcies or prior foreclosures.

Loan Analysis.

ROF's loan underwriters and/or analysts perform both a general credit analysis and collateral analysis with respect to a loan applicant and the real estate that will secure the loan. Primary emphasis is given to the property cashflows since it is the primary source of repayment.

In general, the credit analysis of the borrower and the real estate includes a review of historical financial statements, including rent rolls (generally unaudited), third party credit reports, judgment, lien, bankruptcy searches and, if applicable, the loan payment history of the borrower. Loan underwriters typically also perform a qualitative analysis which incorporates independent credit checks and published debt and equity information with respect to certain principals of the borrower as well as the borrower itself.

The collateral analysis includes, to the extent applicable and available to the loan underwriters, an analysis of the historical property operating statements, pro forma operating budgets, rent rolls and a projection of future performance and a review of tenant leases. The Fund requires third party appraisals, as well as property inspection reports and environmental review reports by a licensed engineer. In some cases of larger loans or unique property situations require an in-person inspection will be required to identify the property's strengths and weaknesses as compared to other similar properties in the subject property's market. Each such report received by the Fund is reviewed by its loan underwriters. The Fund's loan underwriters will also evaluate the real estate collateral and related documents and assesses the property's capacity to support and maintain the debt service. The scope of the analysis includes evaluation of the property in some or all of the following areas: property valuation, loan-to-value ratio, net operating income of the property and debt service coverage ratio ("**DSCR**"), property's historical, current and expected future performance, pro-forma vacancy and management fees.

The Fund has various data and information resources that it may utilize to provide additional due diligence investigation. These sources include such national companies as CoStar, Lexis, Nexis, and Decision Logic. Further, underwriter due diligence may include contacting market participants to verify information or glean additional insight into a property's market or the subject property itself. This would include speaking with commercial real estate brokers and commercial real estate investment sales personnel who may provide candid and real-time information.

Loan-to-value ratios are calculated by dividing the principal balance of the mortgage loan at origination by the lesser of (i) the “As-Is” appraised value of the mortgaged property at origination, (ii) the expected “As-Stabilized” appraised value of the mortgaged property at market occupancy, and (iii) if the purpose of the mortgage loan is for a purchase, the purchase price. The loan-to-value ratio for mortgage loans originated by the Fund is subject to various limits. Generally, the loan-to-value ratio is not greater than (a) 80% for Mortgage Loans secured by multifamily and residential/retail mixed-use properties, (b) 75% for Mortgage Loans secured by office, retail, mixed-use, and light industrial/warehouse properties and (c) 75% for Mortgage Loans secured by mobile home communities, self-storage facilities and other eligible commercial properties.

The DSCR is calculated by dividing the property’s underwritten net operating income (“**U/W NOI**”) by the amount of annual principal and interest due. In general, the debt service coverage ratio at origination may be lower than 1.00x DSCR given the transitional nature of the properties. In such cases an interest reserve is structured into the loans in order to cover debt service during the term of the loan. The “exit” for the loan is evaluated with a view towards the estimated cash flow the property will produce when occupied at market occupancy. In that case, the Fund will curtail the loan such that the property can achieve: (a) 1.20x DSCR for loans secured by multifamily and residential/retail mixed-use properties, (b) 1.25x for Mortgage Loans secured by office, retail, mixed-use, and light industrial/warehouse properties and (c) 1.25x for Mortgage Loans secured by mobile home communities, self-storage facilities and other eligible commercial properties.

The DSCR is calculated by dividing the underwritten annual net operating income of the mortgaged property by the amount of annual principal and interest due during the fixed-rate period of the loan. In calculating the U/W NOI, the underwriter determines and verifies the annual effective gross income of the property and then subtracts the total annual operating expenses determined for such property, as well as reserves allocated to such property. The effective gross income is calculated as follows: (i) the actual rental income or total rental income at current market rates that could be realized if the property was fully occupied, plus (ii) any other income generated by the property (e.g. laundry income), less (iii) an adjustment amount based on a vacancy factor, less (iv) any other amounts the underwriter believes are appropriate adjustments to income. The underwriter then verifies that such annual effective gross income is supportable by reviewing bank statements and/or tax returns of the borrower. Total operating expenses are the sum of the operating expenses for the property (e.g. taxes, insurance, management fees) based on the underwriter’s estimates of such expenses using invoices, appraisal figures and market factors. Reserves are amounts allocated for ongoing property requirements such as periodic capital improvements or unit upgrades. The reserve amount varies based on the type and condition of the property. There can be no assurance that the U/W NOI or actual net operating income will be sufficient to cover payments due over the life of the loan.

Third Party Reports.

In connection with the origination of a loan, the underwriters utilize specific information provided by licensed third party professionals in evaluating the collateral, including appraisals, property condition assessments and environmental condition reports.

A new appraisal (or an update to an existing appraisal) by an independent appraiser that is either a member of MAI or state certified is required to be delivered for each of the related mortgaged properties in connection with the origination of each mortgage loan to establish the appraised value of the related mortgaged property or properties. Appraisals are performed by either nationally recognized appraisal firms or by property-local, highly qualified appraisers. All appraisal reports are required to conform to Uniform Standards of Professional Appraisal Practice guidelines. All appraisals include at least the Sales and Income Approach to value. The Income Approach to value is usually given primary consideration in the lending decision.

Initially, a borrower-prepared structural disclosure delivered at the time of application is reviewed to identify current structural deficiencies or deferred maintenance on the subject property. The collateral is also inspected by a third-party vendor engaged by the Fund before origination in order to understand the quality of the collateral and identify any physical deficiencies. The vendor provides a property condition assessment that will generally involve an inspection of the related property to assess the structure, exterior walls, roofing, interior structure and mechanical and electrical systems. The resulting reports on some of the properties may indicate a variety of deferred maintenance items and recommended capital expenditures. Based on the report, the appropriate response will be determined to any identified deferred maintenance or recommended repairs, corrections or replacements. In some instances, repairs or maintenance are completed by the borrower before closing or cash reserves are established (either by the borrower or through a holdback of the loan proceeds) to fund the deferred maintenance or replacement items or both. Properties that are in below average condition or exhibit structural problems or deferred maintenance that cannot be cured before loan closing or through reserves or a short-term repair holdback may be considered for financing on a case-by-case basis.

The Fund's loan underwriters will also review a borrower-prepared environmental disclosure delivered at the time of application and a Fund-ordered environmental database research report with respect to each property. If potential environmental issues are noted, the underwriter will attempt to further assess environmental risk by ordering additional environmental site assessments in compliance with current standards prescribed by The American Society of Testing and Materials.

Approval Process.

All loans must be approved by the Fund's credit committee before commitment and funding. A complete and acceptable narrative, detailing the rationale for any exceptions, will be included in the underwriting file. All exceptions to policies are documented in the underwriting memorandum presented to the credit committee and how the exception was mitigated is noted. All exceptions require sign-off by the credit committee.

Approved Loan Requirements.

The Fund may require borrowers to fund various escrows for taxes, insurance and repairs. It may also require legal and banking structures be put in place immediately or on the occurrence of certain risk events such that the Fund will take control of the property cash flows ("**Lockboxes**"). An immediate repair reserve (funded by the borrower or through a holdback of loan proceeds) may be required in an amount not less than the estimated costs of the immediate repairs to be completed within the first year of the loan.

The mortgage loan documents require that each mortgaged property be insured by a hazard insurance policy in an amount (subject to an approved deductible) at least equal to the lesser of (i) the replacement cost of improvements, furniture, fixtures, furnishings and equipment owned by the mortgagor and located on such mortgaged property, or (ii) the outstanding principal balance of the mortgage loan, and in any event, the amount necessary to prevent operation of any co-insurance provisions. In addition, if any material part of the improvements, exclusive of a parking lot, located on a mortgaged property is in an area identified in the Federal Register by the Federal Emergency Management Agency as a special flood hazard area (flood zones A or V), the related mortgagor is required to maintain insurance in the maximum amount available under the National Flood Insurance Program.

Each mortgaged property is required to be covered pursuant to the related loan documents, by a commercial general liability insurance policy issued by an insurer meeting certain insurance rating requirements including broad-form coverage for property damage, contractual damage and personal injury (including bodily injury and death) in amounts as are generally required by prudent institutional commercial mortgage lenders, and in any event not less than $1 million per occurrence and $2 million in the aggregate.

Recourse and Guaranty.

Each loan is generally made on a non-recourse basis with standard carveouts generally required by prudent institutional commercial mortgage lenders. On a case-by-case basis where certain identified risks are present in the loan, the loan will be made on a full recourse basis to the key principals in the ownership structure. In either case, guarantors are required to be a natural person or persons, and in some cases, as additional lender protection, an entity distinct from the mortgagor (but which may be affiliated with the mortgagor). For full recourse loans, the guaranty requires absolute, unconditional and irrevocable guarantee of the full and prompt payment when due, whether at maturity or earlier, by reason of acceleration or otherwise, and at all times thereafter, of the entire indebtedness under the mortgage loan, including indemnity obligations and enforcement costs.

Post-close Loan Servicing.

Each loan will be serviced by a company nationally recognized as the leader in private loan servicing. The servicer utilizes a mortgage servicing technology platform with multiple capabilities and reporting functions. Upon boarding a mortgage loan, various types of information are automatically loaded into the mortgage loan servicing system. In addition, the mortgage loan documents are reviewed for any discrepancies or irregularities as an additional check. The servicer makes all reasonable efforts to collect the contractual mortgage loan payments that are due by the borrower pursuant to the applicable mortgage loan documents and, consistent with the applicable servicing agreement, will follow such collection procedures that are customary with respect to comparable mortgage loans.

The servicer's collection policy seeks to identify payment problems at the early stage of delinquency and, if necessary, to address such delinquency in order to preserve the equity of a pre-foreclosure mortgaged property. The servicer uses a proactive consulting approach, defined call strategies and enhanced payment methods to assist the collection process in accordance with the related servicing agreement. On a monthly basis, borrowers are mailed their monthly statement in advance of the due date. Generally, borrowers can obtain loan information and make payments via web access, as well as direct dial customer service.

The servicer utilizes multiple strategies in order to identify payment problems while working with borrowers to make their monthly payments in a timely manner. The potential for losses is mitigated using internal proprietary models to project performance and required advances and to assist in identifying workout options. On a monthly basis the delinquency status is determined for each mortgage loan. A collector then calls the borrower to make payment arrangements. If payments have not been collected by the date a late charge becomes effective, a standard reminder letter is mailed to the borrower.

The Company and not the servicer will not have primary responsibility for the custody of original documents evidencing the loans. The servicer does have relationships to handle potential and actual foreclosure activity, in addition to its own more limited capabilities. In such a case, the Servicer may have custody of certain original documents as necessary for enforcement actions involving the loans. To the extent the Service performs custodial functions as the servicer, original documents are to be maintained in a manner consistent with the applicable servicing standard under the applicable servicing agreement.

The servicer may, from time to time, perform some of its servicing obligations under various servicing agreements through one or more third-party vendors that provide servicing functions such as tracking and reporting of flood zone changes, tracking real estate tax assessments and payment delinquencies, real estate insurance monitoring and force-placed insurance placement, performing UCC searches, filing UCC financing statements and amendments or, with respect to its special servicing functions, appraisals, broker price opinions, environmental and property condition assessments, property management, real estate brokerage services and other services necessary in the routine course of acquiring, managing and disposing of REO property.

Asset Management.

In all cases, the Fund maintains all responsibility to ensure the proper servicing of the loan. In addition, the Fund retains all right and responsibility to manage collection activity and provide direction to Servicer and other third-parties in the case of loan default, foreclosure and post-foreclosure asset disposition. The Fund has direct responsibility for managing the loan up through loan payoff. This includes all loan modification and term extensions, holdback and future funding advances, and restructurings. The Asset Management function will be performed by ROF.

V. ASSET OVERVIEW

The Fund will target senior commercial real estate bridge loans, which are flexible loans that provide short-term financing for the purchase, rehabilitating or re-tenanting of commercial real estate. In addition to funding renovations and upgrades, the bridge loans may be offered to borrowers who cannot initially qualify for permanent financing. The loans will be based on a property's future value and pricing will be determined based on the level of risk involved, with higher-risk projects carrying a higher interest rate. Generally, the common reasons borrowers seek bridge loan versus other financing options include: (i) the property has below market occupancy rates, (ii) the borrower's credit profile needs improvement and /or (iii) the borrower has an opportunity and needs to close in faster timeframe than possible for permanent lenders.

The Fund targets loans on properties located in primary, secondary and select tertiary markets within the United States. The loans will be first-lien mid-balance adjustable-rate commercial mortgage loans of twelve (12) to thirty-six (36) duration. The loans will have an expected average principal balance of $5,000,000 with a $2,000,000 minimum and a $20,000,000 maximum committed loan amount. Loans will predominantly refinance existing debt with the remaining portion being loans for the acquisition of the property. The loans will not have any subordinate debt and subordinate debt will not be allowed during the term of the loan.

The collateral for loans will generally be market acceptable commercial real estate properties consisting of multifamily, residential/retail mixed-use, office, retail, light industrial/warehouse, mobile home communities and self-storage facilities. The Fund will seek to lend on properties that are multi-tenanted and generally avoid single tenant properties including owner-occupied. Loan will not be made on residential owner-occupied properties.

All loans will have interest-only payment structures and as such will not have an amortizing component. In order to ensure adequate debt-service coverage, the predominance of loans will have a debt service reserve component that will be exclusively controlled by the Fund. Borrowers may be asked to contribute capital to the reserve in order to achieve adequate funding.

Generally, the "As-Is" loan-to-value ratios at origination will not be greater than (a) 80% for loans secured by multifamily properties, (b) 75% for Mortgage Loans secured by office, retail, mixed-use, and light industrial/warehouse properties and (c) 75% for Mortgage Loans secured by mobile home communities, self-storage facilities and other eligible commercial properties. The Fund will target "As-Stabilized" estimated values of no more than 70% for all property types. The Fund estimates overall portfolio weighted average "As-Is" loan-to-value ratios of 70% and overall portfolio weighted average "As-Stabilized" loan-to-value ratios of 65%.

Borrowers for the loans will be required to be single-purpose bankruptcy remote entities. Generally, the loans will be made on a non-recourse basis with standard carveouts generally required by prudent institutional commercial mortgage lenders. On a case-by-case basis where certain identified risks are present in the loan, the loan will be made on a full recourse basis to the key principals in the ownership structure. In either case, Guarantors are required to be a natural person or persons, and in some cases, as additional lender protection, an entity distinct from the mortgagor (but which may be affiliated with the mortgagor). For full recourse loans, the guaranty requires absolute, unconditional and irrevocable guarantee of the full and prompt payment when due, whether at maturity or earlier, by reason of acceleration or otherwise, and at all times thereafter, of the entire indebtedness under the mortgage loan, including indemnity obligations and enforcement costs.

