OAK PARALLEL BRIDGE CREDIT FUND, LLC
PRIVATE PLACEMENT MEMORANDUM

Managing Member:

OPBC GP, LLC

OAK PARALLEL BRIDGE CREDIT FUND, LLC
$300,000,000
(expandable to $600,000,000)

Limited Liability Company Interests

Dated February 11, 2025

This private placement memorandum (this "**Memorandum**") 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 Non-Managing Member membership interests as more fully described herein (the "**Interests**"), in Oak Parallel Bridge Credit Fund, 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 OPBC 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, 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. ERISA benefit plan investors are advised to review the Fund in connection with the objectives and restrictions set forth in the plan's investment policy statement. 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 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.

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

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Exhibit A – Form of Amended and Restated Limited Liability Company Agreement

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I. Executive Summary

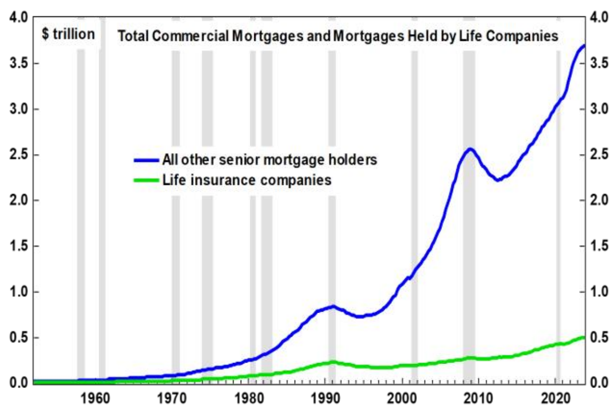
Why Private Senior Mortgage Lending?

Mortgages comprise 45% of the entire $8.4 trillion real estate capital market.[1]

We believe the long-term strategic benefits of mortgages are a compelling investment proposition. Commercial mortgages present a resiliency which have made them a mainstay of finance for many kinds of institutional investors for over 80 years. Many of these investors regard mortgages as a substitute for other fixed income alternatives, such as corporate bonds. Insurance companies, for example, invest in mortgages to augment their bond portfolios because mortgages provide stable cash flows similar to bonds and generate higher yields due to their relative illiquidity. Some institutions such as pension funds and life companies actively match the durations of mortgages with their liabilities, thus stabilizing their surplus or net worth.[2]

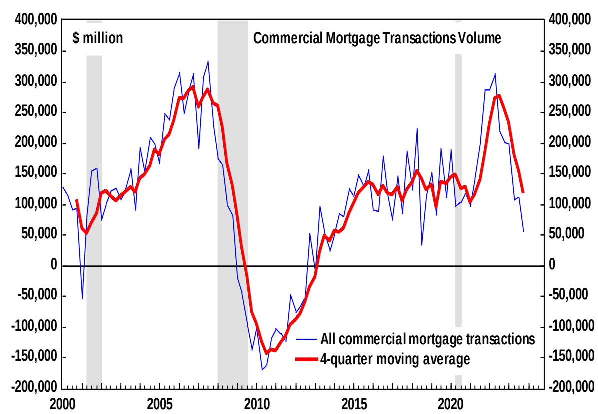
Traditional lenders, such as capital constrained money center and community banks, have retreated from the mortgage market, in particular smaller borrowers ($2 million to $20 million), thus creating what we believe to be an expanding niche for private lenders, reshaping the entire real estate fixed income sector.[3] We believe many private mortgage lenders have a comparative advantage evaluating mortgage credit, and these firms have thrived despite credit "rationing." Private lenders are nimble, highly effective underwriters of mortgage credit without the regulatory burden and reserve requirements that affect the larger traditional lenders. At the same time, smaller borrowers are cash starved and will accept higher interest rates and fees to obtain adequate funding. These borrowers prize capital immediacy.

Institutions have invested in senior commercial mortgages since before WW II because the duration of mortgages and institutional liabilities are similar.



Source: Board of Governors of the Federal Reserve System.

Mortgage transactions volume has declined along with the recent collapse of property sales, thus impairing price discovery and creating an opportunity for investors.



Source: Board of Governors of the Federal Reserve System.

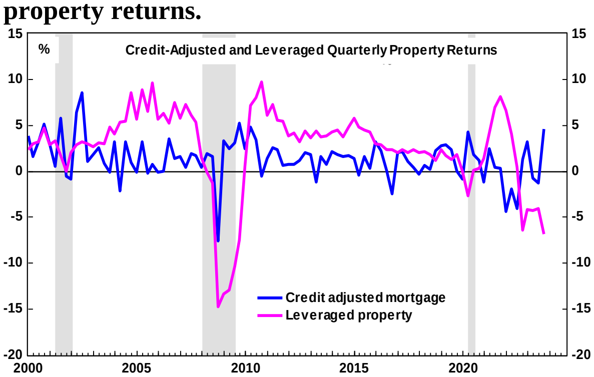
We believe that, in many cases, mortgages deliver a higher risk-adjusted return than leverage equity, the volatility of which exceeds mortgage volatility. Mortgages historically have a lower probability of loss.

Mortgage volatility is much less than the return volatility of major assets, such as Baa-rated corporate bonds, unleveraged property, leveraged property. The volatilities of market fundamentals such as the growth rates of net

[1] Pension Real Estate Association, as of 2023.
[2] Martin L. Leibowitz, "Pension Asset Allocation through Surplus Management, **Financial Analysts Journal**, March/April 1987.
[3] Peter Grant, "The Money Has Stopped Flowing in Commercial Real Estate: Decline in Constructions Loans has been Particularly Severe as Lenders Continue to Cut Back", Wall Street Journal, October 31, 2023.

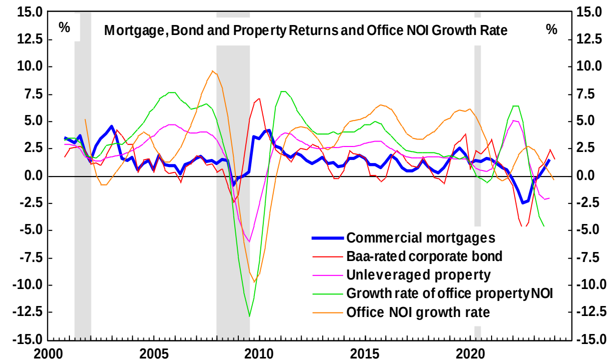
operating income and market rents often exceeds mortgage return volatility. Essentially, mortgages are a stabilizer with attractive returns that often exceed those of publicly traded corporate bonds.

Mortgages returns are much less volatile that leveraged property returns.



Source: Giliberto-Levy Commercial Mortgage Performance Index (G-L 1)

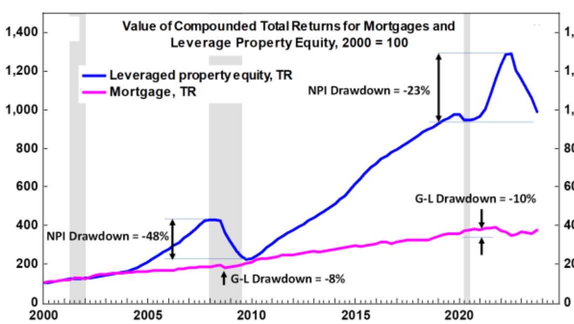
Commercial mortgage volatility is less than other asset volatilities.



Source: Giliberto-Levy Commercial Mortgage Performance Index (G-L 1); NCREIF; Board of Governors of the Federal Reserve System.