VI. MARKET OVERVIEW

The Fund seeks to take advantage of fragmented small- to mid-balance commercial real estate lending market that is increasingly looking to private debt funds for financing. Historically, financing of comparable commercial loans, especially in the bridge space, has been provided primarily by a fragmented base of local and regional banks that typically: (i) offer such loans only as a concession to their customers, (ii) employ a non-systemic process that is slow, laborious, inefficient and uncertain, and (iii) requires the payment of substantial closing costs.

Further, the securitization/secondary market for bridge loans has historically been virtually non-existent, given that commercial loan "conduits" are too expensive and inefficient to efficiently originate small- to mid-balance loans for securitization. While the Commercial Loan Obligation market has seen a resurgence in the past few years, the rigid loan structures required for securitization are incapable of offering the flexibility that borrowers seek in financing the repositioning of their properties. Furthermore, the bespoke nature of bridge loans often makes the securitization process cost prohibitive for lenders and issuers. There are very few loan originators that can produce smaller balance commercial real estate loans on a national scale, in sufficient volumes, and at a reasonable cost, to enable them to execute stand-alone securitizations backed exclusively by such loans.

A further aspect driving the increase in bridge lending versus ground-up construction loans is the costs and risks associated with ground-up construction. When considering real estate development, there are two main paths a developer can take – either ground-up construction projects or renovation projects. Renovation projects often prove to be a more cost-effective option, since much of the structural work is in place. Building permits tend to be easier to access for renovation projects when compared to ground-up construction projects. In addition, by renovating an existing building, a project can frequently get access to desirable locations that would be unavailable to new ground-up construction projects. Renovation usually costs less money on a per square foot basis, particularly in the current case of high land prices. Further, the variable costs in materials are a substantial portion of a ground-up budget versus the percentage of cost attributable to a renovation project. This is particularly true given the present and future volatility of commodity markets.

An additional risk of ground-up construction is the longer waiting periods in order to obtain the necessary permits to construct a new building from the ground up. Ground up construction projects tend to eat up more time than renovation projects.

In many cases the non-stabilized property merely needs capital for re-tenanting. In this the sponsors either have to seek equity or debt to accomplish the stabilization. The debt to be offered by the Fund is attractive to owners it is substantially less expensive than the cost of equity. This is especially true in that equity providers will require some form of ownership in the owning entity or, at a minimum permanent ownership in the case of default. Also, equity providers also prefer larger capital commitments than are normally required for moderate renovations or normal tenant improvement and leasing commission costs.

VII. FUND STRATEGY

The Fund will target small- to mid-balance borrowers seeking interim financing on commercial real estate assets located throughout the United States. A significant percentage of the assets targeted by the Fund will be properties that are in non-stabilized and in need of capital to re-tenant or reposition them up to current market metrics. The loans will be secured on a first lien basis on standard commercial property types such as multifamily, office, retail, light industrial/warehouse, mixed-use, self-storage facilities and manufactured housing communities. Although less frequent, the loan assets may be offered to borrowers in need of a more expedited closing than offered by traditional lenders or borrowers in need of capital restructuring such as a pending loan maturity or partner buyout. As such, the portfolio of loans will be very diverse from a property, and borrower business strategy perspective.

The Fund's strategy of seeking financing opportunities across the 50 U.S. states as well as primary, secondary and, in special cases, tertiary markets results in the Fund being favorably predisposed to broad geographic diversity. The diversity of lending markets, in addition to property types, ensures that the Fund will not be risk exposed to any one industry or business sector. The top 380 US Metropolitan Statistical Areas ("MSAs") as defined by the US Census capture a total population of 262 million. The Fund seeks to target the top 250 MSAs which captures a population of 246 million in the aggregate, with a minimum population of 159,000 per MSA. The Fund will be targeting properties that are located in high demand areas that are proximate to major expressways, primary commuting routes and main intersections. The Fund will seek to avoid property locations that are in remote areas or on the outer edge of development.

The Fund intends to have approximately 50 to 150 loans at any given time when fully deployed. The following summary represents the projected asset pool. However, there is no assurance that the final mix of assets in which the Fund invests will accurately reflect these projections.

Property Type:

- Multifamily 37%
- Retail 17%
- Office 14%
- Industrial 12%
- Mixed Use 10%
- Hospitality 5%
- Other 5%

Most importantly, the Fund's loan assets are intended to be short term with loan terms of twelve (12) to thirty-six (36) months. As such, the term risk exposure is shorter than investments in other types of commercial real estate loans. Further, the interest rates charged are either fixed for a short term or variable, thus intending to reduce interest rate risk.

The Fund's investment strategy is to exit loans either through third-party take-out financing typically from either a CMBS, life insurance company or traditional banking channels, which we have done successfully historically through 8 market cycles. The Fund's objective is to maximize returns to investors and provide the following ongoing additional benefits:

- Predictable income with upside potential
- Significant, immediate asset diversification

- Uncorrelated risk to the broader financial markets
- Senior position loans provide safety during market cycles and inflation
- Management is in complete alignment with our partners and investors

VIII. DETAILED SUMMARY OF PRINCIPAL TERMS

The following is a summary of the principal terms of the Fund. This summary is qualified in its entirety by reference to the Fund's LLC Agreement and the subscription agreements relating to the purchase of certain Series A Interests and Series B Interests, each as more fully described herein, both of which are available upon request and should be reviewed carefully prior to making an investment decision.

The Fund:	OAK INSTITUTIONAL CREDIT SOLUTIONS, LLC, a Delaware limited liability company.
Investment Objective:	The Fund is being organized to provide senior commercial real estate bridge loans for the purchase, rehabilitating or re-tenanting of commercial real estate, and may also be offered to borrowers who cannot initially qualify for permanent financing from conventional lending sources.
Managing Member:	Oak Institutional GP, LLC, a Delaware limited liability company, will serve as the managing member of the Fund and will make all investment decisions for the Fund.
Capital Commitments:	The Fund is seeking aggregate Capital Commitments from Non-Managing Members of up to $200 million.
Minimum Capital Commitment:	The minimum Capital Commitment for each Non-Managing Member is $100,000 for the Series A Interests and $1,000,000 for the Series B Interests. The Managing Member reserves the right to accept Capital Commitments of lesser amounts.
Managing Member's Capital Commitment:	The Managing Member will commit $2.5 million capital to the Fund with the option to contribute more. The Managing Member's Capital Commitment will be made in amounts at its discretion at each capital call.
Capital Call Timing:	Following the first capital call at the initial closing, future Fund capital calls will be made at the discretion of the Managing Member. These capital calls are expected to be on a monthly basis. The expected funding term will be twenty-four (24) months following the Initial Closing.
Initial Closing:	The initial closing will be held with minimum Capital Commitments from the Non-Managing Members of at least $1 (One) million.
Subsequent Closings:	The Managing Member may hold one or more additional closings to accommodate the admission of additional Non-Managing Members through the twelfth (12th) month after the initial closing. Capital Commitments will be called on a first-made, first-called basis.
Borrowing and Guarantees:	The Fund will seek leverage of up to 60% of the Targeted Fund Size or $300 million that may be secured by the Fund's assets.
Management Fees:	The Managing Member or its designee will receive an annual management fee (the "**Management Fee**") equal to 0.75% of gross acquisition cost and capital expenditures (including any portion thereof funded with indebtedness, through the assumption of debt or

otherwise) in respect of each asset then held by the Fund. The Management Fee is payable quarterly in advance from the Fund's distributable proceeds or the Capital Commitments. There will be no acquisition, disposition or financing fees charged by the Managing Member.

Distribution of Distributable Proceeds: Distributions of the Fund's distributable proceeds are expected to be made on at least a quarterly basis among the Managing Member and the Non-Managing Members (collectively, the "Members"), and distributed as follows:

1. Series A Interests

a) First, 100% to the Members *pro rata* in proportion to their respective Fund Percentages in an amount equal to the Preferred Return;

b) Second, 100% to the Members *pro rata* in proportion to their respective Fund Percentages until each such Members has received an amount equal to such Member's Invested Capital;

c) Third, 100% to the Series A Non-Managing Members until each such Series A Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 8%[9];

d) Fourth, 60% to Series A Non-Managing Members until each such Series A Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 10%, with the balance paid to the Managing Member[8].

e) Thereafter, 40% to the Non-Managing Members, with the balance paid to the Managing Member.

2. Series B Interests

a) First, 100% to the Members *pro rata* in proportion to their respective Fund Percentages in an amount equal to the Preferred Return;

b) Second, 100% to the Members *pro rata* in proportion to their respective Fund Percentages until each such Member has received an amount equal to such Member's Invested Capital;

c) Third, 100% to the Series B Non-Managing Members until each such Series B Non-Managing

[9] For the avoidance of doubt, inclusive of the return of such Non-Managing Member's Invested Capital.

Member has received aggregate distributions sufficient to yield an IRR of 8.5%[8];

d) Fourth, 80% to Series B Non-Managing Members until each such Series B Non-Managing Member has received aggregate distributions sufficient to yield an IRR of 12%, with the balance paid to the Managing Member[8].

e) Thereafter, 40% to the Non-Managing Members, with the balance paid to the Managing Member.

Organizational Expenses: The Fund will bear the costs, fees and expenses incurred in connection with the organization and startup of the Fund and the Managing Member and the marketing and offering of membership interests in the Fund, including, without limitation: costs and expenses incurred in connection with the formation and qualification of the Fund and the Managing Member; legal and accounting fees and expenses, registration fees, filing fees, printing costs, travel costs and ancillary expenses (including airfare, ground transportation, accommodations, meals and reasonable entertainment expenses); costs of identifying, meeting with and/or pursuing prospective investors, whether individually or through attendance at conferences or the like; costs and expenses incurred in connection with the preparation and distribution of offering documents, marketing materials, organizational documents, operating documents and similar materials, any side letter and any related or similar documents; regulatory compliance and third-party service providers to verify investor qualifications and any administrative or other filings).

Other Expenses: The Managing Member will bear all normal operating expenses related to the provision of the day-to-day administrative services to the Fund, including its own overhead.

The Fund will bear all other expenses incurred by the Fund, whether arising prior or subsequent to the Initial Closing, including: the Management Fee; fees, costs and expenses incurred in connection with maintaining the existence of the Fund; fees, costs and expenses incurred in the sourcing, investigation, purchase, holding or sale or exchange of any actual or potential portfolio assets, including, but not by way of limitation, finder's and other advisor fees paid to third parties in respect of investments made by the Fund and travel expenses, regardless of whether such investments are subsequently consummated; fees, costs and expenses of legal counsel, consultants, bankers, accountants, data provider services (including management systems and software and reporting portals or other similar systems), administrators, advisors, and other outside professionals, including all investment banking fees, capital expenditures, environmental expenses, engineering costs and studies, third-party appraisal and valuation expenses and title, casualty and liability insurance premiums;

interest, fees and other expenses arising out of any borrowing or other indebtedness; real property or personal property taxes on investments; brokerage fees; taxes, fees or other governmental or regulatory charges applicable to the Fund on account of its operations and all expenses incurred in connection with any tax audit, investigating, settlement or review; fees incurred in connection with the maintenance of bank or custodian accounts; taxes, fees and other governmental or regulatory charges or expenses, and regulatory and legal fees and expenses (and damages) of the Fund and the Managing Member and their respective affiliates in connection with ongoing compliance, filings and reporting obligations, if any, under any applicable laws or regulations, the LLC Agreement or any side letters, including fees and expenses related to the preparation and filing of any regulatory filings, or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Fund, the Managing Member, or their respective affiliates; and all expenses incurred in connection with developing, negotiating or structuring transactions with, and the resolution of claims or disputes involving, existing or potential portfolio assets, to the extent such expenses are not shared with other investors. The Fund will also bear expenses associated with the preparation and filing (as applicable) of the Fund's financial statements, valuations, tax returns and other tax filings, including Schedules K-1, including reasonable out-of-pocket expenses incurred by the Fund's representative with the IRS and the fees of the independent certified public accountant incurred in connection with the annual audit of the Fund's books; the cost of directors and officers, professional and other insurance; the costs of prosecuting any legal action for or on behalf of, or defending any legal action against, the Fund or its affiliates; any indemnification or extraordinary expense or liability relating to the affairs of the Fund; costs associated with Fund meetings and mailings; costs in connection with side letters, all routine legal, review and audit expenses of the Fund, including legal fees and expenses incurred in connection with prosecuting or defending administrative or legal proceedings relating to the Fund brought by or against the Fund or the Managing Member, its members and employees, all costs and expenses arising out of the Fund's indemnification obligation pursuant to the LLC Agreement, all extraordinary expenses; and all fees, costs and expenses associated with the winding-up and liquidation of the Fund; and all other fees, costs and expenses of the Fund or the Managing Member in connection with the LLC Agreement.

Transfers: The LLC Agreement contains restrictions on the ownership and transfer of interests in the Fund, as described further in Section XII, "Certain Ownership and Transfer Restrictions".

Reports: Upon reasonable request, the Fund will use reasonable efforts to provide annual audited financial statements to each Non-Managing Member within 150 days following the close of the applicable fiscal year. U.S. federal income tax information will be provided annually.

The Fund will use reasonable efforts to provide unaudited interim reports within 45 days following any reasonable request by the Members for such reports.

Indemnification:	The Managing Member, the members of the Managing Member and the affiliates, agents and employees of each of them (each, a "**Covered Person**") will not be liable to the Fund or the Non-Managing Members for any act or omission of such person relating to the Fund, except for any such act or omission constituting fraud, gross negligence or criminal misconduct by such Covered Person. The Fund will indemnify each Covered Person against all claims, damages, liabilities, costs and expenses, including legal fees, to which they may be or become subject to by reason of their activities on behalf of the Fund, or otherwise relating to the LLC Agreement, except to the extent that such claims, damages, liabilities, costs or expenses are determined to have resulted from such person's fraud, gross negligence or criminal misconduct.
Default:	A Non-Managing Member that defaults in respect of its obligation to make capital contributions pursuant to the terms of the LLC Agreement will be subject to the default provisions of the LLC Agreement, including forfeiture of a portion of its Interest.
Term:	Perpetual.
Distribution Reinvestment Plan:	Non-Managing Members will have the option to participate in the Fund's Distribution Reinvestment Plan. See Executive Summary - "Distribution Reinvestment Plan".
Redemption Right:	Redemption option starting at year 3. See Executive Summary - "Redemption Right".
Side Letters:	The Fund or the Managing Member may enter into side letters ("Side Letters") or other written agreements with individual Non-Managing Members, which have the effect of establishing rights or provisions under, or altering or supplementing, the terms of the Fund's LLC Agreement or any subscription agreement of such Non-Managing Member. Such provisions may include, without limitation, rights in respect of the Management Fee, the amount, timing and/or form of distributions and/or consideration payable in connection with a roll-up transaction, private REIT structuring and/or initial public offering, co-investments, excuse or exclusion from investments, transfers of interests in the Fund, tax and structuring matters, reporting and other information rights, confidentiality, notice requirements, and other representations, warranties or diligence confirmations.

Tax Considerations:	Each prospective investor should consult its tax advisor regarding all federal, state, local and non-U.S. tax issues relating to an investment in the Fund. It is intended that, for U.S. federal income tax purposes, the Fund will be treated as a partnership and will not be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code. While not intended, there may be circumstances where the Fund's operations may result in the incurrence of unrelated business taxable income ("**UBTI**") by tax-exempt Members. **However, each prospective tax-exempt investor should consult its own tax and other advisors as to the consequences of the potential incurrence of UBTI and the other income tax consequences of an investment in the Fund.** The Fund may make investments that result in the incurrence of income that is effectively connected with a U.S. trade or business ("**ECI**") and commercial activity income ("**CAI**") by non-U.S. Members. **Each prospective non-U.S. investor should consult its own tax and other advisors as to the consequences of the incurrence of ECI and CAI and the other income tax consequences of an investment in the Fund.**
ERISA Considerations:	Investment in the Fund is generally open to institutions, including pension plans, which may be subject to ERISA. The Managing Member intends to operate the Fund in such manner that the assets of the Fund will not be considered "plan assets" under ERISA. **Each prospective investor subject to ERISA is urged to consult its own advisors as to the provisions of ERISA applicable to an investment in the Fund.**
Risk Factors and Potential Conflicts of Interest:	An investment in the Fund involves significant risks and potential conflicts of interest, certain of which are described in more detail in Section X "Certain Investment Considerations" below. **Each prospective investor should carefully consider and evaluate such risks and conflicts prior to purchasing an Interest.**

IX. Certain Investment Considerations

An investment in the Fund is highly speculative and is suitable only for persons or entities that are able to evaluate the risks of the investment. Prospective investors should carefully consider, among other factors, the matters described below, each of which could have an adverse effect on the value of their Interests in the Fund. As a result of these factors, as well as other risks inherent in any investment or set forth elsewhere in this Memorandum (see "Section XI. Certain U.S. Federal Income Tax Considerations," "Section XII. Certain Transfer Restrictions" and "Section XIII. Certain Regulatory and ERISA Considerations" below), there can be no assurance that the Fund will meet its investment objectives or otherwise be able to successfully carry out its investment program. The Fund's returns may be unpredictable, and accordingly, its investment program is not suitable as the sole investment vehicle for an investor. An investor should only invest in the Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment:

Investors may experience dilution in the future if the Fund issues additional membership Interests.

The Fund may, in the sole discretion of the Managing Member, issue additional membership Interests in the Fund to raise additional capital. Any such issuance would dilute the percentage interest of investors in the Fund, including investors in this offering.

Risks Associated with Unspecified Transactions.

As of the date hereof, no loans or other financing opportunities have been specifically identified for the Fund. The Fund anticipates using a combination of equity and debt to make loans that are currently unspecified. Investors will be relying on the ability of the Fund and its affiliates to identify financing opportunities suitable for the Fund. The Fund faces the risks of changes in long-term interest rates and adverse changes in the real estate markets. No assurance can be given that the Fund's lending activities will be profitable or achieve targeted returns or that capital losses will not occur. Finally, even if the Fund's lending activities are successful, they may not produce a realized return to investors in the near term.

Dependence on Sponsor's Senior Management Team.

The ability of the Managing Member to successfully manage the Fund's affairs currently depends upon the members of the Sponsor's senior management team. As a result, the Managing Member will be relying extensively on their experience, relationships and expertise. There can be no assurance that the members of the Sponsor's senior management team will remain in the employ of the Sponsor, or otherwise continue to be able to carry on their current duties indefinitely. The senior management team will continue to devote such time and attention to their existing business activities as is required to discharge their duties relating to such activities. See "*Potential Conflicts of Interest*" below.

Difficulty of Locating Suitable Financing Opportunities.

No assurance can be made that a sufficient number of attractive financing opportunities to meet the investment objectives of the Fund will be identified.

Lack of Operating History.

Although the Fund's management has extensive experience in the real estate financing market, the Fund is a newly-formed entity with no direct operating history upon which to evaluate the Fund's likely performance. The performance of the Fund's management's prior activities and investments is not necessarily indicative of the Fund's future results. While the Fund intends to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted IRR will be achieved. On any given investment or all investments, loss of principal is possible.

Lack of Liquidity of Investments.

In the event the Fund elects to sell any of its loans, such loans could be illiquid over time. Illiquidity may result from the absence of an established market for such loans, market disruptions, cash flow disruptions, lack of available capital for potential purchasers or legal, contractual or other restrictions on their resale by the Fund. Dispositions of loans may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such loans or adversely affect the terms that could be obtained upon any disposition thereof. The possibility of a partial or total loss of capital exists and investors should not subscribe unless they can readily bear the consequences of such a loss.

Leverage.

The Fund's strategy depends heavily on the use of leverage to increase the volume of its lending activities, in which case a third-party lender or lenders would be entitled to the distributable proceeds generated by such activities prior to the Fund receiving a return of or on its loans. Further, the terms of such leverage could require that the Fund's loans and other assets be collateralized to secure the repayment of such leverage, and a default and subsequent enforcement of collateral interests could severely and negatively impact the value of an investment in the Interests or a total loss of the same.

Although the use of leverage may enhance returns and increase the total amount of loans that can be made, it involves a heightened degree of risk, is inherently more sensitive to adverse economic factors (such as a significant rise in interest rates, a downturn in the economy, deterioration in the condition of properties securing the loans, declines in revenues and increases in expenses) and can exaggerate the financial effect of any increase or decrease in the value of such loans.

Further, if the Fund cannot secure leverage, or the necessary amounts of leverage, the failure to do so could severely and negatively impact the Fund's ability to achieve its targeted returns.

Lack of Investor Control over the Fund's Policies.

The management, financing and disposition policies of the Fund and its policies with respect to certain other activities, including its distributions and operating policies, are determined by the Managing Member. The investors must rely entirely on the Managing Member to conduct and manage the affairs of the Fund. Any change to the policies of the Fund could be detrimental to the value of the Fund's assets.

Absence of Recourse to the Managing Member.

The LLC Agreement will limit the circumstances under which the Managing Member can be held liable to the Fund. As a result, investors may have a more limited right of action in certain cases than they would in the absence of these provisions.

Loss of Key Personnel.

Competition for highly skilled personnel is intense, and the Fund, the Managing Member or its Sponsor may be unsuccessful in attracting and retaining such skilled personnel. If we lose or are unable to obtain the services of highly skilled personnel, our ability to implement our investment strategies could be delayed or hindered, and our financial integrity may be materially and adversely affected.

No Market for Interests in the Fund.

The Interests have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or any other applicable securities laws. There is no public market for the Interests and none is expected to develop. In addition, the Interests are not transferable except with the consent of the Managing Member, which generally may be withheld by the Managing Member in its sole discretion and are subject to the terms and conditions of the LLC Agreement. In general, and except for the ability to have their Interests redeemed after three (3) years and otherwise under certain limited circumstances, investors may not withdraw capital from the Fund. Consequently, investors may not be able to liquidate their investments prior to the end of the Fund's term.

Each investor acquiring an Interest in the Fund will be required to represent that it is purchasing such Interests for its own account for investment purposes and not with a view to resale or distribution, and shall agree not to sell all or any part of its Interest without registration under applicable federal and state securities laws, unless there are available exemptions thereunder. Subject to the transfer requirements of the LLC Agreement, an investor may be able to transfer its Interest in the Fund. However, the liquidity of the Interests is limited. Accordingly, prospective investors should be aware that they may be required to bear the financial risk of their investment in the Fund for an extended period of time.

Offer and Memorandum not Reviewed by the SEC or any State Securities Commission.

Because this offering is a nonpublic offering and, as such, is not registered under federal or state securities laws, you will not have the benefit of a review of the offering or this Memorandum by the SEC or any state securities commission. The terms and conditions of the offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with SEC or any state securities commission.

Offering is being made pursuant to an Exemption from Registration.

The Interests are being offered to, and will be sold to, investors in reliance upon a private offering exemption from registration provided in the Securities Act. This offering is being made under Rule 506(c) of Regulation D, which requires the Fund only permit investment from accredited investors. Regulation D further prohibits certain "bad actors", as defined by the rules, from participating in the offering of the Interests. If the Fund should fail to comply with the requirements of such exemption, the investors would have the right to rescind their purchase of the Interests if they so desired. It is possible that one or more investors seeking rescission would succeed. This might also occur under applicable state securities or "blue sky" laws and regulations in states where the Interests will be offered without registration or qualification pursuant to a private offering or other exemption. If a number of investors were successful in seeking rescission, the Fund would face severe financial demands that would adversely affect the Fund as a whole and, thus, the investment in the Interests by the remaining investors.

Memorandum includes Limited Information.

Because the offering of the Interests is a nonpublic offering and the Interests are only being sold to accredited investors, certain information that would be required if the offering were not so limited has not been included in this Memorandum, including, but not limited to, financial statements. Thus, investors will not have this information available to review when deciding whether to invest in the Interests.

No Opportunity to Evaluate Lending Activities.

The Fund will seek to use substantially all of the offering proceeds available to fund financing opportunities and the Fund has established criteria for evaluating potential loans. However, you will be unable to evaluate the transaction terms or data concerning these loans before we make them. You will be relying entirely on the ability of the Managing Member and management team to identify suitable financing opportunities and propose transactions for the Managing Member to oversee and approve. These factors increase the risk that we may not generate the returns that you seek by investing in the Interests.

Offering Price of the Interests.

Since no public market exists for the Interests, the offering price for the Interests was not determined on an arm's length basis and does not necessarily represent the fair market value of the Interests. In determining the terms of the offering, the Fund gave consideration to the risks associated with its business plan, its assumptions regarding its future financial performance and other considerations it deemed relevant. However, the offering price of the Interests may not bear any direct relationship to the foregoing considerations or any other generally accepted criteria of value and many of such criteria cannot be used in evaluating the offering price because the Fund has no operating or financial history.

Consequences of Default.

If a Member fails to fund any portion of its Capital Commitment when due, such Member will forfeit a portion of its Interest in the Fund and be subject to other default provisions of the LLC Agreement.

Recourse to the Fund's Assets.

The assets of the Fund, including the proceeds from any loans made by the Fund and any capital held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular asset, such as the loan giving rise to the liability.

Liability of Investors.

The Fund will be organized as a Delaware limited liability company. Members will not be personally liable for the debts of the Fund except that, if the Fund is otherwise unable to meet its obligations, each Member may be obligated under Delaware law to return amounts previously received by such Member to the limited extent that such amounts are deemed to have been wrongfully distributed to such Member.

Absence of Regulatory Oversight.

The Fund is not required and does not intend to register as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Accordingly, investors are not accorded the protections of the Investment Company Act.

Distributions in Kind.

Although, under normal circumstances, the Fund will only make distributions in cash, it is possible that upon liquidation of the Fund, or under certain other circumstances, distributions may be made in kind and could consist of assets for which there is no readily available public market.

Costs and Expenses.

Although the Managing Member will endeavor to pay all costs and expenses attributable to the Fund out of sums distributable to the investors (or from reserves established to pay anticipated costs and expenses), there can be no assurance that such distributions or reserves will be sufficient to pay all such costs and expenses. To the extent that such distributions or reserves are not sufficient to pay all costs and expenses, the Fund may need to call upon the investors' unfunded Capital Commitments, and/or sell or increase the leverage upon all or some of the Fund's investments, to pay such costs and expenses.

Potential Conflicts of Interests.

ROF Services Agreement. The Fund anticipates engaging ROF for the provision of loan origination, servicing and other services related to the Fund's operations. The overlap in ownership and management among ROF, the Fund and the Managing Member, there is a potential conflict of interest between the best interests of the Fund and the best interests of ROF. The Managing Member will attempt to resolve potential conflicts of interest and related disputes in a manner that it believes is in, or not opposed to, the interests of the investors. No assurance can be given that such efforts will be successful.

Allocation of Investment Opportunities. ROCH, and affiliates of the Fund, is also a commercial lender and from time to time ROF may originate financing opportunities that may be appropriate for ROCH and the Fund. This creates a potential conflict with respect to the allocation of any such overlapping opportunities. An allocation policy will be adopted which is intended to specifically address some these related conflicts, but there is no assurance that this policy will be adequate to address all of such conflicts in a manner that results in the allocation of a particular financing opportunity to the Fund or is otherwise favorable to the Fund. The allocation policy will provide that in the event a financing opportunity becomes available that is suitable for multiple affiliated lending entities, the opportunity shall be allocated based on an examination of a variety of factors. That process may determine that the opportunity is appropriate for a particular lending entity, but not for another. As a result, there is no assurance that the Fund will be allocated all or any portion of any particular opportunities that satisfy the Fund's lending guidelines.

The Fund's LLC Agreement does ***not*** require the Managing Member to make any particular investment available to the Fund and states that the failure to make a suitable opportunity available to the Fund does not constitute a breach of fiduciary duty by the Managing Member.

Diverse Membership. The investors are expected to include taxable and tax-exempt entities and may include persons or entities organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the Managing Member that may be more beneficial for one type of investor than for another type of investor. In addition, the Fund may make investments that may have a negative impact on related investments made by the investors in separate transactions. In selecting investments appropriate for the Fund, the Managing Member will consider the investment objectives of the Fund as a whole, not the investment objectives of any investor individually.

The Managing Member will attempt to resolve potential conflicts of interest in a manner that it believes is in, or not opposed to, the interests of the investors. No assurance can be given that such efforts will be successful. The Fund will indemnify the Managing Member and its respective affiliates to the full extent permitted under Delaware law under the LLC Agreement.

Performance Allocations. The existence of the Managing Member's carried interest may create an incentive for the Managing Member to cause the Fund to pursue financing opportunities that are more speculative than would otherwise be the case in the absence of such performance-based compensation.

However, this incentive is mitigated by the substantial investment by the members of the Managing Member in the Fund and the fact that losses will reduce the Fund's performance and thus, the Managing Member's compensation.

Holding Period Considerations. In order for gains that are attributable to the Managing Member's carried interest to qualify as long-term capital gain for U.S. federal income tax purposes, the holding period for the asset giving rise to such gains generally must exceed three years. For investors, gains in respect of assets held for more than one year may qualify as long-term capital gain. Long-term capital gain recognized by non-corporate U.S. taxpayers may be subject to U.S. federal income tax at preferential rates. These disparate holding period requirements may give rise to conflicts of interest. The Managing Member may have an incentive to take actions intended to maximize the amount of gains from assets held for more than three years, even though investors may not derive any additional U.S. federal income tax benefit from the longer holding period. For example, the Managing Member may have an incentive to (i) refrain from making investments expected to generate gains within three years, (ii) refrain from selling or engaging in other transactions with respect to investments that would give rise to capital gain if the investment has not been held for more than three years or (iii) structure follow-on investments in a manner intended to maximize the amount of gain attributable to the Fund's existing interests in such investments. Such actions could reduce the amount realized from the Fund's investments and adversely affect the amount and timing of distributions to the investors.