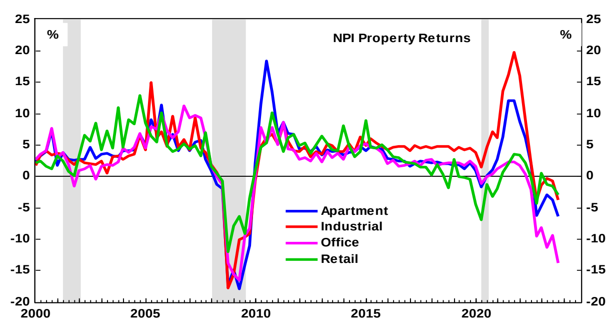
Mortgages are typically a low volatility asset that stabilizes portfolio return. Mortgage drawdowns, defined as the drop in returns from their peak to a trough, are much less than leveraged property drawdowns. During the Great Financial Crisis (GFC) the drawdowns of leveraged property and mortgages were 48% and 8%, respectively. Since COVID, leveraged property returns have been very volatile.

The drawdown of leveraged property during crises has far exceeded the drawdown of commercial mortgages. During the COVID recession and beyond, property drawdowns well exceeded mortgage return drawdowns.



Source: Giliberto-Levy Commercial Mortgage Performance Index (G-L 1); NCREIF.

Property returns have recently varied significantly across property types. Industrial has been a top performer and office property returns continue to decline, which reflects poor office fundamentals since COVID.

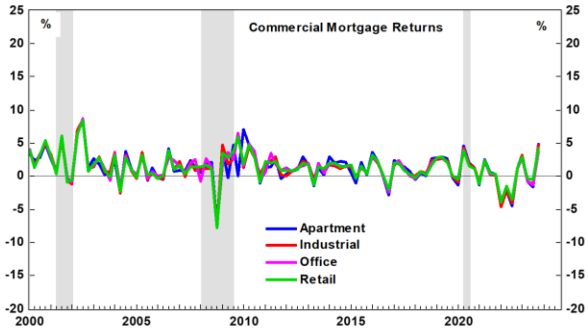


Source: NCREIF.

While commercial mortgages fluctuate, they do so much less than leveraged property returns; mortgage volatilities do not materially vary across property types. Our research indicates that property fundamentals, while important, matter less when evaluating mortgage risk. Mortgage returns reflect the performance of Baa-rated corporate bond returns and one-quarter lagged yields as well a current and one-quarter lagged property returns.

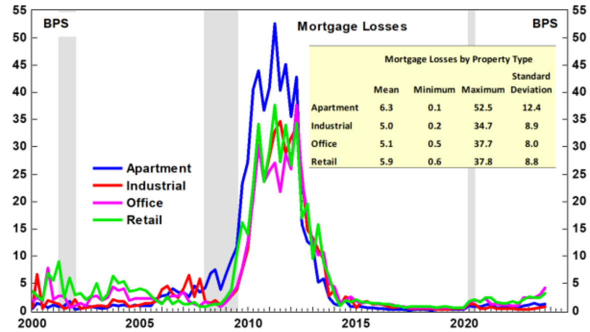
Mortgage losses were high during the GFC, but so were losses attributed to other assets. Since the GFC, the deepest downturn and greatest systemic economic crisis since the Great Depression, commercial mortgage losses remain comparatively very low.

Commercial mortgage returns are not sensitive to property type.



Source: Giliberto-Levy Commercial Mortgage Performance Index (G-L 1)

Losses have increased slightly following the COVID recession but remain low.



Source: Giliberto-Levy Commercial Mortgage Performance Index (G-L 1)

We view one of the chief benefits of commercial senior mortgages being that they are powerful portfolio diversifiers. Mortgage returns are essentially uncorrelated with stock, bond and even leverage property returns. Portfolio risk consists of systematic and nonsystematic risk. Diversification eliminates the latter but not the former; markets only compensate investors for bearing systematic risk, such as interest rate risk. Our research indicates that mortgages deserve a significant allocation either within pure real estate or mixed asset portfolios. Typically, optimal asset allocations should reflect the underlying liabilities that investors seek to fund. The optimal mortgage allocation along the risk-return spectrum is remarkably robust irrespective of the underlying liabilities, or, in the case of a pension fund, for example, mortgage allocations are often relatively insensitive to the funding status of retirement systems. Under-funded and over-funded systems merit roughly the same mortgage allocations because mortgage durations often match the durations of the to-be-funded liabilities. Essentially, we believe mortgages confer broad benefits irrespective of the investor class; mortgages are, in effect, an asset for all seasons.

The Fund

The Fund is targeting $300 million of investments in this offering from qualified investors (the "**Non-Managing Members**," and together with the Managing Member, the "**Members**"). The Fund will co-invest in commercial real estate bridge loans alongside Oak Institutional Credit Solutions, LLC ("**Credit Solutions Fund**").

The Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and rules and regulations of the Department of Labor ("**DOL**") govern the investment of the assets of certain employee benefit plans ("**Plans**" and as investors in the Fund "**Plan Investors**"). This Fund is intended to be compliant with ERISA and as such, it is structured to accommodate investments by Plans, subject to applicable legal and regulatory requirements.

The Fund will only accept investments from "accredited investors" as defined in Rule 501 of Regulation D of the Securities Act of 1933, and from Plan Investors that satisfy the conditions set forth in ERISA. Plan Investors will only be admitted as investors to the Fund if their investment will comply with ERISA's fiduciary, prohibited transaction, and other regulatory requirements.

The Fund Investment Strategy

The Fund manages a small-mid balance ($2-20 Million loan size) credit strategy that targets short term, typically transitional commercial mortgage secured by a first lien position on income-producing properties, (office, retail, industrial, multifamily, self-storage, manufactured housing, mixed-use and hospitality) that are originated, underwritten, closed and serviced by the Sponsor and its affiliates. As stated, the Sponsor and its affiliates originate, analyze, underwrite, close and service similar assets to those targeted by the Fund in diversified portfolios similar to the Fund, with the intent to provide investors with superior risk-adjusted returns that are uncorrelated to the broader financial markets.

The Managing Member will not adopt a different investment strategy than the strategy described herein. Further, the Managing Member will not pursue investment strategies that it deems are higher risk to investors.

- **Borrower Investment and Track Record**: The Fund will only consider providing financing to sponsors with a demonstrated track record in the asset class being proposed, the market in with the property is located and a demonstrated financial capacity and liquidity to address any cost overruns or unforeseen costs that may arise during the term of the loan.
- **Structural Mitigants**: The Fund's loan investments are intended to be short duration with loan terms of twelve (12) to thirty-six (36) months, inclusive of any loan extensions. The Fund utilizes a structure whereby the Loans are fully funded with renovation/re-tenanting accounts, interest reserves and other loan level future funding obligations funded and held back, with the borrower paying fees and interest on the committed loan amount but not yet disbursed monies. All loan documents contain cash management accounts, springing lockboxes and substantial lender contingency accounts. All reserve accounts are 100% controlled by the Fund or its affiliates.[4]
- **Draw Requests**: All draw requests, whether for renovation, re-tenanting or conversion costs are subject to review by a construction management consultant engaged by the Fund prior to loan approval as well as construction audit of completed work, timeline adherence, budget adherence and lien waiver releases for each draw request by the sponsor.
- **Targeted Markets**: The Fund will entertain loan opportunities located in primary, secondary as well some select tertiary markets, generally with a minimum population size of at least 75,000 to 100,000 people. Analysis and underwriting is performed to validate growth trends, capitalization rates, rental trends, vacancy rates, supply/demand, and current and future pricing trends.
- **Comprehensive Asset Underwriting**: The Sponsor underwrites all loans to what we consider "institutional" standards – i.e.: mandated standards for lending intended to allow for Agency, CMBS or traditional bank financing take out at stabilization. "As-Stabilized" loan-to-value ratios at origination will not be greater than (a) 80% for loans secured by multifamily properties, (b) 75% for loans secured by office, retail, mixed-use, industrial, manufactured housing communities and self-storage properties, and (c) loans secured by hospitality properties will generally be limited to 65%. These are the maximums and may be adjusted downward to reflect a property's specific characteristics.

Distributions

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:

a) First, 100% to the Members *pro rata* in proportion to their respective Fund Percentages in an amount equal to 8.5% per year, on a quarterly basis, non-compounded, on the unreturned Invested Capital (the "**Preferred Return**");

b) Second, 90% to the Non-Managing Members, with the balance paid to the Managing Member (such payments to the Managing Member the "**Promote**").

[4] In the event of a participation where the Fund is a participant and not administering the loan, the Fund will confirm prior to purchasing the participation that the reserves have been funded by the lead lender and that dispersal of such reserves, as well as compliance with the requirements associated with such reserves, is conducted in a manner that is in compliance with the Funds policies and procedures, as set forth any the relevant loan documents and participation agreement.

Experienced Management

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 and the Managing Member believe that the Sponsor 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. *See* "***Management***" *for further information.*

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II. 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 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 PARALLEL BRIDGE CREDIT FUND, LLC, a Delaware limited liability company.

Investment Objective: The Fund was organized to provide, purchase and/or participate in 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: OPBC 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.

Maximum Raise: The Fund is seeking investments of up to $300 million in this Offering, which can be expanded up to an additional $300 million, at the discretion of the Managing Member

Minimum Investment: The minimum Investment is $50,000. The Managing Member reserves the right to accept investments of lesser amounts.

Co-Investments with Credit Solutions Fund: It is intended that the Fund co-invest in commercial real estate bridge loans alongside Oak Institutional Credit Solutions, LLC ("**Credit Solutions Fund**"). The Fund may, but shall not be required to, make investments and bear expenses relating to each investment of Credit Solutions Fund *pro rata* based on the relative capital available for investment from Credit Solutions Fund and the Fund, in each case on substantially the same terms and conditions as Credit Solutions Fund investment, subject to any tax, regulatory, accounting, legal, economic or other considerations that may limit the amount, type or timing of investment by the Fund or Credit Solutions Fund and provided that the Fund may solely bear expenses that are specifically attributable to unique aspects of its structure. Notwithstanding the foregoing, at all times the Fund shall make investment decisions in accordance with its duties under ERISA. To the extent reasonably practical and consistent with the best interests of Plan Investors, the Fund and Credit Solutions Fund shall dispose of any investments at substantially the same time, on substantially the same terms and in the same relative proportions (based upon the aggregate amount invested in such interests by each of the Fund and Credit Solutions Fund), in each case except to the extent reasonably necessary or advisable to address tax, regulatory, accounting, legal, economic or other considerations.

To the extent permissible under the prohibited transaction rules of ERISA and the Code, the Fund may, from time to time, at the Managing Member's sole election, purchase from or sell to Credit Solutions Fund at cost, as may be equitably adjusted by the Managing Member, or distribute to a withdrawing Member or receive as a capital contribution from a Member being admitted, a portion of any investment to the extent necessary for Credit Solutions Fund and the Fund to each own the portion of each investment that it would own if all investments had been made as of the date of such transfer. The Managing

Member may take any other necessary or advisable action to consummate the balancing of interests and investments between the Fund and Credit Solutions Fund.

Closings: The Managing Member will hold closings at its discretion through the twenty-fourth (24th) month after the date of this Memorandum.

Borrowing and Guarantees: The Managing Member believes the use of leverage is accretive to investor returns and may seek to utilize leverage of up to fifty percent (50%) of the Fund's asset value that may be secured by the Fund's assets.

The Managing Member will only incur leverage that is reasonable and in the best interests of the Fund and the Plan Investors.

Management Fees: The Managing Member or its designee will receive an annual management fee (the "**Management Fee**") equal to 1.25% of Invested Capital. The Management Fee is payable quarterly in advance. No acquisition, disposition or financing fees are charged by the Managing Member to the Fund.

The Management Fee is designed to compensate the Managing Member for the ongoing oversight, administration, and management of the Fund's investments, including strategic decision-making, monitoring investments, and ensuring compliance with applicable regulations.

Please see the section "Disclosures Regarding the Management Fee" below for additional information regarding the structure and use of the Management Fee.

Distribution of Distributable Proceeds: Distributions of the Fund's distributable proceeds are expected to be made on at least a quarterly basis amongst the Members, and distributed as follows:

a) First, 100% to the Members *pro rata* in proportion to their respective Fund Percentages in an amount equal to an annual preferred return of 8.5%, which will accrue on a cumulative but non-compounding basis (the "**Preferred Return**");

b) Second, after payment of all accrued but unpaid preferred returns, 90% to the Non-Managing Members, with the balance paid to the Managing Member (such payments to the Managing Member the "**Promote**").

The distributions described above are reasonable and align with expected distributions for this type of fund. The Managing Member believes the distributions are in the best interests of the Members. Please see the section "Disclosures Regarding Distributions" below for additional information regarding the structure of the distributions.

Clawback: If, upon liquidation of the Fund, the Managing Member has received distributions with respect to its Promote in excess of the amount it would be entitled to receive under the Operating Agreement, then the Sponsor Member will be required to return to the Investor Members the after-tax amount of such excess. The amount so returned will be paid directly to the Non-Managing Members in proportion to their capital contributions.

Details of the Promote: The Managing Member will undertake the following steps as it relates to the Promote and maintaining the best interests of the Non-Managing Members.

- *Reasonableness Opinion* – The Managing Member will retain a third-party evaluation of the Promote to confirm it is in-line with the industry standards. The Managing Member will also update the opinion annually to ensure the Promote remains reasonable.
- *Independent Calculation* – The Managing Member will rely on the auditors of the Fund, or another independent third party, to ensure the Promote is calculated accurately and correctly.
- *Performance Hurdles* – The Promote will not be paid until each Non-Managing Member has received the Preferred Return to show that the Managing Member is prioritizing the returns of the Non-Managing Members.
- *Clawback* – As described above, in the event the Managing Member receives more Promote than it is entitled to receive, then it will return such amounts directly to the Non-Managing Members.
- *Alignment* – The interests of the Managing Member align with the interests of the Non-Managing Members, and the Plan Investors, to ensure investments are made in the best interests of the Non-Managing Members so they receive the Preferred Return.

Organizational Expenses: To the extent consistent with ERISA, the Fund will bear all reasonable actual third-party costs, fees and expenses incurred in connection with the organization and startup of the Fund 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; legal and accounting fees and expenses, registration fees, filing fees, printing costs; 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). The Fund will only bear the organizational expenses the Managing Member believes were reasonably incurred. In the event any organizational expenses are deemed unreasonable, those expenses will be paid by the Managing Member.

The Managing Member will respond to any questions from Plan Investors and their fiduciaries regarding organizational expenses and the benefit to the Plan Investors of the expenses. Plan Investors shall have the right to request the Fund not bear the cost of an organizational expense in the event it is deemed not in the best interests of the Plan Investors.

Fund 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 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; 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, 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 in connection with the LLC Agreement (the "**Fund Expenses**").

The Managing Member will respond to any questions from Plan Investors and their fiduciaries regarding Fund Expenses and the benefit to the Plan Investors of the Fund Expenses. Plan Investors shall have the right to request the Fund not bear the cost of any Fund Expenses in the event it is deemed not in the best interests of the Plan Investors.