Management and Resources of the Managing Member. No officer or employee of the Managing Member will be required to devote full time to the Fund's business and conflicts of interest may exist in the allocation of resources between the Fund and other related or unrelated activities of the officers and employees of the Managing Member.

The Fund May Enter Into Side Letters With Other Investors. The Managing Member and/or the Fund may from time to time enter into Side Letters with one or more Non-Managing Members whereby, in consideration for agreeing to invest certain amounts in the Fund or other consideration determined by the Managing Member, such Non-Managing Member may be granted rights not otherwise afforded to other Non-Managing Members. These Side Letters may entitle a Non-Managing Member to make an investment in the Fund on terms other than those described in this Memorandum and the Fund Agreement. Any such terms, including with respect to the Management Fee, the amount, timing and/or form of distributions and/or consideration payable in connection with a roll-up transaction, private REIT structuring and/or initial public offering, co-investments, excuse or exclusion from investments, transfers of interests in the Fund, tax and structuring matters, reporting and other information rights, confidentiality, notice requirements and other representations, warranties or diligence confirmations or any other matters described herein or in the LLC Agreement, may be more favorable than those offered to any other Non-Managing Member. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms of, the LLC Agreement with respect to such Non-Managing Member. The Fund or Managing Member may enter into such Side Letters with any party as it may determine, in its respective sole and absolute discretion, at any time. Non-Managing Members will have no recourse against the Fund or any of its affiliates in the event that certain Non-Managing Members receive additional benefits or other rights pursuant to Side Letters that are more favorable than the terms received by other Non-Managing Members.

Compliance with Anti-Money Laundering Requirements.

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the Fund may request prospective and existing investors to provide additional documentation verifying, among other things, such investor's identity and the source of funds used to purchase Interests in the Fund. The Managing Member may decline to accept a prospective investor's subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation may be made at any time during which an investor holds Interests in the Fund. The Managing Member may be required to provide this information, or report the failure to comply with such requests, to governmental authorities, in certain circumstances without notifying the investor that the information has been provided. The Managing Member will take such steps as it determines may be necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by government regulators. Governmental authorities are continuing to consider appropriate measures to implement anti-money laundering laws and at this point it is unclear what steps the Managing Member may be required to take; however, these steps may include prohibiting such investor from making further contributions of capital to the Fund, depositing distributions to which such investor would otherwise be entitled to an escrow account and causing the withdrawal of such investor from the Fund.

Legal Representation.

Counsel retained by the Managing Member and the Fund may represent the Managing Member and its affiliates from time to time in a variety of different matters. It is not anticipated, in connection with the organization or operation of the Fund, that separate counsel will be engaged on behalf of the investors.

Geopolitical Risks, Coronavirus and Other Public Health Emergencies.

An unstable geopolitical climate and continued threats of terrorism could have a material adverse effect on general economic conditions, market conditions and market liquidity. Additionally, a serious pandemic or a natural disaster, or fear of such an event, could severely disrupt global, national and/or regional economies.

Without limiting the generality of the foregoing, as of the date of this Memorandum economies and financial markets around the globe continue to feel the impact of the novel and highly contagious form of coronavirus that originated in China in December 2019 ("**COVID-19**"). The outbreak of COVID-19 resulted in numerous deaths, adversely impacted global commercial activities and contributed to extreme losses and significant volatility in certain equity and debt markets and investment sectors including, without limitation, the energy sector. Although the global impact of the COVID-19 outbreak is starting to ease, the impact of COVID-19 continue to be uncertain and difficult to assess, especially in connection with the possible emergence of new strains or new outbreaks. The Fund's business depends heavily on the viability of the U.S real estate market. Further declines in tourism, renewed large-scale quarantines and systemic economic downturns all have dramatic negative effects on the financial condition of the Fund. Continued or renewed shutdowns and economic turmoil may result in the deployment of funds raised in this offering. This, in turn, may hinder the Fund's ability to make any distributions to the Investors.

Any public health emergency, including the outbreak and continued spread of COVID-19 or other existing or new epidemic or pandemic diseases, or the threat thereof, could have a significant adverse impact on the Fund and its investments. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default of particular portfolio companies, negatively impact market value, create difficult determining market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the Fund returns and the Fund's ability to source new investment or otherwise fulfill its investment objectives. Moreover, the Fund's operations could be negatively affected if employees are or continue to be quarantined as the result of, or in order to avoid, exposure to COVID-19 or another contagious illness. Similarly, travel advisories, prohibitions and restrictions or operational issues resulting from the rapid spread of COVID-19 or other contagious illnesses may have a material adverse effect on the Fund's business and results of operations. The duration of the business disruption and any related financial impact caused by COVID-19 or another widespread health crisis cannot be reasonably estimated.

The extent of the impact of any public health emergency or geopolitical conditions on the Fund and the Fund's operational and financial performance will depend on many factors, including the duration and scope of such public health emergency or geopolitical conditions, the extent of any related travel advisories, prohibitions and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency or geopolitical conditions may materially and adversely impact (a) the value and performance of the Fund's investments, (b) the Fund's or its counterparties' ability to continue to meet loan covenants or repay loans on a timely basis or at all, or (c) the Fund's ability to source, manage and divest investments and the Fund's ability to achieve its investment objectives, all of which could result in significant losses to the Fund. In addition, the operations of the Fund and the Managing Member may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Other External Factors Impact Investment Performance.

Certain variables that could adversely affect projected results by, among other things, leading to decreases in the value or total loss of a loan asset, reduction in interest rates or reduction in distributable proceeds include:

- Future downturns in the U.S. economy and the related reduction in spending, reduced property values and high unemployment all of which could hinder the Fund's ability to make loans or result in reduced profitability;
- Unfavorable economic conditions, both general and specific to the commercial real estate markets, which may cause commercial property owners to reduce their expenditures;
- The length and severity of any economic downturn cannot be predicted. The Fund's operations and our ability to make distributions to the Members could be materially and adversely affected to the extent an economic downturn is prolonged or becomes severe;
- Negative economic conditions and/or population trends in the Fund's target markets or a continued or exacerbated economic slow-down experienced by the local economies where the Fund's loans and the underlying properties are located or by the commercial real estate industry generally that may result in changes in supply of or demand for loans and underlying properties in our target markets;
- An increased level of lending competition, which may lead to lower interest rates to borrowers which could negatively impact returns to the Fund;
- Unfavorable fluctuations in operating costs which the Fund may be unwilling or unable to pass through to its borrowers;
- Technological changes and innovations that the Fund is unable to adopt or is late in adopting that offer more attractive financing alternatives than what the Fund currently offers, which may lead to a loss of opportunities or to lower interest rates;
- Changes in governmental regulations and policies and actions of regulatory bodies, including changes to restrictions on ownership and development of commercial real estate, which might negatively impact the demand for financing.

Debt-oriented Real Estate Risks.

The Fund seeks to make loans involving commercial real estate. As such, we are subject to, among other things, risk of defaults by borrowers in paying debt service on outstanding indebtedness and to other impairments of our loans. Any deterioration of real estate fundamentals generally, and in the U.S. in particular, could negatively impact the Fund's performance by making it more difficult for borrowers of our mortgage loans, or borrower entities, to satisfy their debt payment obligations, increasing the default risk applicable to borrower entities, and/or making it more difficult for the Fund to generate attractive risk-adjusted returns. Changes in general economic conditions will affect the creditworthiness of borrower entities and/or the value of underlying real estate collateral relating to our lending activities and may include economic and/or market fluctuations, changes in environmental, zoning and other laws, casualty or condemnation losses, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to tenants, changes in supply and demand, fluctuations in real estate fundamentals, the financial resources of borrower entities, energy supply shortages, various uninsured or uninsurable risks, natural disasters, political events, terrorism and acts of war, changes in government regulations, changes in real property tax rates and/or tax credits, changes in operating expenses, changes in interest rates, changes in inflation rates, changes in the availability of debt financing and/or mortgage funds which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increases in borrowing rates, negative developments in the economy and/or adverse changes in real estate values generally and other factors that are beyond our control.

It is impossible to predict the degree to which economic conditions generally, and the conditions for real estate financing opportunities in particular, will improve or decline. Any declines in the performance of the U.S. and global economies or in the real estate debt markets could have a material adverse effect on our business, financial condition, and results of operations.

Delinquency and Foreclosures.

Commercial real estate debt instruments (e.g., mortgages) that are secured by commercial property are subject to risks of delinquency and foreclosure and risks of loss that are greater than similar risks associated with loans made on the security of single-family residential property. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things:

- Tenant mix and tenant bankruptcies;
- Success of tenant businesses;
- Property management decisions, including with respect to capital improvements, particularly in older building structures;
- Property location and condition;
- Competition from other properties offering the same or similar services;
- Changes in laws that increase operating expenses or limit rents that may be charged;
- Any need to address environmental contamination at the property;
- Changes in global, national, regional, or local economic conditions and/or specific industry segments;
- Declines in global, national, regional, or local real estate values;
- Declines in global, national, regional, or local rental or occupancy rates;

- Changes in interest rates, foreign exchange rates, and in the state of the credit and securitization markets and debt and equity capital markets, including diminished availability or lack of debt financing for commercial real estate;
- Changes in interest rates, foreign exchange rates, and in the state of the credit and securitization markets and debt and equity capital markets, including diminished availability or lack of debt financing for commercial real estate;
- Changes in real estate tax rates, tax credits and other operating expenses;
- Changes in governmental rules, regulations, and fiscal policies, including income tax regulations and environmental legislation;
- Acts of God, terrorism, social unrest, and civil disturbances, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; and
- Adverse changes in zoning laws.

Interest Rate Fluctuations.

The Fund's primary interest rate exposures relate to the yield on its loans and the financing cost of any Fund debt. Changes in interest rates and credit spreads may affect The Funds net income from loans, which is the difference between the interest and related income we earn on our interest-earning loans and the interest and related expense we incur in financing these loans. Interest rate and credit spread fluctuations results in our interest and related expense exceeding interest and related income would result in operating losses for the Fund. Changes in the level of interest rates and credit spreads also may affect our ability to make loans, the value of our loans and our ability to realize gains from the disposition of loans. Increases in interest rates and credit spreads may also negatively affect demand for loans and could result in higher borrower default rates.

Competitive Lending Market.

The Fund operates in a competitive market for lending opportunities, which may intensify. Our profitability depends on our ability to originate loans on attractive terms. In originating these loans, the Fund competes for financing opportunities with a variety of lenders and investors, including REITs, specialty finance companies, public and private funds, commercial and investment banks, commercial finance and insurance companies and other financial institutions. Some competitors may have a lower cost of funds and access to funding sources that are not available to the Fund, such as the U.S. Government. Many of these competitors are not subject to the operating constraints associated with maintaining an exclusion from regulation under the Investment Company Act. In addition, some of these competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of loans, offer more attractive pricing or other terms and establish more relationships than the Fund. Furthermore, competition for originations of our target financing opportunities may lead to decreasing yields, which may further limit our ability to generate desired returns. Also, as a result of this competition, desirable loans in our financing opportunities may be limited in the future and we may not be able to take advantage of attractive lending opportunities from time to time, thereby limiting our ability to identify and originate or acquire loans or make investments that are consistent with our investment objectives. We cannot assure you that the competitive pressures we face will not have a material effect on the Fund's business, financial condition, and results of operations.

Prepayment Rates.

The Fund's business is currently focused on originating mortgage loans or other debt instruments secured by commercial real estate assets. Our borrowers may be able to repay their loans prior to their stated maturities. In periods of declining interest rates and/or credit spreads, prepayment rates on loans generally increase. If general interest rates or credit spreads decline at the same time, the proceeds of such prepayments received during such periods may not be reinvested for some period of time or may be reinvested by us in new loans yielding less than the yields on the loans that were prepaid.

Prepayment rates on loans may be affected by a number of factors including, but not limited to, the then-current level of interest rates and credit spreads, the availability of mortgage credit, the relative economic vitality of the area in which the related properties are located, the servicing of the loans, possible changes in tax laws, other opportunities for investment, and the economic, social, geographic, demographic, and legal factors beyond our control. Consequently, such prepayment rates cannot be predicted with certainty and no strategy can completely insulate us from prepayment or other such risks.

Redeployment of Loan Repayment Proceeds.

As the Fund's loans are repaid, we will look to redeploy the proceeds we receiving into new loans, repay any outstanding borrowings, or make distributions to the Members. It is possible that we will fail to identify new financing opportunities that would provide returns or a risk profile that is comparable to the loan that was repaid. If we fail to redeploy the proceeds we receive from repayment of a loan in equivalent or better alternatives, our financial performance will suffer.

Distressed Loans.

Although the Fund's loans focus primarily on "performing" real estate-related interests, our loans may involve financings that become "sub-performing" or "non-performing" following the making of the loan. Certain of the Fund's loans may include properties that typically are highly leveraged, with significant burdens on cash flow and, therefore, involve a high degree of financial risk. During an economic downturn or recession, loans or securities of financially or operationally troubled borrowers are more likely to go into default than loans of other borrowers. Loans of financially or operationally troubled borrowers are less liquid and more volatile than loans of borrowers not experiencing such difficulties. Loans to financially or operationally troubled borrowers involve a high degree of credit and market risk.

In certain limited cases (e.g., in connection with a workout, restructuring and/or foreclosing proceedings involving one or more of our loans), the success of our lending strategy will depend, in part, on our ability to effectuate loan modifications and/or restructure and improve the operations of our borrower entities. The activity of identifying and implementing successful restructuring programs and operating improvements entails a high degree of uncertainty. There can be no assurance that we will be able to identify and implement successful restructuring programs and improvements with respect to any distressed loans we may have from time to time.

These financial or operating difficulties may never be overcome and may cause borrower entities to become subject to bankruptcy or other similar administrative proceedings. There is a possibility that the Fund may incur substantial or total losses on its loan and in certain circumstances, become subject to certain additional potential liabilities that may exceed the value of our original loan. For example, under certain circumstances, a lender that has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In any reorganization or liquidation proceeding relating to our financing, we may lose our entire loan amount, may be required to accept cash or other property with a value less than our original loan amount and/or may be required to accept different terms, including payment over an extended period of time. In addition, under certain circumstances, payments to us may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, bankruptcy laws and similar laws applicable to administrative proceedings may delay the Fund's ability to realize value from collateral for loan positions held by it, may adversely affect the economic terms and priority of such loans through doctrines such as equitable subordination or may result in a restructuring of the debt through principles such as the "cramdown" provisions of the bankruptcy laws.

Loans on Properties in Transition.