Please see the section "Disclosures Regarding Fund Expenses" for additional information on the other expenses of the Fund.

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:

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.

The Fund will provide an asset valuation of the Fund in accordance with US GAAP not less frequently than annually.

ERISA Considerations:

The Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and rules and regulations of the Department of Labor ("**DOL**") govern the investment of the assets of certain employee benefit plans ("**Plans**" and as investors in the Fund "**Plan Investors**"). This Fund is intended to be compliant with ERISA and as such, it is structured to accommodate investments by Plans, subject to applicable legal and regulatory requirements.

The Fund will comply with all requirements of ERISA. Examples of some of the ERISA restrictions that the Fund will comply with include:

- *Prohibited Transactions*: ERISA includes a broad definition of who constitutes a party in interest or a disqualified person for the purposes of a prohibited transaction. This includes a person or entity with a special relationship to the Plan. The Fund will not enter into any transactions with a disqualified person or a party in interest including but not limited to the following:
    - Sales, exchanges, or leases
    - Loans or extensions of credit
    - Providing goods, services, or facilities
    - Transfer of assets
- *Reporting and Disclosure*: In addition to the disclosure described herein, the Fund will also provide Plan Investors with any information necessary to complete reporting required by ERISA or the Code, including but not limited to, information require to report annually on Schedule C to the Form 5500.
- *Custody of Foreign Assets*: The Fund does not plan to hold investments or capital from investors in foreign jurisdictions and will remain in compliance with all ERISA requirements regarding foreign assets.

ERISA Fiduciary Duties:

The Fund will comply with the following duties required under ERISA:

- *Duty of Loyalty*: The Duty of Loyalty consists of an obligation to discharge fiduciary duties solely in the interest of plan participants and beneficiaries. 29 U.S.C. §1104(a)(1)(A). A fiduciary must act for the exclusive purpose of providing benefits to participants and beneficiaries, and to pay plan expenses that are reasonable and relate only to plan activities.
- *Duty of Prudence*: A fiduciary must act with the same care, skill, prudence, and diligence under the circumstances that a prudent fiduciary acting in a similar capacity and familiar with these matters would use in a similar plan with the same goals (29 U.S.C. §1104(a)(1)(B)). The ERISA prudence standard considers the relevant facts and circumstances and looks to what a hypothetical comparable

fiduciary would do under comparable circumstances, not simply what a prudent person would do.

- *Duty of Diversification*: Plans must diversify their investments to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so (29 U.S.C. §1104(a)(1)(C)).
- *Duty to Follow Plan Documents*: Fiduciaries must act in accordance with applicable plan documents if the documents are consistent with ERISA (29 U.S.C. §1104(a)(1)(D)). Fiduciaries cannot follow plan provisions that violate ERISA. One of these documents includes the plan's investment policy statement.

ERISA Fiduciary Considerations: The Managing Member will adhere to the fiduciary duties imposed by ERISA, including those described above. Specifically, the Managing Member will:

- Act solely in the interest of the Plan Investors and for the exclusive purpose of providing benefits to participates and beneficiaries of the Plan Investors.
- Avoid conflicts of interest and ensure the Fund's activities do not violate ERISA's prohibited transaction provisions.
- Ensure that Plan investors receive the necessary disclosures to make informed investment decisions, including, but not limited to fee disclosures.

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. The Managing Member, in its discretion may purchase an ERISA fidelity bond or other insurance at its own expense.

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: 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, such redemption may be treated as a total redemption) on the last day of each calendar quarter commencing on the third (3rd) anniversary of the Non-Managing Member's admission as a Member in connection with the membership interest for which redemption is sought. See "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.**

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.**

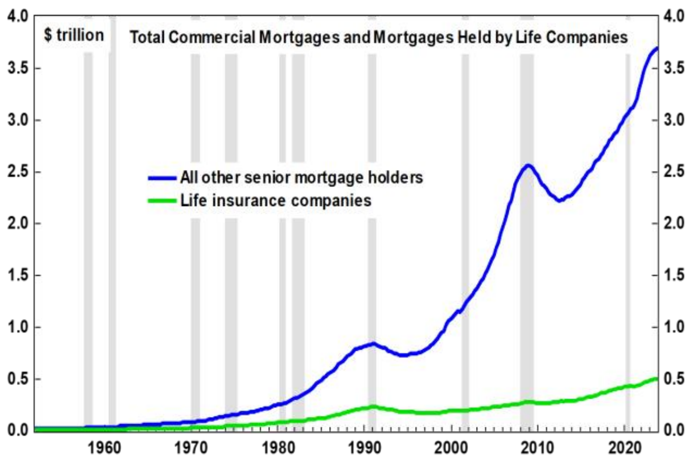
III. Investor/Market Opportunity

Given what we perceive to be the strong characteristics of our targeted assets, favorable industry and market dynamics and the significant expertise and experience of the Fund's senior management team, the Sponsor believes that the Fund represents a compelling and timely investment opportunity.

Strength of the Asset Class

Mortgages have been a mainstay of finance for many kinds of institutional investors for approximately 80 years.

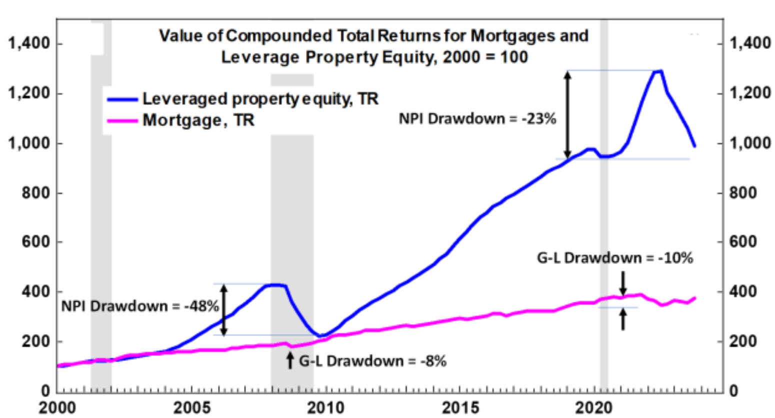
Institutions have invested in senior commercial mortgages since before WW II because the duration of mortgages and institutional liabilities are similar.



Source: Board of Governors of the Federal Reserve System.

Mortgages are typically a low volatility asset that stabilizes portfolio return. Mortgage drawdowns, defined as the drop in returns from their peak to a trough, are much less than leveraged property drawdowns. During the Great Financial Crisis (GFC) the drawdowns of mortgages and leveraged property were 48% and 8%, respectively.

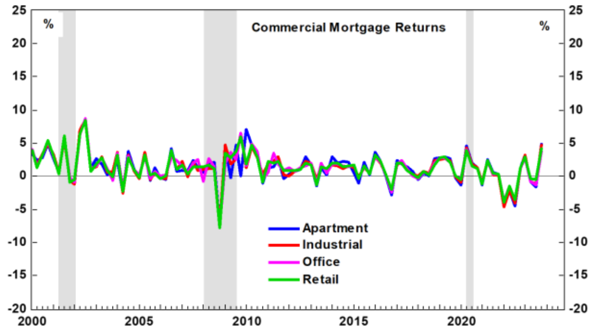
The drawdown of leveraged property during crises has far exceeded the drawdown of commercial mortgages. During the COVID recession and beyond, property drawdowns well exceeded mortgage return drawdowns.



Source: Giliberto-Levy Commercial Mortgage Performance Index (G-L 1); NCREIF.