The Fund may make transitional loans to borrowers who are typically seeking relatively short-term capital to be used in an acquisition or rehabilitation of a property. The typical borrower in a transitional loan has usually identified an undervalued asset that has been under-managed and/or is located in a recovering market. If the market in which the property is located fails to improve according to the borrower's projections, or if the borrower fails to improve the quality of the property's management and/or the value of the property, the borrower may not receive a sufficient return on the property to satisfy the transitional loan, and the Fund bears the risk that it may not recover some or all of its loan amount.

In addition, borrowers usually use the proceeds of a conventional mortgage to repay a transitional loan. Transitional loans therefore are subject to the risk of a borrower's inability to obtain permanent financing to repay the transitional loan. In the event of any default under transitional loans that may be held by the Fund we bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount and unpaid interest of the transitional loan. To the extent we suffer such losses with respect to these transitional loans, it could adversely affect our results of operations and financial condition.

Cost Overruns and Noncompletion of Renovations.

The renovation, refurbishment or expansion of a property by a borrower involves risks of cost overruns and noncompletion. Estimates of the cost of improvements to bring an acquired property up to standards established for the market position intended for that property may prove inaccurate. Other risks may include rehabilitation costs exceeding original estimates, possibly making a project uneconomical, environmental risks, delays in legal and other approvals and rehabilitation and subsequent leasing of the property not being completed on schedule. If such renovation is not completed in a timely manner, or if it costs more than expected, the borrower may experience a prolonged reduction of net operating income and may not be able to make payments on our investment on a timely basis or at all, which could result in significant losses.

Renovation or Rehabilitation Projects.

Lending to projects involving renovations or rehabilitations, which include loans that fund such projects, may expose the Fund to increased lending risks. Lending to projects involving renovations or rehabilitation generally is considered to involve a higher degree of risk of non-payment and loss than other types of lending due to a variety of factors, including the difficulties in estimating costs and anticipating delays and, generally, the dependency on timely, successful completion and the lease-up and commencement of operations post-completion. In addition, since such loans generally entail greater risk than mortgage loans collateralized by income-producing property, we may need to increase our allowance for loan losses in the future to account for the likely increase in probably incurred credit losses associated with such loans. Further, as the lender under a such a loan, we may be obligated to fund all or a significant portion of the loan at one or more future dates. We may not have the funds available at such future date(s) to meet our funding obligations under the loan. In the event, we would likely be in breach of the loan unless we are able to raise the funds from alternative sources, which we may not be able to achieve on favorable terms or at all.

If a borrower fails to complete the project or experiences cost overruns, there could be adverse consequences associated with the loan, including a decline in the value of the property securing the loan, a borrower claim against us for failure to perform under the loan documents if we choose to stop funding, increased costs to the borrower that the borrower is unable to pay, a bankruptcy filing by the borrower, and abandonment by the borrower of the collateral for the loan.

Real Estate Valuation.

The valuation of real estate and therefore the valuation of any collateral underlying our loans is inherently subject due to, among other factors, the individual nature of each property, its location, the expected future rental revenues from that particular property and the valuation methodology adopted. In addition, where the Fund invests in loans for renovation or rehabilitation projects, initial valuations will assume completion of the project. As a result, the valuations of the real estate assets against which we will make loans are subject to a large degree of uncertainty and are made on the basis of assumptions and methodologies that may not prove to be accurate, particularly in periods of volatility, low transaction flow or restricted debt availability in the commercial or residential real estate markets. This is true regardless of whether the Fund internally performs such valuation or hires a third party to do so.

Foreclosures.

The Fund may find it necessary or desirable to foreclose on certain of the loans we originate, and the foreclosure process may be lengthy and expensive. If the Fund forecloses on a property, it may take title to the property securing that loan, and if we do not or cannot sell the property, we would then come to own and operate it as "real estate owned." Owning and operating real property involves risk that are different (and in many ways more significant) than the risks faced in owning a loan asset secured by that property. In addition, we may end up owning a property that we would not otherwise have decided to acquire directly at the price of our original loan or at all, and the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to the Fund.

We cannot assure you as to the adequacy of the protection of the terms of the applicable loan, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, claims may be asserted by lenders or borrowers that might interfere with enforcement of our rights. Borrowers may resist foreclosure actions by asserting numerous claims, counterclaims and defenses against us, including, without limitation, lender liability claims and defenses, even when the assertions may have no basis in fact, in an effort to prolong the foreclosure action and seek to force the lender into a modification of the loan or a favorable buy-out of the borrower's position in the loan. In some states, foreclosure actions can take several years or more to litigate. At any time prior to or during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the foreclosure process and could potentially result in a reduction or discharge of a borrower's debt. Foreclosure may create a negative public perception of the related property, resulting in a diminution of its value. Even if the Fund is successful in foreclosing on a loan, the liquidation proceeds upon sale of the underlying real estate may not be sufficient to recover our cost basis in the loan, resulting in a loss to us. Furthermore, any costs or delays involved in the foreclosure of the loan or a liquidation of the underlying property will further reduce the net sale proceeds and, therefore, increase any such losses to the Fund.

Ownership of Foreclosed Real Estate.

Fluctuations in vacancy rates, rent schedules and operating expenses can adversely affect operating results or render the sale or refinancing of a property difficult or unattractive. No assurance can be given that certain assumptions as to the future levels of occupancy, cost of tenant improvements or future costs of operating a property will be accurate since such matters will depend on events and factors beyond the control of the Managing Member. Such factors include continued validity and enforceability of the leases, vacancy rates for similar properties, financial resources of tenants and rent levels near the property, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for property, competition from similar properties, interest rates and real estate tax rates, governmental rules, regulations and fiscal policies, the enactment of unfavorable real estate laws, rent control, environmental or zoning law, and hazardous material law, uninsured losses, effects of inflation, and other risks. Properties may not perform in accordance with expectations which could result in losses that harm our results of operations and financial conditions. There is no certainty that we will be able to sell or refinance such properties on favorable terms, or at all.

Property Risks.

Properties obtained through a foreclosure may be distressed, poorly managed or in need of repositioning or other improvements. We may underestimate the amount of time, difficulty and cost of leasing vacant space. Additionally, we may underestimate the costs of improvements required to bring a property up to standards suitable for its intended use or its intended market position. No assurance can be given that the Managing Member will manage such properties in a way that is profitable to the Fund.

Unknown Liabilities.

Collateral properties underlying our loans may be subject to unknown or unquantifiable liabilities that may adversely affect the value of our loans. Such defects or deficiencies may include title defects, title disputes, liens, servitudes or other encumbrances on the mortgage properties. The discovery of such unknown defects, deficiencies and liabilities could affect the ability of our borrowers to make payments to us or could affect our ability to foreclose and sell the underlying properties, which could adversely affect the Fund's results of operations and financial condition.

Furthermore, to the extent the Fund forecloses on properties with respect to which we have extended loans, we may be subject to environmental liabilities arising from such foreclosed properties. Under various U.S. federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances.

If we foreclose on any properties underlying our loans, the presence of hazardous substances on a property may adversely affect our ability to sell the property and we may incur substantial remediation costs, therefore the discovery of material environmental liabilities attached to such properties could adversely affect the Fund's results of operations and financial condition.

Lender Liability Claims.

In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively referred to as "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or stockholders. We cannot assure Investors that such claims will not arise or that the Fund will not be subject to significant liability if a claim of this type did arise.

General Tax Considerations.

The Fund is expected to be treated as a partnership for U.S. federal income tax purposes. Each investor, in determining its U.S. federal income tax liability, will take into account annually its allocable share of items of income, gain, loss, deduction and credit of the Fund, without regard to whether it has received distributions from the Fund. Accordingly, an investor's tax liability attributable to the Fund could exceed the cash distributions from the Fund in any year, and in such case, the investor would have to satisfy its tax liability arising from its investment in the Fund from the investor's own funds. In addition, it is possible that the Fund will not be able to furnish the investors with their Schedule K-1 prior to the original due date for completing their U.S. tax returns for a taxable year. In such event, the investors will likely have to file requests for extensions of time to file their U.S. tax returns.

As is generally the case for similar private equity investments, an investment in the Fund will give rise to a variety of complex U.S. federal income tax and other tax issues for investors. Certain of those issues may relate to special rules applicable to certain types of investors such as tax-exempt investors, life insurance companies, banks, individuals, dealers in securities and non-U.S. persons. Prospective investors are urged to consult their own tax advisors regarding their specific tax situations, including any applicable U.S. federal, state, local and non-U.S. taxes and, in the case of prospective investors subject to special rules under U.S. federal tax laws, such as tax-exempt investors and non-U.S. investors, any special issues that an investment in the Fund may raise for such investors. See Section XI, *"Certain U.S. Federal Income Tax Considerations"* below.

State and Local Taxes.

In addition to being taxed in its own state or locality of residence, an investor may be subject to tax return filing obligations and income, franchise and other taxes, including withholding taxes, in jurisdictions in which the Fund (or an entity in which the Fund invests) operates. Prospective investors should consult their tax advisers regarding the state and local tax consequences of an investment in the Fund.

Taxation in Other Jurisdictions.

The Fund is permitted to make investments in jurisdictions outside the United States. As a result, the Fund or the investors may be subject to income or other tax in such jurisdictions. Additionally, withholding or other taxes could be imposed on income or gains of the Fund from investments in such jurisdictions (although such taxes may be subject to reduction under applicable tax treaties). In such a case, it is possible that investors would be unable to claim (i) a credit against tax that may be owed in the United States or their respective local tax jurisdictions or (ii) a deduction against income taxable in the United States or such local jurisdictions, with respect to any local tax incurred in a non-U.S. jurisdiction by the Fund (or vehicles through which the Fund invests). Prospective investors should consult their tax advisors regarding the non-U.S. tax consequences of an investment in the Fund.

Partnership Audit Procedures.

In general, under the U.S. federal income tax rules dealing with partnership audits, with certain exceptions not expected to be applicable to the Fund, any taxes, interest or penalties resulting from a tax audit may be imposed on the Fund in the year such tax audit is finally resolved, unless the Fund elects to pass through any such audit adjustments to those persons who were Members during the taxable year to which the audit relates. As a result, tax liabilities relating to earlier years may result in taxes being indirectly imposed on Investors in later years, including Investors who acquired their Interests after the taxable year to which the adjustment relates. These procedures may result in tax liabilities greater than the taxes that would have been imposed directly on an Investor under prior law. In addition to applying to the Fund, rules apply to flow-through vehicles in which the Fund invests and to flow-through investors that invest in the Fund. Prospective investors should consult their own tax advisors regarding the potential consequences of these rules with respect to an investment in the Fund.

Possible Legislative or Other Actions Affecting Tax Aspects.

The present U.S. federal income tax treatment of an investment in the Fund may be modified by legislative, judicial or administrative action at any time and any such action may be applied retroactively or prospectively in a way that affects investments and commitments previously made. The U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, resulting from time to time in the adoption of new Treasury regulations or changes to the existing regulations, revised interpretations of established concepts, as well as statutory changes. Any changes in the U.S. federal tax laws or interpretations thereof could adversely affect the tax treatment of an investment in the Fund. The U.S. Congress often focuses on the U.S. federal income tax treatment of partnerships, and there can be no assurance that legislation will not be enacted that has an unfavorable effect on an investor's investment in the Fund.

Limitations on Tax Deductions.

The Fund expects to generally recognize rental income generated by its ground lease property rights, reduced by deductions for operating expenses, interest, and depreciation or amortization, and recognize capital gains or losses from the sale or other disposition of such assets. Although the Fund believes that certain ground lease property easement rights that it acquires may be depreciated or amortized on a straight-line basis over the term of the easement for non-perpetual easements, there can be no assurance that the Internal Revenue Service would agree with this position or that such depreciation or amortization will be available for all investors. Certain limitations may apply to a U.S. investor's ability to deduct its share of the Fund's expenses and other deductions. In addition, certain limitations may also apply to affect the timing of or reduce a U.S. investor's ability to use any losses sustained by the Fund, including the "at risk" rules, the "passive loss" rules, and the limitation of losses to the amount of a U.S. investor's tax basis in its Interest. If limitations apply to the availability of depreciation, amortization or interest deductions, the actual post-tax IRR realized by investors may be substantially less than the post-tax IRR projected by the Fund. Investors should consult their own tax advisors with respect to any deductions attributable to the Fund's investments.

X. CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes certain U.S. federal income tax considerations relating to an investment in the Fund. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), the Treasury regulations promulgated thereunder, published rulings and pronouncements of the IRS and judicial decisions, all as in effect on the date of this Memorandum. These authorities are subject to change, perhaps with retroactive effect, which may result in U.S. federal income tax consequences different from those described below. No rulings have been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a different position concerning the tax consequences of an investment in the Fund or that any such position would not be sustained by a court.

This discussion is general and may not apply to all categories of investors, some of which may be subject to special rules, such as banks, thrifts, insurance companies, dealers and other investors that do not own their Interests as capital assets. Except to the extent set forth below under the headings "Taxation of Tax-Exempt Members" and "Taxation of Non-U.S. Members," this summary does not address the U.S. federal income tax considerations that may be relevant to tax-exempt organizations and Non-U.S. Persons (as defined below), including foreign pension funds, non-U.S. governments and international organizations. This discussion does not address all potential U.S. federal income tax consequences that may apply to a particular investor or any other U.S. federal tax laws, such as the 3.8% tax on net investment income or the estate and gift tax laws. This discussion also does not address any state, local or non-U.S. tax considerations, nor does it address any tax consequences arising under U.S. federal laws other than those pertaining to income taxes. The actual tax consequences of the purchase and ownership of Interests may vary depending on an investor's particular circumstances. This discussion does not constitute tax advice and is not intended to substitute for tax planning.

For purposes of this discussion, a "U.S. Person" is a beneficial owner of an Interest that is (i) an individual who is a citizen of the United States or is treated as a resident of the United States for U.S. federal income tax purposes, (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes that is created or organized in or under the laws of the United States, any State thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust that (a) is subject to the primary supervision of a court within the United States and the control of one or more "United States persons" (as defined in the Code) or (b) has a valid election in effect under applicable Treasury regulations to be treated as a "United States person." A "U.S. Member" is a Member that is a U.S. Person. A "Non-U.S. Person" is a beneficial owner of an interest that is an individual, corporation, estate or trust for U.S. federal income tax purposes that is not a U.S. Person. A "Non-U.S. Member" is a Member that is a Non-U.S. Person.

If an Interest is held by an entity or arrangement treated as a partnership for U.S. federal income tax purposes, the tax treatment of the partners thereof generally will depend on the status of the partners and the activities of the partnership. Prospective investors that are treated as partnerships for U.S. federal income tax purposes and their partners should consult their tax advisors regarding the tax consequences of an investment in the Fund.

Prospective investors should consult their own tax advisors concerning the U.S. federal, state, local and non-U.S. tax consequences of the purchase, ownership and disposition of an Interest, in light of their particular circumstances.

Classification as a Partnership for U.S. Federal Income Tax Purposes

Subject to the discussion of "publicly traded partnerships" set forth below, a domestic entity (such as the Fund) that has two or more members and that is not organized as a corporation under U.S. federal or state law generally will be classified as a partnership for U.S. federal income tax purposes, unless it elects to be treated as a corporation. The Fund will not make an election to be treated as a corporation for U.S. federal income tax purposes. An entity such as the Fund that otherwise would be classified as a partnership for U.S. federal income tax purposes nonetheless will be taxable as a corporation if it is a "publicly traded partnership" and fails to meet an annual qualifying income test. The Managing Member intends to obtain and rely on representations and undertakings from each Member and conduct the activities of the Fund to ensure that the Fund is not treated as a publicly traded partnership. If the Fund were taxable as a corporation, it would be taxed on its earnings at the corporate rate, and any distributions to the Members would be taxable as dividends to the Members to the extent of the current or accumulated earnings and profits of the Fund.

The Managing Member intends that the Fund will be classified as a partnership for U.S. federal income tax purposes and the following discussion assumes the Fund will be classified as such. An organization that is classified as a partnership for U.S. federal income tax purposes generally is not subject to U.S. federal income tax itself, although it must file an annual information return. The classification of an entity as a partnership for such purposes may not be respected for certain state, local or non-U.S. tax purposes.

Indemnity. Each Member will be required to indemnify the Fund for any tax obligations imposed on the Fund with respect to such Member's investment. The amount of any taxes paid by or withheld from receipts of the Fund that are allocable to a Member will be deemed to have been distributed to the Member.

Possible IRS Challenges; Tax Audits. The IRS may challenge the Fund's treatment of items of income, gain, loss, deduction and credit, or its characterization of the Fund's transactions, and any such challenge, if successful, could result in the imposition of additional taxes, penalties and interest charges. The Managing Member decides how to report the partnership items on the Fund's tax returns. In the event the income tax returns of the Fund are audited by the IRS, the tax treatment of the Fund's income and deductions generally will be determined at the partnership level in a single proceeding rather than by individual audits of the partners.

Under the U.S. federal income tax rules for auditing partnerships, the Fund is required to designate a representative who will have the sole authority to act for the Fund in connection with a U.S. federal income tax audit of the Fund. The Managing Member will be designated as the Fund's "partnership representative" and will have considerable authority to make decisions that will affect the Fund and the Members. In general, with certain exceptions not expected to be applicable to the Fund, if an audit of the Fund results in adjustments to the Fund's treatment of items of income, gain, loss, deduction or credit, including the allocation of such items among the Members, or its characterization of the Fund's transactions, any resulting increase in taxes, interest or penalties may be imposed on, and collected directly from, the Fund in the year in which the tax audit is finally resolved (as opposed to adjusting the income of the persons who were Members in the year being audited). Thus, tax liabilities relating to earlier years can result in taxes being indirectly imposed on Members in later years, including Members who acquired their Interests after the taxable year to which the adjustment relates. In addition, the new procedures can result in tax liabilities that may be higher than the taxes that would have been imposed directly on a Member under current rules, because the rules do not fully take into account a partner's particular circumstances.

The Fund may be able to elect to pass-through certain audit adjustments to those persons who were Members during the taxable year to which the audit relates (rather than the Members in the year the audit is resolved).

Under this alternative procedure, the persons who were Members during the audited taxable year would take the adjustments into account in the year in which the audit is resolved (rather than amending their tax returns for the year to which the audit relates) and those Members would also be liable for applicable penalties and for interest at an increased rate.

These partnership audit provisions have the potential to increase the possibility that the Fund could be audited, and could create additional complexity for Members with respect to U.S. federal income tax compliance. In addition to applying to the Fund, these provisions will apply to flow-through vehicles in which the Fund has an investment. The application of these partnership audit provisions is unclear in certain respects, and the Fund or its Members may be adversely affected by these provisions.

U.S. Federal Income Taxation of U.S. Members

General. Each U.S. Member will be required to take into account, as described below, its distributive share of items of income, gain, loss, deduction and credit of the Fund for each taxable year of the Fund ending with or within the U.S. Member's taxable year. U.S. Members must report those items without regard to whether any distribution has been or will be received from the Fund. Each item generally will have the same character and source (either U.S. or foreign) as though the U.S. Member had realized the item directly. The Fund may invest in stock of certain types of foreign corporations, or equity in other entities treated as transparent for U.S. tax purposes, or engage in transactions such as hedging transactions, that could cause the Fund, and consequently its investors, to recognize taxable income without receiving any cash. In addition, the Fund may make investments that could give rise to a substantial amount of ordinary income. Accordingly, taxable income allocated to a U.S. Member for a taxable year may exceed cash distributions, if any, made to such U.S. Member for such year, in which case the U.S. Member would have to satisfy tax liabilities arising from its investment in the Fund from the U.S. Member's own funds.

It is possible that a significant portion of any income recognized by a U.S. Member with respect to its investment in the Fund will be ordinary income or income that is not otherwise eligible for the reduced tax rates that can apply to long-term capital gain recognized by non-corporate U.S. Members. It is also possible that a significant portion of the income generated by the Fund may either be ineligible for the deduction for "qualified business income" (as defined below under "—Recent Legislative or Other Possible Actions Affecting U.S. Tax Aspects") or that non-corporate Members will be subject to limitations in the Code, which would have the effect of preventing non-corporate U.S. Members from benefitting from the lower effective tax rates applicable to business income from certain entities that are eligible for such deduction.

Fund Distributions. If cash (including, in certain circumstances, "marketable securities") distributed to a U.S. Member in any year, including for this purpose any reduction in the U.S. Member's share of the Fund's liabilities (directly or through lower tier partnerships), exceeds the U.S. Member's share of the taxable income of the Fund for that year, the excess generally will constitute a return of capital and will be applied to reduce the tax basis of the U.S. Member's Interest. Any distribution in excess of such basis generally will result in taxable gain to the U.S. Member. In general, non-liquidating distributions of property, other than cash (including, in certain circumstances, "marketable securities") will reduce the basis (but not below zero) of a U.S. Member's Interest by the amount of the Fund's basis in the property immediately before its distribution, but will not result in taxable income or gain to the U.S. Member.

Basis. A U.S. Member's tax basis in its Interest is generally equal to the amount of cash the U.S. Member has contributed to the Fund, increased by the U.S. Member's share of income and liabilities of the Fund, and decreased by the U.S. Member's share of distributions, losses and reductions in Fund liabilities.

Allocations of Income, Gain, Loss and Deduction. Pursuant to the LLC Agreement, items of the Fund's taxable income, gain, loss, deduction and credit are allocated so as to take into account the varying interests of the Members over the term of the Fund. Treasury regulations provide that allocations of items of partnership income, gain, loss and deduction will be respected for U.S. federal income tax purposes if such allocations have "substantial economic effect" or are determined to be in accordance with the partner's interest in a partnership. It is possible that the IRS could challenge the Fund's allocations as not being in compliance with the Treasury regulations. Any resulting reallocation of tax items may have adverse tax and financial consequences to a U.S. Member.

Limits on Deductions for Losses and Expenses. It is possible that losses and expenses of the Fund could exceed the Fund's income and gain in a given year. In general, each U.S. Member will be entitled to deduct its allocable share of the Fund's net losses to the extent of its tax basis in its Interest at the end of the tax year in which the losses are recognized. However, Fund losses and various Fund expenses allocable to certain U.S. Members may be subject to limits on deductibility for U.S. federal income tax purposes. For example, limitations that may apply for U.S. Members who are individuals or closely held corporations include limitations relating to "passive losses," amounts "at risk," "investment interest," "business interest," "excess business losses" and "miscellaneous itemized deductions" as further discussed below.

The Fund may also generate capital losses, the deductibility of which are subject to significant limitations. For example, capital losses generally may not be deducted against income other than capital gains and may not be carried back to offset income or gains recognized in prior years. Because of these and other limitations on the deductibility of losses and expenses, an investor may not be able to use losses or expenses generated by the Fund to offset income or gain generated by the Fund or to offset income or gain recognized by the investor from sources other than the Fund. Prospective investors should consult their tax advisors regarding the application of these rules to an investment in the Fund.

Non-corporate U.S. Members (including certain closely held corporations) generally may deduct losses from passive activities only to the extent of their income from passive activities. Income or losses derived from a passive activity generally include income or losses derived from a trade or business in which the taxpayer does not materially participate (including a trade or business conducted through a fiscally-transparent entity in which the taxpayer owns an interest). In addition, the Fund expects to hold assets that give rise to gross income from interest, dividends, annuities or royalties not derived in the ordinary course of a trade or business ("**portfolio assets**"). The income generated by the Fund's portfolio assets (including gain or loss from the disposition thereof) generally cannot be offset by a U.S. Member's losses or income from passive activities. Subject to applicable limitations, losses from passive activities that are disallowed in a taxable year may be carried forward and deducted against income from passive activities in future years or may be allowed as a deduction against income from non-passive activities (including income from portfolio assets) in the year in which the taxpayer disposes of the passive activity in a fully taxable transaction to an unrelated person.

Fund expenses, including the Management Fee, may be treated as miscellaneous itemized deductions or may have to be capitalized for tax purposes. Individual investors, as well as certain estates and trusts, are precluded from claiming any miscellaneous itemized deductions for taxable years beginning before January 1, 2026. Under prior law, which would also apply for taxable years beginning in 2026 or later, miscellaneous itemized deductions are permitted only to the extent that such deductions exceed 2% of the taxpayer's adjusted gross income.

To the extent that the Fund has interest expense, a non-corporate U.S. Member may be subject to the limitation on the deduction of "investment interest" under the Code. Investment interest includes interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment and short sale expenses. Investment interest is not deductible in the current taxable year to the extent it exceeds a taxpayer's net "investment income," consisting of net gain and ordinary income in the current year from investments. For the purposes of this limitation, net long-term capital gains are generally excluded from the computation of investment income, unless the taxpayer elects to pay tax on such gain at ordinary income tax rates. Subject to applicable limitations, investment interest that is disallowed in a taxable year may be carried forward and deducted against investment income in future years.

In general, the ability to deduct "business interest" expense (generally interest on debt that is allocable to a trade or business) incurred by entities treated as partnerships for U.S. federal income tax purposes is limited to the extent that the net business interest expense of the partnership exceeds 30% of the partnership's "adjusted taxable income." Under legislation enacted in response to the COVID-19 pandemic, the limitation is 50% of adjusted taxable income for taxable years beginning after December 31, 2018 and before January 1, 2021. A taxpayer may also elect to compute the limitation on business interest expense for 2020 using its adjusted taxable income from 2019. If a U.S. Member's allocable share of interest expense incurred by such a partnership is disallowed under these rules, the disallowed interest may be carried forward and deducted in future years, subject to applicable partner-level limitations on interest deductibility, but only to the extent that the U.S. Member is allocated "excess taxable income" from the same partnership that generated the disallowed business interest.

An "excess business loss" of a non-corporate taxpayer is not allowed for the taxable year, effective for taxable years beginning after December 31, 2020 and before January 1, 2026. For purposes of this rule, an "excess business loss" is generally the excess, if any, of the net loss attributable to trades or businesses of the taxpayer over a specified threshold amount. Any excess business loss of the taxpayer is treated as part of the taxpayer's net operating loss and carried forward to subsequent taxable years. In the case of an entity treated as a partnership for U.S. federal income tax purposes, this rule applies at the partner level, and a partner's allocable share of the items of income, gain, deduction or loss of the partnership is taken into account in calculating the partner's limitation.

In general, neither the Fund nor any Member may currently deduct organizational or syndication expenses. The Fund may elect to amortize the remainder of its organizational expenses over a 180-month period. Syndication expenses (including placement fees) must be capitalized and cannot be amortized or otherwise deducted. However, the capitalization of such syndication expenses and unamortized organizational expenses may result in increased capital loss or decreased capital gain on the disposition or liquidation of an Interest in the Fund.

Sale or Exchange of U.S. Member Interests. Subject to the application of Section 751 of the Code, discussed below, a U.S. Member that sells or otherwise disposes of an Interest in a taxable transaction generally will recognize gain or loss equal to the difference, if any, between its adjusted basis in the Interest and the amount realized from the sale or disposition. The amount realized will include the U.S. Member's share of the Fund's liabilities outstanding at the time of the sale or disposition. If the U.S. Member holds the Interest as a capital asset, the gain or loss generally will constitute capital gain or loss to the extent a sale of assets by the Fund would qualify for such treatment. Gain or loss on disposition of an Interest generally will be long-term capital gain or loss if the U.S. Member has held the interest for more than one year on the date of such sale or disposition; provided that a capital contribution by the U.S. Member to the Fund within the one-year period ending on such date will cause part of such gain or loss to be short term capital gain or loss.

If at the time a U.S. Member disposes of its Interest, the Fund holds assets or investments that, if sold, would generate ordinary income (including for example, investments in "controlled foreign corporations" and "passive foreign investment companies" or investments in lower-tier partnerships with appreciated trade or business assets), under Section 751 of the Code, the U.S. Member will be required to recognize ordinary income equal to the amount of ordinary income that would be allocated to the U.S. Member if the Fund sold all of its assets for fair market value and liquidated. If Section 751 of the Code applies to a disposition, the amount of gain or loss to the U.S. Member on the disposition of its Interest will be adjusted to equal the difference between the amount of ordinary income required to be recognized under Section 751 of the Code and the amount of gain or loss that the U.S. Member otherwise would have recognized on the sale of its Interest, as described in the preceding paragraph.

In the event of a sale or other transfer of an Interest at any time other than the end of the Fund's taxable year, the share of income and losses of the Fund for the year of transfer attributable to the transferred interest will be allocated for U.S. federal income tax purposes between the transferor and the transferee using either an interim closing or a proration method reflecting the respective periods during such year that each of the transferor and the transferee owned the Interest.

Mandatory Basis Adjustment. A transfer of partnership interests and the distribution of partnership property are subject to certain basis adjustment rules intended to limit the use of partnerships to shift or duplicate losses. These rules effectively treat a partnership as having an election under Section 754 of the Code in effect in certain situations, resulting in an adjustment to the tax basis of the partnership's assets. For example, a partnership (other than a partnership that has elected to be treated as an "electing investment partnership") must make basis adjustments under Section 743 of the Code following a transfer of a partnership interest if the partnership has a built-in loss of more than $250,000 as if such partnership had made an election under Section 754 of the Code, whether or not an election is actually in effect. This mandatory basis adjustment would affect the transferee Member, but not the other Members. There are similar provisions that apply to an in-kind distribution of property that has a built-in loss of more than $250,000, although it is not currently anticipated that the Fund will make distributions that would cause those provisions to apply.

Certain Reporting Requirements. U.S. Persons that own interests in foreign partnerships or stock in foreign corporations are subject to special reporting requirements under the Code. In addition, any individual owning an interest in "specified foreign financial assets," including a foreign investment fund such as any non-U.S. alternative investment vehicle the value of which in the aggregate exceeds certain specified thresholds, is required to attach to his or her tax return for the year detailed disclosure of such assets. Substantial penalties are imposed for the failure to make the required disclosure, and for any understatement of tax resulting from undisclosed foreign financial assets. Potential investors should consult their own tax advisors regarding such reporting requirements.