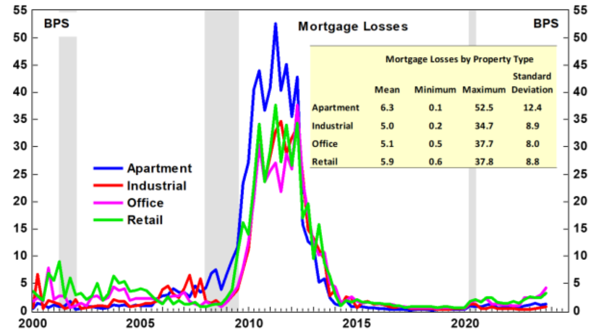
While commercial mortgages fluctuate, they do so much less than leveraged property returns; mortgage volatilities do not materially vary across property types. Our research indicates that property fundamentals, while important, matter less when evaluating mortgage risk. Since the GFC, the deepest downturn and greatest systemic economic crisis since the Great Depression, commercial mortgage losses remain comparatively very low.

Commercial mortgage returns are not sensitive to property type.



Source: Giliberto-Levy Commercial Mortgage Performance Index (G-L 1)

Losses have increase slightly following the COVID recession but remain low.



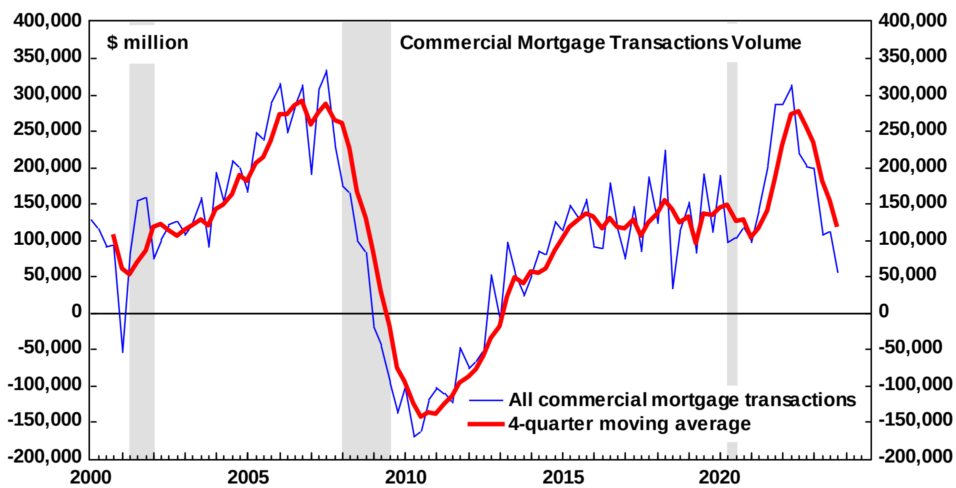
	Mean	Minimum	Maximum	Standard Deviation
Apartment	6.3	0.1	52.5	12.4
Industrial	5.0	0.2	34.7	8.9
Office	5.1	0.5	37.7	8.0
Retail	5.9	0.6	37.8	8.8

Source: Giliberto-Levy Commercial Mortgage Performance Index (G-L 1)

Market Opportunity

We believe market conditions continue to be favorable for disciplined non-bank commercial real estate lenders with flexible product offerings that can meet the needs of today's borrowers. The restrictive regulatory actions that emerged after the Global Financial Crisis ("GFC"), including Dodd-Frank, Basel III, etc., combined with asset management challenges with existing real estate loan portfolios have created headwinds for many traditional real estate lenders. The economic volatility created from the pandemic, aggressive government spending and continued geopolitical unrest over the past few years has led to one of the highest levels of inflation in decades forcing the Federal Reserve to aggressively raise short-term interest rates 150 basis points in approximately an eight-month span. The significant increase in borrowing rates has stalled commercial real estate transaction volumes across the board sidelining many traditional lenders, creating an attractive environment for the Fund to capitalize on the dislocation. As a result, our Sponsor's monthly pipeline of aggregate loans reviewed has increased approximately 50% to over $1.0 billion per month generally.

Mortgage transactions volume has declined along with the recent collapse of property sales, thus impairing price discovery and creating an opportunity for investors.



Source: Board of Governors of the Federal Reserve System.

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.

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IV. Fund Strategy

The Fund targets 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. The Fund targets small- to mid-balance borrowers seeking interim financing on commercial real estate assets located throughout the United States, typically in the range of $2-20MM. Loans we make predominantly refinance existing debt with the remaining portion being loans for the acquisition of the property. We will not finance the acquisition of raw land or "ground-up" development, however, unique situations may apply where there exits some source current income associated with the property that we may consider. The loans will not have any subordinate debt and subordinate debt will not be allowed during the term of the loan.[5]

A significant percentage of the assets targeted by the Fund are properties that are 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.

In conjunction with the Fund's targeted loan size, the Fund seeks to originate financing opportunities throughout all 50 U.S. states in primary, secondary and, in special cases, tertiary markets, in an effort to provide broad diversity. The Fund targets the top 250 MSAs, which captures a population of 246 million in the aggregate, with a minimum population of 159,000 per MSA.

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.

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-Stabilized" 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, (c) 75% for Mortgage Loans secured by mobile home communities, self-storage facilities and other eligible commercial properties and (d) Mortgage Loans secured by hospitality will generally be no more that 65%. These are the maximums and based on the property's specific characteristics may be adjusted downward to reflect smaller or markets going through gentrification. The Fund estimates overall portfolio weighted average "As-Is" loan-to-value ratios of 70% to 75% and overall portfolio weighted average "As- Stabilized" loan-to-value ratios of 60% to 65%. These loan to value ratios are subject to change either as a matter of policy or as to a particular loan at any time, based on the judgement of management.

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.

The Fund's objective is to maximize returns to investors and provide the following ongoing additional benefits:

- Significant asset diversification
- Uncorrelated risk to the broader financial markets
- Senior position loans providing increased safety during market cycles and inflation
- Alignment of management with our partners and investors

[5] For clarity, the Fund may have participation interests held by other parties that are subordinate in right of payment to the Fund, but no subordinate debt independent of the loan in which the Fund participates will be permitted.

V. Operational Overview

The senior mortgage bridge loans to be originated or participated are sourced through the mortgage banker/broker channel by the Fund's affiliate, Red Oak Financial, LLC ("**ROF**").

The underwriting standards used by ROF are intended to evaluate the value and adequacy of the senior mortgaged property as collateral and the mortgagor's credit standing and sponsor's 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, tenancy of the property and the experience and financial capacity of the borrower, will impact the extent to which the general guidelines described below are applied to a specific mortgage loan. 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 loans which ROF originates fall generally into four loan product types: Core, CorePlus, Opportunistic and Participating, and are generally distinguished on the basis of loan size, loan to value/cost, collateral, risk profile and ultimately, these factors affect the final pricing. The Core and CorePlus programs generally utilize lower loan to value/cost and higher DSCR (defined below), taking a more conservative approach and hence lower pricing. The Opportunistic and Participating programs have higher loan to value/cost, lower or no DSCR (defined below), utilizing more structure and risk, leading to higher pricing. [6]

ROF also provides origination for various funds that the Fund's affiliate, Red Oak Capital Holdings, LLC ("**ROCH**"), sponsors, which also makes senior mortgage commercial real estate loans and also utilizes ROF for marketing and origination (collectively, the "**Affiliate Funds**").

The Investment Committee has established criteria to determine the allocation of investments amongst the Fund and the Affiliate Funds. These criteria are reviewed periodically by the Investment Committee to insure their efficacy. The members of the Investment Committee, as of the date of this Memorandum, include Gary Bechtel, Thomas McGovern and Paul Cleary, as well as two independent Committee members Eric Stamell and Raymond Miller.

Generally, the policy of the Investment Committee will be to prioritize Core and CorePlus loans for the portfolio of the Fund. The allocation priority for ROCH-sponsored funds will be, generally, Opportunistic and Participating loan types. In the event a loan opportunity becomes available which is suitable for multiple funds, assuming those funds have sufficient money available for investment, the fund which has had the greatest number of days outstanding of net deployable capital shall generally first be assigned the loan opportunity.

The foregoing notwithstanding, the types of loans selected for the Fund's portfolio, as well as the Affiliate Funds, will depend on factors including, but not limited to, the types of loans available, diversification, time to deployment and return requirements of the Fund. It will also depend on the specific facts related to a given loan. For example, a borrower with high net worth and liquidity seeking a Participating loan might be attractive for the Fund given that the loan would be recourse to the borrower. The allocation of Opportunistic and Participating loans with the Fund will be at the full discretion of the Investment Committee and the Managing Member, taking into account the yield enhancement relative to the additional risk of a given asset.

- 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

[6] Interest Rates and Loan Fees referred to do not necessarily include certain fees charged to the Borrower by ROF or other affiliates of the Fund, in addition to amounts which would be payable to the Fund. Actual monthly servicing or Loan Fees paid by the Borrower could be higher based upon actual amounts charged by ROF or other affiliates of the Fund to the Borrower.

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, property inspection reports and environmental review reports by a licensed engineer, as well as other reports which may include, but are not limited to, zoning reports, seismic reports, and budget review reports. On larger loans or unique property situations, 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.

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, but is not limited to, 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.

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 (after renovations/re-tenanting), 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. Hospitality is generally no more that 65%. These loan to value ratios are subject to change either as a matter of policy or as to a particular loan at any time, based on the judgement of management.

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 anticipates curtailing 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 and 1.35x for loans secured by hospitality[7].

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.

- <u>Approval Process</u>

All loans or participations in loans, must be approved by the Fund's credit committee and Investment Committee before commitment and funding.

[7] Subject to change either as a matter of policy or as to a particular loan at any time, based on the judgement of management.

The Fund may require borrowers to fund various escrows for reserves, taxes, insurance, tenant improvements 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.

- 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).

- Post-Close Loan Servicing

Each loan will be serviced by ROF or another affiliate of the Fund. The servicer utilizes a mortgage servicing technology platform with multiple capabilities and reporting functions.

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.

The Fund and not the servicer will have primary responsibility for the custody of original documents evidencing the loans. The servicer has relationships to handle potential and actual foreclosure activity, in addition to its own 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.

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

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VI. DRP and Redemption Programs

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 Fund 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 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 Plan Investors from participating in the DRP if such participation could result in a violation of ERISA, the Code, or any other law or regulation.

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, 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 redemption shall be permitted prior to the third (3rd) anniversary of the Member's admission as a Member in connection with the membership interest for which redemption is sought, 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 closing on the subscription for that membership interest for which redemption is sought, (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.

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VII. Management

The Sponsor is a national commercial real estate bridge lender specializing in providing private debt financing to owners of commercial and multifamily real estate. The senior management team has over 150 years of combined experience in commercial real estate lending, loan syndications, capital markets, legal and fund management. The Sponsor's principals have completed more than $25 billion of total real estate financings over the past 25 years and successfully navigated eight 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 & Dunlap)
- FINOVA Realty Capital
- Allison Company
- Member / frequent speaker: Mortgage Bankers Association, NAIOP, ICSC

Paul Cleary, Chief Operating Officer
- Chief Operating Officer, Money360
- 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

Robert R. Kaplan, Jr., Chief Legal Officer, EVP Corporate Development
- Chief Legal Officer, EVP Corporate Development, Red Oak Capital Holdings, LLC
- Approximately 29 years in law, more than $4B in transactions
- Founder and Managing Partner of law firm with national practice in securities and corporate/real

estate finance.

- JD, Marshall-Wythe School of law, College of William and Mary; AB History/Philosophy, College of William & Mary
- Best Lawyers since 2013; "Lawyer of the Year" 2022 by Best Lawyers for LBO, private equity

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

Prior Performance Summary

Investors should not consider the information below relating to the financial performance of the Fund or its Affiliate Funds to be a complete representation of the historical financial performance of these entities. The summaries provided here should NOT be viewed as an indicator of future performance by the Fund or an investment in the Fund.

<u>The Credit Solutions Fund</u>:

The Credit Solutions Fund was formed on February 22, 2022, and commenced its first offering of Interests on March 29, 2022. As of the date of this offering, the Credit Solutions Fund has issued Interests representing aggregate capital contributions of $18,084,627. The Sponsor incurred issuance costs of approximately $181,650 in connection with the previous offering, of which $55,744 were fees and commissions associated with the sale of Interests, for which reimbursement by the Credit Solutions Fund was waived. As of the date of this offering, $65,310 of management fees have been earned by the Manager.

As of December 31, 2024, the Credit Solutions Fund held $16,825,000 in participation loans with related party lenders. This consisted of ten mortgage loans with a weighted average interest rate of 10.1%, and where the maturities ranged from September 30, 2024 to June 30, 2026, based on two loans with twelve-month terms, one loan with a twelve-month original term currently in a second 6-month extension, and seven loans with twenty four-month terms. As of December 31, 2024, one participation loan with $1,500,000 in principal was in foreclosure.

<u>Affiliate Funds</u>:

The Affiliate Funds include six public and two private programs: Red Oak Capital Fund II, LLC (**ROCF II**), Red Oak Capital Fund III, LLC (**ROCF III**), Red Oak Capital Fund IV, LLC (**ROCF IV**), Red Oak Capital Fund V, LLC (**ROCF V**), Red Oak Capital Fund VI, LLC (**ROCF VI**), Red Oak Capital Intermediate Income Fund LLC (**ROCIIF**). Red Oak Capital Fund VII (**ROCF VII**) and Red Oak Income Opportunity Fund, LLC (**ROIOF**) and Red Oak Income Opportunity Fund II, LLC (**ROIOF II**).

Each of the Affiliate Funds, with the exceptions of ROIOF and ROIOF II, report pursuant to Regulation A, promulgated pursuant to the Securities Act of 1933, as amended. Investors may review the public filings made by each of these entities in conjunction with reviewing the information below. These public filings may be found at the SEC's website as <u>http://www.sec.gov</u>.

On September 29, 2023, as part of the plan to streamline and make more efficient the financial and administrative operations of certain companies associated with our Manager, our Manager, the Red Oak Capital Fund Series, LLC, a Delaware series limited liability company ("**ROCFS**"), ROCF II, ROCF IV, ROCF V, ROIOF (collectively, the "**Merging Funds**") entered into an agreement and plan of merger dated as of September 29, 2023 (the "**Merger Agreement**"). Pursuant to the Merger Agreement, each of the Merging Funds separately merged with and into the ROCFS at which time each of the funds became a separate series of the ROCFS, succeeding to and continuing to operate the existing business of the respective fund.

ROCF II commenced offering up to $50 million of bonds pursuant to an offering statement qualified with the SEC on September 4, 2018. The final closing in ROCF II's offering occurred on August 1, 2019, with all $50 million of bonds being sold. ROCF II sold bonds in two series, one maturing on August 1, 2021 ("**ROCF II Series A**") and the second maturing on August 1, 2024 ("**ROCF II Series B**").

As of September 30, 2024, ROCF II issued approximately $3.1 million and $46.9 million of ROCF II Series A and ROCF II Series B, respectively. On June 15, 2021, all of the outstanding Series A Bonds were redeemed. $2.0 million of Series B Bonds have been redeemed as of September 30, 2024.