Foreign Tax Credit Limitations. U.S. Members may be entitled to a foreign tax credit with respect to creditable foreign taxes paid on the income and gains of the Fund. Complex rules may limit the availability or use of foreign tax credits, however, depending on each U.S. Member's particular circumstances. For example, a U.S. Member's share of gain from the sale of the Fund's non-U.S. investments generally are expected to be treated as U.S.-source income. Consequently, a U.S. Member may not be able to use as a credit any foreign taxes imposed with respect to such gains unless the credit can be applied against the U.S. tax due on foreign source income of the Member from other sources.

U.S. Federal Income Taxation of Tax-Exempt Members

Income recognized by an entity that is exempt from U.S. federal income tax generally is exempt from U.S. federal income tax except to the extent the income constitutes UBTI. The amount of UBTI, if any, that will be realized by U.S. Members and Non-U.S. Members that are exempt for U.S. federal income tax purposes ("**Tax-Exempt Members**") will depend on the nature of the Fund's operations and investments. With exceptions for certain types of entities, UBTI generally is defined as income from a trade or business regularly carried on by a U.S. tax-exempt entity that is unrelated to its exempt purpose, including an unrelated trade or business regularly carried on by a partnership of which the entity is a partner (limited, in the case of a Non-U.S. Member, to such income from U.S. sources). Subject to the discussion of the "debt-financed property" rules discussed below, UBTI generally does not include dividends, interest or rents from real property, subject to certain exceptions, or gains from the sale of property that is neither inventory nor held for sale to customers in the ordinary course of business, but does include operating income from operating assets that are held in a "flow-through" entity for U.S. federal income tax purposes. UBTI may be adjusted by deductions for certain expenses attributable to the unrelated trade or business, but must be separately computed for each unrelated trade or business. As a result, losses from one trade or business generally may not be used to offset income from another trade or business in determining the total amount of UBTI a tax-exempt entity is required to recognize. In general, a tax-exempt entity deriving gross income characterized as UBTI that exceeds $1,000 in any taxable year is obligated to file a U.S. federal income tax return, even if it has no tax liability for that year as a result of deductions against such gross income, including an annual $1,000 statutory deduction.

If a Tax-Exempt Member's acquisition of an Interest is debt-financed, or the Fund incurs "acquisition indebtedness" with respect to an investment, then all or a portion of the income attributed to the debt-financed property would be included in UBTI regardless of whether such income otherwise would be excluded as dividends, interests, rents, gain or loss from the sale of eligible property, or other similar income. In the case of ordinary income from debt-financed property, such income would be included in UBTI only in tax years in which the Tax-Exempt Member or the Fund, as applicable, had acquisition indebtedness outstanding. In the case of a sale of debt-financed property, such gain would be included in UBTI if the Tax-Exempt Member or the Fund, as applicable, had acquisition indebtedness outstanding with respect to the property at any time during the 12-month period prior to the sale. The Fund may borrow money and accordingly incur acquisition indebtedness and generate UBTI for Tax-Exempt Members. If the Fund were to invest in a flow-through entity that is, directly or indirectly through one or more flow-through entities, engaged in a trade or business, income derived from such investments by the Fund generally would be treated as UBTI, and UBTI may also be generated in connection with the sale of such investment. In addition, fee income actually received or deemed to be received by the Fund or the Members (including fee income that might be deemed to be received because, although paid to the Managing Member (or its affiliates), such income results in a reduction in the Management Fee) may be treated as UBTI in certain circumstances.

The Managing Member will have no obligation to structure the Fund's investments to minimize or avoid the realization of UBTI by Tax-Exempt Members. In addition, the Fund, directly or indirectly through joint venture vehicles, may incur substantial indebtedness. Thus, an investment in the Fund could cause a Tax-Exempt Member to realize a significant amount of UBTI. The potential for having income characterized as UBTI may have a significant effect on any investments by a Tax-Exempt Member in the Fund and may make an investment in the Fund unsuitable for some tax-exempt entities. **Tax-Exempt Members should consult their own tax advisors regarding all aspects of UBTI.**

Excise Tax on Certain Tax-Exempt Entities Entering into Prohibited Tax Shelter Transactions. Section 4965 of the Code imposes an excise tax on certain tax-exempt entities (and their managers) that become a “party” to a “prohibited tax shelter transaction.” In published guidance, the IRS narrowed the circumstances in which a tax-exempt entity could be considered a “party” to a prohibited tax shelter transaction, and under currently issued guidance, an investment by a Tax-Exempt Member in the Fund should not result in the Member being considered a “party” to a prohibited tax shelter transaction for purposes of Section 4965 of the Code. However, there can be no assurance that future guidance would not give rise to circumstances in which an investment in the Fund could cause a Tax-Exempt Member to be considered a “party” to a prohibited tax shelter transaction.

Section 4968 of the Code, imposes an annual excise tax equal to 1.4% of the net investment income of an “applicable educational institution.” Any income earned with respect to an Interest held by a Tax-Exempt Member that is an applicable educational institution may be subject to this excise tax.

U.S. Federal Income Taxation of Non-U.S. Members

In general, the tax treatment of a Non-U.S. Member will depend on whether the Fund is deemed to be engaged in a U.S. trade or business and whether the Fund earns ECI. The Fund intends to invest primarily in investments that will constitute U.S. real property interests, which are expected to generate ECI as described below.

Investment Income. To the extent the Fund is not engaged in a U.S. trade or business (or such income is not effectively connected to a U.S. trade or business), non-U.S. source dividends and interest paid to the Fund and, except as discussed below, gains from the sale or other disposition of stock or debt securities by the Fund, that are allocable to a Non-U.S. Member generally will not be subject to U.S. federal income tax. However, a nonresident individual present in the United States for 183 or more days in the taxable year of a sale generally will be subject to a 30% U.S. federal income tax (or applicable lower treaty rate) on any gain resulting from such sale if either (i) such individual’s tax home for U.S. federal income tax purposes is in the United States or (ii) the gain is attributable to an office or other fixed place of business maintained in the United States by such individual.

To the extent the Fund is not engaged in a U.S. trade or business (or such income is not effectively connected to a U.S. trade or business), U.S. source dividends paid to the Fund that are allocable to a Non-U.S. Member generally will be subject to a 30% withholding tax. U.S. source interest paid to the Fund that is allocable to a Non-U.S. Member will also be subject to a 30% withholding tax unless such interest qualifies as portfolio interest. Portfolio interest generally includes (with certain exceptions) interest paid on registered obligations with respect to which the beneficial owner provides a statement that it is not a U.S. Person. The portfolio interest exemption is not available with respect to interest paid to a 10% shareholder of the issuer of the indebtedness and is subject to certain other limitations. A Non-U.S. Member who is resident for tax purposes in a country with respect to which the United States has an income tax treaty may be eligible for a reduced rate of withholding on such Member’s distributive share of U.S. source interest and dividends. A Non-U.S. Member generally will not qualify for treaty benefits with respect to U.S.-source income unless the Fund (as well as any other entities in the chain of ownership between the Fund and the entity giving rise to the U.S. source income) is treated as fiscally transparent under the laws of the Non-U.S. Member’s country of residence for tax purposes.

U.S. Trade or Business Income. In addition to its investments in U.S. real property interests, it is possible that the Fund may make other investments in flow-through entities that would result in the Fund being treated as engaged in a U.S. trade or business and give rise to ECI. If the Fund were engaged in a U.S. trade or business or otherwise realizes ECI, each Non-U.S. Member would be required to file U.S. tax returns and pay U.S. income tax on its share of the Fund’s ECI. ECI realized by a Non-U.S. Member generally will be subject to U.S. income tax on a net basis at graduated rates. In addition, the Fund would be required to withhold and pay over to the U.S. tax authorities a percentage equal to the highest applicable U.S. federal income tax rate of each Non-U.S. Member's share of the Fund's ECI (thus, the Fund would be liable for taxes attributable to a Non-U.S. Member's investment in the Fund), and a Non-U.S. Member could generally credit such taxes withheld against its U.S. federal income tax liability. Under applicable U.S. Treasury regulations, if a Non-U.S. Member recognizes ECI and does not timely file a U.S. federal income tax return, the Non-U.S. Member may be unable to deduct items of loss and expense in computing its ECI and thus may be subject to U.S. federal income tax on its gross, rather than net, ECI. In addition, a Member that is a non-U.S. corporation may also be subject to an additional branch profits tax of 30% on its share of the Fund's effectively connected earnings and profits (which generally will include any ECI realized with respect to its investment in the Fund), adjusted as provided by law (subject to reduction under an applicable tax treaty).

If the Fund were engaged in a U.S. trade or business or otherwise realizes ECI, it is possible that the amount of taxes required to be withheld or paid by the Fund with respect to a Non-U.S. Member could exceed the cash that would otherwise be distributable to such Non-U.S. Member. In this case, a Non-U.S. Member would be required to contribute cash to the Fund to satisfy the Fund's withholding and tax obligation with respect to such Non-U.S. Member.

If the Fund is engaged in a U.S. trade or business for U.S. federal income tax purposes, gain on the disposition (including by redemption) by a Non-U.S. Member of its Interest would be treated as ECI to the extent that the Non-U.S. Member would recognize ECI if the Fund sold all of its assets at fair market value as of the date of such disposition, and the transferee of an Interest generally would be required to deduct and withhold 10% (unless the 15% withholding rate under Section 1445 applies, as discussed below) from the amount realized on such disposition (which amount would be creditable against the Non-U.S. Member's U.S. federal income tax liability in connection with the disposition or otherwise). Under future guidance to be issued by the Treasury Department and the IRS, the Fund would generally be required to withhold amounts from payments that are made to any Non-U.S. Member that is a transferee of an Interest in the Fund if such transferee failed to withhold the proper amount on acquisition of an Interest. Under this rule, it is possible that the Fund may be required to withhold amounts from payments that are made to any Non-U.S. Member in connection with a subsequent closing. Any such withholding obligation will be economically borne by the applicable Non-U.S. Members.

In addition, if the Fund is engaged in a U.S. trade or business for U.S. federal income tax purposes, Non-U.S. Members would be viewed as being engaged in a trade or business in the United States and as maintaining an office or other fixed place of business in the United States. Certain other income of a Non-U.S. Member could thus be treated as ECI as a result of such Non-U.S. Member's investment in the Fund. Moreover, Non-U.S. Members may be deemed to be engaged in a trade or business in the states and localities in which the Fund's activities are conducted, or in the jurisdictions of operation of the entities in which the Fund invests, thus becoming subject to tax return filing and tax payment obligations in such jurisdictions.

Regardless of whether the Fund's activities constitute a trade or business giving rise to ECI under Section 864 of the Code, under provisions of the Code that are commonly referred to as FIRPTA, Non-U.S. Members (other than "qualified foreign pension funds" within the meaning of Section 897(l) of the Code) are taxed on the gain derived from the dispositions of "United States real property interests" ("**USRPIs**"). Accordingly, Non-U.S. Members would be subject to U.S. income tax on a net basis at graduated rates on such income, and a Member that is a non-U.S. corporation may also be subject to a 30% branch profits tax on such income. The Fund will be required to withhold at a rate equal to the highest applicable U.S. federal income tax rate on income derived by the Fund from the dispositions of USRPIs to the extent such income is allocable to a Non-U.S. Member. USRPIs include interests in "United States real property holding corporations" (generally a U.S. corporation 50% or more of whose real estate and other assets held for use in a trade or business consist of USRPIs within the meaning of Section 897(c) of the Code). Income from selling or otherwise disposing of USRPIs would generally be subject to U.S. federal income tax and related withholding as ECI, and may be subject to a 30% branch profits tax, in the same manner discussed above.

In addition, a purchaser of a Non-U.S. Member's Interest would be required to withhold 15% of the amount paid for the Interest pursuant to Section 1445 of the Code unless (x) the Non-U.S. Member can provide evidence satisfactory to the purchaser that: (i) 50% or more of the Fund's gross assets do not consist of USRPIs; or (ii) 90% or more of the Fund's gross assets do not consist of USRPIs and cash or cash equivalents or (y) the Non-U.S. Member obtains a withholding certificate from the IRS which authorizes the purchaser to withhold a lesser amount. Regardless of whether such documentation is provided, gain realized by a Non-U.S. Member from the sale or other disposition of all or any portion of its Interest in the Fund will, to the extent such gain is attributable to USRPIs, be subject to U.S. income tax. The foregoing rules are generally not applicable to a Non-U.S. Member that is a "qualified foreign pension fund."

Special rules may apply in the case of Non-U.S. Members that have an office or fixed place of business in the United States or that are former citizens of the United States, or that are CFCs, foreign insurance companies that hold Interests in connection with their U.S. business, PFICs, and corporations which accumulate earnings to avoid U.S. federal income tax.

Non-U.S. persons are urged to consult their U.S. tax advisors before investing in the Fund.

FATCA

Certain sections of the Code, commonly referred to as "FATCA," impose a 30% withholding tax on certain types of payments made to "foreign financial institutions" and certain other non-U.S. entities. FATCA generally imposes a 30% withholding tax on "withholdable payments" paid to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury Department requiring (or is subject to an intergovernmental agreement that generally requires), among other things, that it undertake to (i) identify accounts held by certain "United States persons" (as defined in the Code) or foreign entities owned by "United States persons" ("**U.S. Investors**"), (ii) annually report certain information about such accounts, and (iii) withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. "Withholdable payments" include, but are not limited to, U.S. source dividends, interest and (subject to the proposed Treasury regulations discussed below) gross proceeds from the sale of any property of a type that can produce U.S. source interest and dividends (generally equity or debt instruments of U.S. issuers). Under final Treasury regulations and administrative guidance, the 30% withholding tax currently applies only to interest, dividends and certain other "fixed or determinable, annual or periodic" payments, subject to certain grandfathering rules that are not likely to apply to investments owned by the Fund. While withholding under FATCA would have applied also to payments of gross proceeds, recently proposed Treasury regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

The Fund may be required to withhold 30% of distributions to Members that are non-U.S. partnerships or corporations unless those Members provide the Fund with information regarding their U.S. partners or shareholders, which information will be required to be disclosed to the U.S. Treasury Department. **Prospective investors should consult their tax advisors regarding FATCA.**

Tax Shelter Reporting Rules

The Fund may engage in transactions or make investments that would subject the Fund, its Partners that are obligated to file U.S. tax returns and/or its advisors to special rules requiring such transactions or investments by the Fund, or investments in the Fund, to be reported and/or otherwise disclosed to the IRS, including to the IRS's Office of Tax Shelter Analysis (the "**Tax Shelter Rules**"). Although the Fund does not expect to engage in transactions solely or principally for the purpose of achieving a particular tax consequence, there can be no assurance that the Fund will not engage in transactions that trigger the Tax Shelter Rules. In addition, a Member may have disclosure obligations with respect to its Interest if the Member (or the Fund in certain cases) participates in a reportable transaction.