As of April 19, 2024, an offer by ROCF II was made to exchange $1,000 in principal amount at maturity of its 9.5% Senior Secured Bonds ("**ROCF II Series C**") due 2028 for each of the ROCF II Series B Bonds. The offer was made pursuant to an exemption from registration under Section 3(a)(9) of the Securities Act of 1933, as amended. On December 2, 2024, $36,738,000 in principal amount of ROCF II Series C bonds, had been tendered in exchange and were accepted for exchange.

ROCF II paid or pays an annual management fee on an annual rate of 2.00% of the gross principal outstanding of ROCF II A Bondholders and 1.75% of gross principal outstanding of ROCF II Series B bondholders. Through September 30, 2024, $4,514,652 of management fees had been earned by the Manager. ROCF II pays an acquisition fee of 0.50% of the gross mortgage loans receivable, inclusive of any closing costs. Through September 30, 2024, $410,666 of acquisition fees had been paid. ROCF II paid organization fees calculated at 2.00% of the gross proceeds of the sale of both ROCF II Series A and ROCF II Series B bonds. Through September 30, 2024, $1,000,000 of organization fees had been paid.

ROCF II held approximately $24.1 million of mortgage loans receivable as of September 30, 2024, net of $7,541,000 in participation loans with related party lenders. This consisted of eight mortgage loans with a weighted average interest rate of 10.9%, and where the maturities ranged from September 30, 2020 to March 31, 2026, based on five loans with twelve-month terms and three loans with twenty four-month terms.

ROCF II has made all interest payments on its outstanding bonds timely to the paying agent in accordance with the terms of ROCF II's indenture and outstanding bonds. On February 1st, 2025, the ROCF II Series B bonds matured. ROCF II announced to the Series B bondholders that the ROCF II Series B bondholders would be paid off as the current loan assets and foreclosed property assets held by ROCF II as of such date were paid off or liquidated. It is unclear whether the assets identified to pay off the ROCFII Series B bondholders will be sufficient to pay the full principal amount represented by those bonds.

ROCF III commenced offering up to $50 million of bonds pursuant to an offering statement qualified with the SEC on September 18, 2019. The initial closing in ROCF III's offering occurred on September 27, 2019. The final closing in ROCF III's offering occurred on December 23, 2019, with all $50 million of bonds being sold. ROCF III sold bonds in two series, one maturing on December 31, 2022 ("**ROCF III Series A**") and the second maturing on December 31, 2025 ("**ROCF III Series B**").

As of September 30, 2024, ROCF III issued approximately $4.4 million and $45.6 million of ROCF III Series A and ROCF III Series B bonds, respectively. On September 2, 2022, all of the outstanding Series A Bonds were redeemed. $1.4 million of Series B Bonds have been redeemed as of September 30, 2024. ROCF III incurred approximately $4.5 million of debt issuance costs from the offering, of which $85,527 and $2,964,910 were incurred as commissions for ROCF III Series A and ROCF III Series B issuances, respectively.

ROCF III pays an annual management fee based on an annual rate of 1.75% of gross principal outstanding of all bonds. Through September 30, 2024, $4,111,275 of management fees had been earned by the Manager. ROCF III pays an acquisition fee of 0.50% of the gross mortgage loans receivable, inclusive of any closing costs. Through September 30, 2024, $272,506 of acquisition fees had been paid. ROCF III paid organization fees calculated as 2.00% of the gross proceeds of the sale of all bonds. Through September 30, 2024, $1,000,000 of organization fees had been paid.

As of September 30, 2024, ROCF III owned four commercial real estate properties acquired through foreclosure with an aggregate gross cost basis of $12.7 million.

ROCF III has made all interest payments on its outstanding bonds timely to the paying agent in accordance with the terms of ROCF III's indenture and outstanding bonds.

In February, 2025, ROCF III announced to the Series B bondholders that ROCF III would enter early a process of orderly liquidation and that principal and accrued interest of associated with the ROCF III Series B bonds would be paid by this liquidation process, rather than as prescribed in the ROCF III Series B bonds and indenture. It is likely that the assets held by ROCF III will not be sufficient to pay the full principal amount represented by those bonds.

ROCF IV commenced offering up to $50 million of bonds pursuant to an offering statement qualified with the SEC on January 29, 2020. The initial closing in ROCF IV's offering occurred on February 21, 2020. The final closing in ROCF IV's offering occurred on August 20, 2020, with all $50 million of bonds being sold. ROCF IV sold bonds in four series, two maturing on June 30, 2023 ("**ROCF IV Series A**" and "**ROCF IV Series Ra**") and the other two maturing on June 30, 2026 ("**ROCF IV Series B**" and "**ROCF IV Series Rb**").

As of September 30, 2024, ROCF IV issued approximately $2.2 million and $47.8 million of ROCF IV Series A and ROCF IV Series B, respectively. On June 9, 2023, all of the outstanding Series A Bonds were redeemed. $1.4 million of Series B Bonds have been redeemed as of September 30, 2024. ROCF IV incurred approximately $4.3 million of debt issuance costs from the offering, of which approximately $29,640 and $2,792,750 were incurred as commissions for ROCF IV Series A and ROCF IV Series B issuances, respectively.

ROCF IV pays an annual management fee based on an annual rate of 1.75% of gross principal outstanding of all bonds. Through September 30, 2024, $3,782,844 of management fees had been earned by the Manager. ROCF IV pays a disposition fee calculated as 1.00% of the proceeds received from the repayment of the principal amount of any of our debt investments or any other disposition of the underlying real estate. Through September 30, 2023, $615,949 of disposition fees had been paid. ROCF IV paid organization fees calculated as 2.00% of the gross proceeds of the sale of all bonds. Through September 30, 2024, $1,000,000 of organization fees had been paid.

ROCF IV held approximately $38.3 million of mortgage loans receivable as of September 30, 2024, net of $17.3 million in participation loans with related party lenders. This consisted of eight mortgage loans with a weighted average interest rate of 6.25%, an additional weighted average paid-in-kind ("**PIK**") interest rate of 0.50%, and maturities ranging from December 31, 2023 to July 31, 2026 based on twelve-month and twenty four-month terms. Some loans have two optional six-month extensions.

ROCF IV has made all interest payments on its outstanding bonds timely to the paying agent in accordance with the terms of ROCF IV's indenture and outstanding bonds.

ROCF V commenced offering up to $75 million of bonds pursuant to an offering statement qualified with the SEC on August 13, 2020 and requalified on September 13, 2021. The initial closing in ROCF V's offering occurred on September 23, 2020. The final closing in ROCF V's offering occurred on August 23, 2022. ROCF V sold bonds in four series, two maturing on December 31, 2026 ("**ROCF V Series A**" and "**ROCF V Series A R**") and the other two maturing on December 31, 2027 ("**ROCF V Series B**" and "**ROCF V Series B R**").

As of September 30, 2024, ROCF V issued $37,682,000 and $2,685,000 of ROCF V Series A and A R, respectively, and $32,054,000 and $2,552,000 of Series B and B R, respectively. ROCF V had incurred approximately $6.4 million of debt issuance costs from the offering, of which approximately $2.3 million and $1.9million were incurred as commissions.

ROCF V pays an annual management fee based on an annual rate of 1.75% of gross principal outstanding of all bonds. Through September 30, 2024, $3,997,407 of management fees had been earned by the Manager. ROCF V pays disposition fees calculated at 1.00% of the proceeds received from the repayment of the principal amount of any of our debt investments or any other disposition of the underlying real estate. Through September 30, 2024, $442,069 of disposition fees had been paid. ROCF V paid organization fees calculated at 2.00% of the gross proceeds of the sale of all bonds. Through September 30, 2024, $1,499,960 of organization fees had been paid.