Potential investors should consult their own tax advisors about their obligation to report or disclose to the IRS information about their investment in the Fund and participation in the Fund's income, gain, loss, deduction or credit with respect to transactions or investments subject to these rules.

In addition, pursuant to the Tax Shelter Rules, the Fund may provide to its advisors identifying information about the Fund's investors and their participation in the Fund and the Fund's income, gain, loss, deduction or credit from transactions or investments that are subject to the Tax Shelter Rules, and the Fund or its advisors may disclose this information to the IRS upon its request.

Other Taxes

Prospective U.S. Members should also consider the potential state, local and non-U.S. tax consequences of an investment in the Fund. In addition to being taxed in its own state or locality of residence, a U.S. Member may be subject to tax return filing obligations and income, franchise and other taxes in other state, local or non-U.S. jurisdictions in which the Fund (or an entity in which the Fund invests) operates. Additionally, withholding taxes may be imposed on income or gains of the Fund from investments in such jurisdictions (although such taxes imposed by a non-U.S. jurisdiction may be subject to reduction under applicable tax treaties). It is possible that investors may be unable to claim (i) a credit against tax that may be owed in the United States or their respective local tax jurisdictions or (ii) a deduction against income taxable in the United States or such local jurisdictions, with respect to any local tax incurred in a non-U.S. jurisdiction by the Fund (or vehicles through which the Fund invests). Furthermore, the Fund may be subject to state, local and/or non-U.S. tax. **Prospective investors should consult their own tax advisors regarding the state, local and non-U.S. tax consequences of an investment in the Fund.**

XI. CERTAIN TRANSFER RESTRICTIONS

Transfers of interest by Non-Managing Members, directly or indirectly, require the prior written consent of the Managing Member, and are subject to the terms specified in Article 9 of the LLC Agreement. Unless consented to in writing by the Managing Member, any transfer or other disposition of a Non-Managing Member's interest in the Fund shall not be permitted if such transfer or disposition would: (a) result in the Fund's assets being considered, in the opinion of counsel for the Fund, as "plan assets" within the meaning of ERISA or any regulations proposed or promulgated thereunder; (b) result in the termination of the Fund for tax purposes under applicable federal, state, local or non-US law; (c) result in violation of the Securities Act or any comparable provision under state or provincial law; (d) require the Fund to register as an investment company under the Investment Company Act of 1940, as amended; (e) require the Fund, the Managing Member, or any member of the Managing Member to register as an investment adviser under the Investment Advisers Act of 1940, as amended; (f) result in a termination of the Fund's status as a partnership for tax purposes; (g) result in a violation of any law, rule, or regulation by such Member, the Fund, the Managing Member, or any member of the Managing Member; or (h) cause the Fund to be deemed to be a "publicly traded partnership" as such term is defined in Section 7704(b) of the Code.

The Managing Member may transfer its interest with the consent of a majority of the interests; provided, however, the Managing Member may transfer its interest or reorganize into one or more entities without consent so long as the transferee or the resulting entity or entities are ultimately owned or controlled by substantially the same parties that ultimately owned or controlled the Managing Member immediately prior to such reorganization. The Managing Member may, but is not obligated to, cause the Fund to make an election under Section 754 of the Code or an election to be treated as an "electing investment partnership" within the meaning of Section 743(e) of the Code. If the Fund elects to be treated as an electing investment partnership, Members shall cooperate with the Fund to maintain such status and not take any action that would be inconsistent with such election.

Until a transferee of interest is admitted to the Fund as a Member, the transferee of any permitted transfer shall be an assignee only, and only shall receive the distributions and allocations of income, gain, loss, deduction, credit, or similar item to which the Member which transferred its interest would be entitled. Such assignee shall not be entitled any other rights or powers of a Member, and such other rights and obligations relating to, or in connection with, such interest, remain with the transferring Member. In such a case, the transferring Member shall remain a Member even if it has transferred its entire economic interest in the Fund to one or more assignees until such time as each assignee is admitted to the Fund as a Member.

The LLC Agreement provides that any certificates representing interests in the Fund issued after the effective date of the LLC Agreement will bear a legend referring to the restrictions on transfer of interests in the Fund described above.

XII. CERTAIN REGULATORY AND ERISA CONSIDERATIONS [US]

U.S. Securities Laws

Securities Act of 1933

Interests in the Fund will not be registered under the Securities Act or any other securities law, including state securities or blue sky laws. They will be offered without registration in reliance upon the exemption contained in Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. Each investor must qualify as an "accredited investor" (as defined in Regulation D) and will be required to represent, among other things, that it is acquiring its interest in the Fund for investment purposes and not for resale or distribution. Each investor will be required in the Subscription Agreement to make customary private placement representations.

Investment Company Act of 1940

The Fund and its subsidiaries will rely upon either Section 3(a)(1), Section 3(c)(5)(C) or Section 3(c)(6) for an Investment Company Act exemption.

The Fund and its subsidiaries may take the position that they are not an "investment company" within the meaning of Section 3(a)(1) of the Investment Company Act. The term "investment company" means under Section 3(a)(1) any issuer that "(A) is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities; (B) is engaged or proposes to engage in the business of issuing face-amount certificates of the installment type, or has been engaged in such business and has any such certificate outstanding; or (C) is engaged or proposes to engage in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40 percent of the value of such issuer's total assets (exclusive of Government securities and cash items) on an unconsolidated basis." "Investment securities" include all securities except government securities, securities issued by employees' securities companies, and securities issued by majority-owned subsidiaries of the owner that are not investment companies and are not relying on the Section 3(c)(1) or Section 3(c)(7) exemptions.

The Fund and its subsidiaries may also rely for an exemption upon Section 3(c)(5)(C) of the Investment Company Act. In order to rely upon Section 3(c)(5)(C), the issuer must not issue (i) face amount certificates of the installment type; (ii) securities redeemable at the option of the holder; or (iii) periodic payment plan certificates. The SEC has taken the position that in order to satisfy the "primarily engaged" requirement of Section 3(c)(5)(C), an issuer must invest at least 55% of its assets in mortgages and other liens on and interests in real estate ("**Qualifying Interests**"). An additional 25% of the issuer's assets must be in real estate related assets, although this percentage may be reduced to the extent that more than 55% of the issuer's assets are invested in Qualifying Interests. 20% of the issuer's assets may be in unrestricted miscellaneous assets.

The Fund and its subsidiaries may also rely for an exemption upon Section 3(c)(6) of the Investment Company Act. Section 3(c)(6) exempts from the definition of an investment company any company primarily engaged, directly or through majority-owned subsidiaries, in one or more of the businesses described in Section 3(c)(3), Section 3(c)(4) or Section 3(c)(5), or in one or more of such businesses (from which not less than 25% of such company's gross income during its fiscal year was derived) together with an additional business or businesses other than investing, reinvesting, owning, holding or trading in securities. The Commission has stated that the term "primarily engaged" in a business means that at least 55% of a company's assets are employed in, and 55% of a company's income is derived from, that business. Section 3(c)(6) will therefore exempt the Fund and its subsidiaries if that company, directly or through majority owned subsidiaries, devotes at least 55% of its assets to, and derives at least 55% of its income from, a combination of (1) one or more of the businesses described in Sections 3(c)(3), 3(c)(4) and 3(c)(5), from which the company derived at least 25% of its gross income during its last fiscal year, and (2) an additional business or businesses other than investing, reinvesting, owning, holding or trading in securities.

In the event the Fund and its subsidiaries incorrectly ascertained their compliance with or did not meet the criteria for the Section 3(a)(1), Section 3(c)(5)(C) or Section 3(c)(6) exemptions, the Fund and its subsidiaries could lose their Investment Company Act exemption. Furthermore, relying upon Section 3(a)(1), Section 3(c)(5)(C) or Section 3(c)(6) could cause the Fund and its subsidiaries not to be considered "private funds" within the meaning of the Advisers Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act. "Private funds" are more heavily regulated in certain respects thereunder. Investors may therefore lose certain protections that they would otherwise receive if the Fund and its subsidiaries were structured as "private funds."

Investment Advisers Act of 1940

The Fund has determined that both it and the Managing Member are currently exempt from registration as an investment adviser under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). In consequence, neither the Fund nor the Managing Member is registered, and neither is subject to certain restrictions on investment advisers required to be so registered under the Advisers Act. Either or both of the Fund and/or the Managing Member may subsequently register as an investment adviser, if the Fund determines that they are required to do so under applicable law.

ERISA

The Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and certain provisions of the Code governs the investment of the assets of certain employee benefit plans ("**Plans**") that may be investors. ERISA, the Code and the rules and regulations of the Department of Labor ("**DOL**") under ERISA contain provisions that should be considered by fiduciaries of those plans and their legal advisors.

Fiduciary Duty of Investing Plans

In considering an investment in the Fund, plan fiduciaries should consider their basic fiduciary duty under Section 404 of ERISA, which requires them to discharge their investment duties prudently and solely in the interest of the plan participants and beneficiaries.

Before authorizing an investment in the Fund, plan fiduciaries should consider, among other things: (i) the fiduciary standards under ERISA; (ii) whether the investment in the Fund satisfies the prudence and diversification requirements of ERISA, including whether the investment is prudent in light of limitations on the marketability of the Interests; (iii) whether such fiduciaries have authority to make the investment under the appropriate plan investment policies and governing instrument and under Title I of ERISA; and (iv) whether the investment will give rise to a "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code. In analyzing the prudence of an investment in the Fund, special attention should be given to the DOL regulation on investment duties (29 C.F.R. Section 2550.404a-1).

Section 406 of ERISA and Section 4975 of the Code prohibit Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. The acquisition of Interests by a Plan with respect to which the Fund is considered a party in interest or a disqualified person may constitute a prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the Interests are acquired in accordance with an applicable statutory, class or individual prohibited transaction exemption. Furthermore, absent an exemption, assets of an Plan that is subject to ERISA (an "**ERISA Plan**") should not be invested in the Fund if the Managing Member or any of its affiliates is a fiduciary with respect to such assets.

Plan Assets

Under regulations issued by the DOL, when a plan covered by ERISA acquires an equity interest (such as the Interests) in an entity (such as the Fund) that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the assets of the ERISA plan generally include not only such equity interest, but also an undivided interest in each of the underlying assets of such entity unless it is established that: (i) ownership of each class of equity interest in the entity by "benefit plan investors" within the meaning of Section 3(42) of ERISA has a value in the aggregate of less than 25% of the total value of such class of equity interest then outstanding, determined on the date of the most recent acquisition of any equity interest in the entity; or (ii) the entity is an "operating company," including a "venture capital operating company" or a "real estate operating company" as defined in the DOL regulations.

If the assets of the Fund were deemed to be "plan assets" under ERISA, this would result, among other things, in (i) the application of ERISA's fiduciary requirements to investments made by the Fund and (ii) the possibility that certain transactions in which the Fund might seek to engage could constitute "prohibited transactions" under ERISA and the Code. If a prohibited transaction occurs for which no exemption is available, the Managing Member and/or any other fiduciary that has engaged in the transaction or permitted the transaction to occur could be required to "correct" the transaction by (i) undoing the transaction to the extent possible, (ii) restoring to the Fund any profit realized by the fiduciary on the transaction and (iii) reimbursing the Fund for any losses incurred as a result of the transaction. In addition, each disqualified person (within the meaning of Section 4975 of the Code) involved could be subject to an excise tax equal to 15% of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within statutorily required periods, to an additional tax of 100%.

Plan fiduciaries who decide to cause a Plan to invest in the Fund could, under certain circumstances, be liable for prohibited transactions or other violations as a result of the Plan's investment in the Fund or as co-fiduciaries for actions taken by or on behalf of the Fund or the Managing Member. With respect to an IRA that invests in the Fund, the occurrence of a prohibited transaction involving the individual who established the IRA, or such individual's beneficiaries, would cause the IRA to lose its tax-exempt status.

The Managing Member intends to operate the Fund so that the assets of the Fund will not constitute "plan assets" of any benefit plan investor who invests in the Fund. However, there can be no assurance that, notwithstanding the efforts of the Managing Member, the Fund will qualify for an exemption from holding "plan assets" under the DOL regulations.

Under the Fund Agreement, the Managing Member will have the power to take certain actions to avoid having the assets of the Fund characterized as "plan assets," including, without limitation, the right to cause a Member that is a benefit plan investor to withdraw from the Fund. While the Managing Member and the Fund do not expect that the Managing Member will need to exercise such power, neither the Managing Member nor the Fund can give any assurance that such power will not be exercised.

Reporting

The descriptions contained herein of fees and compensation are intended to satisfy the disclosure requirements for “eligible indirect compensation” for which the alternative reporting option on Schedule C of Form 5500 Annual Return/Report may be available, provided that the Managing Member, the Fund and their respective affiliates undertake no obligations with respect to any such reporting requirements.

The foregoing discussion is general in nature and is not intended to be all-inclusive. **Prospective investors such as pension funds that are subject to the provisions of ERISA should consult with their counsel and advisors as to the provisions of ERISA applicable to an investment in the Fund.** In addition, governmental plans and non-U.S. plans are not subject to the requirements of ERISA and Section 4975 of the Code but may be subject to similar requirements under applicable law. Accordingly, fiduciaries of such governmental and non-U.S. plans, in consultation with their advisors, should consider the impact of their respective laws on an investment in the Fund.

The sale of an Interest in the Fund to a Plan is in no respect a representation or recommendation by the Fund, the Managing Member or any of their affiliates that this investment meets all relevant legal requirements with respect to investments by plans generally or any particular Plan, or that this investment is appropriate for plans generally or any particular Plan. In connection with an investment in the Fund, each Plan will be required to and is deemed to represent that neither the Fund, the Managing Member nor any of their respective affiliates has acted as the ERISA Plan’s fiduciary or has made any recommendation or has been relied upon for any advice with respect to the Plan’s decision to acquire and hold the Interests and neither the Fund, the Managing Member nor any of their respective affiliates shall at any time be relied upon as the Plan’s fiduciary with respect to any decision to acquire, continue to hold or transfer the Interests.

XIII. ADDITIONAL INFORMATION

This Memorandum is intended to present a general outline of the policies and structure of the Fund and the Managing Member. The LLC Agreement, which specifies the rights and obligations of the Managing Member and the Non-Managing Members, should be reviewed thoroughly by each prospective investor. Section VIII hereof contains a summary of certain provisions of the LLC Agreement, but it is necessarily incomplete and is qualified in its entirety by reference to the LLC Agreement. Copies of the Subscription Agreement and the LLC Agreement, including the ancillary documents, are available upon request.

Raymond Davis, Managing Partner and Chief Strategy Officer of Sponsor will be available to answer questions regarding the terms and conditions of the offering and to provide additional information that may be requested by prospective investors:

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