ROCF V held approximately $42.6 million of mortgage loans receivable as of September 30, 2024, net of $8,142,000 in participation loans with related party lenders. This consisted of seven mortgage loans with a weighted average interest rate of 8.60%, an additional paid-in-kind interest rate weighted average of 1.44%, and maturities ranging from October 12, 2023 to March 31, 2026.

As of September 30, 2024, ROCF V owned one commercial real estate property acquired through foreclosure with an aggregated gross cost basis of $10.3 million.

ROCF V has made all interest payments on its outstanding bonds timely to the paying agent in accordance with the terms of ROCF V's indenture and outstanding bonds.

ROIOF commenced offering up to $150 million of bonds pursuant to an unregistered offering on July 27, 2020. The initial closing in ROIOF's offering occurred on September 23, 2020. The final closing in ROIOF's offering occurred on June 22, 2023. ROIOF sold bonds in seven series, two maturing on June 30, 2026 ("**ROIOF CORE 20**" and "**ROIOF CORE-R 20**"), two maturing on June 30, 2027 ("**ROIOF CORE 21**" and "**ROIOF CORE-R 21**"), and three maturing on June 30, 2028 ("**ROIOF CORE 22**", "**ROIOF CORE-R 22**", and "**ROIOF SIF**")

As of September 30, 2024, ROIOF issued $7,729,000, $32,442,000, $27,435,000, and $2,236,000 of ROIOF CORE 20, ROIOF CORE 21, ROIOF CORE 22, and ROIOF SIF, respectively. ROIOF had incurred approximately $5.7 million of debt issuance costs from the offering, of which approximately $3.4 million was incurred as commissions.

ROIOF pays an annual management fee based on an annual rate of 1.75% of the total principal amount of the bonds outstanding. Through September 30, 2024, $3,396,877 of management fees had been earned by the Manager. ROIOF pays disposition fees calculated at 1.00% of the proceeds received from the repayment of the principal amount of any of our debt investments or any other disposition of the underlying real estate. Through September 30, 2024, $200,700 of disposition fees had been paid. ROIOF paid organization fees calculated at 2.00% of the gross proceeds of the sale of all bonds. Through September 30, 2024, $1,332,700 of organization fees had been paid.

ROIOF held approximately $52.8 million of mortgage loans receivable as of September 30, 2024, net of $11,662,500 in participation loans with related party lenders. This consisted of ten mortgage loans with a weighted average interest rate of 8.24%, an additional paid-in-kind interest rate weighted average of 1.43%, and maturities ranging from May 1, 2024 to May 31, 2026.

ROIOF has made all interest payments on its outstanding bonds timely to the paying agent in accordance with the terms of ROIOF's indenture and outstanding bonds.

ROCIIF commenced offering up to $75 million of bonds pursuant to an offering statement qualified with the SEC on December 28, 2020 and requalified on January 11, 2022, January 23, 2023, and July 19, 2023. The initial closing in ROCIIF's offering occurred on May 24, 2021. The final closing in ROCIIF's offering occurred on April 22, 2024. ROCIIF sold bonds in six series: Series A, Series B, Series C, Series D, Series E, and Series F. Each series of bonds will mature on the date which is the last day of the 30th month from the initial issuance date of bonds in such series.

As of September 30, 2024, ROCIIF sold $3,514,000 of Series A Bonds, $5,900,000 of Series B Bonds, $7,764,000 of Series C Bonds, $1,330,000 of Series D Bonds, and $2,655,000 of Series E Bonds. ROCIIF had $1,504,000 of Series A Bonds rollover to Series F Bonds on September 30, 2023. ROCIIF incurred $156,723 of debt issuance costs from the offering, of which zero commissions were incurred.

ROCIIF pays an annual asset management fee based on an annual rate of 0.25% of gross principal outstanding of all bonds. Through September 30, 2024, $111,844 of management fees had been earned by the Manager. ROCIIF paid organization fees calculated as 0.50% of the gross proceeds of the sale of all bonds. Through September 30, 2024, $102,225 of organization fees had been paid.

ROCIIF held approximately $11.5 million of mortgage loans receivable as of September 30, 2024. This consisted of six minority loan participations where the weighted average interest rate was 7.6% and maturities ranged from February 28, 2024 through April 26, 2025, based on underlying loan agreements.

ROCIIF has made all interest payments on its outstanding bonds timely to the paying agent in accordance with the terms of ROCIIF's indenture and outstanding bonds.

ROCF VI commenced offering up to $35 million of bonds pursuant to an offering statement qualified with the SEC on January 24, 2023 (the "**Bond Offering**") and $40 million in Series A preferred interests ("**Series A Preferred Units**") pursuant to an offering statement qualified with the SEC on January 26, 2023 (the "**Preferred Offering**"). The initial closing in ROCF VI's Bond Offering occurred on January 27, 2023 and the initial closing in ROFC VI's Preferred Offering occurred on January 27, 2023. The final closing in ROCF VI's Bond Offering and Preferred Offering occurred on January 22, 2024. ROCF VI sold bonds in two series, each maturing on December 31, 2028 ("**ROCF VI Series A**" and "**ROCF VI Series Ra**").

As of September 30, 2024, ROCF VI issued $28,677,000 and $530,000 of Series A and Ra Bonds, respectively, and $19,249,000 of Series A Preferred Units. ROCF VI incurred approximately $2.4 million of debt issuance costs from the offering, of which approximately $1.4 million was incurred as commissions for ROCF VI Series A Bonds. ROCFVI incurred approximately $1.3 million of syndication costs from the Series A Preferred offering, of which approximately $0.8 million was incurred as commissions for ROCF VI Series A Preferred Units.

ROCF VI pays an annual management fee based on an annual rate of 1.00% of (i) all capital contributions of the holders of Series A Units, net of any amounts invested at that time in loans or debt instruments, plus (ii) the outstanding principal amount of each loan or real estate debt instrument then held, including loans secured by real estate owned as a result of borrower default. Through September 30, 2024, $611,218 of management fees had been earned by the Manager. ROCF VI pays a disposition fee calculated as 0.50% of the proceeds received from the repayment of the principal amount of any of our debt investments or any other disposition of the underlying real estate. Through September 30, 2024, no disposition fees had been paid. ROCF VI paid organization fees calculated as 2.00% of the gross proceeds of the sale of all Bonds and Series A Preferred Units. Through September 30, 2024, $969,120 of organization fees had been paid.

ROCF VI held approximately $38.7 million of mortgage loans receivable as of September 30, 2024, net of $7,262,500 in participation loans with related party lenders. This consisted of five mortgage loans where the weighted average interest rate was 9.3% and maturities ranged from March 31, 2025 through May 31, 2026 based on one loan with a twelve-month term and four loans with twenty four-month terms.

ROCF VI has made all interest payments on its outstanding bonds timely to the paying agent in accordance with the terms of ROCF VI's indenture and outstanding bonds.

ROCF VII commenced offering up to $75 million of bonds pursuant to an offering statement qualified with the SEC on July 26, 2024. As of September 30, 2024, ROCF VII has not held an initial closing in its offering. ROCF VII is selling bonds in one series ("**ROCF VII Series A**"), maturing on December 31, 2029 and bearing interest of 8.0%.

ROCF VII pays an annual management fee based on an annual rate of 1.00% of the outstanding principal amount of each loan or real estate debt instrument held, including loans secured by real estate owned as a result of borrower default. ROCF VII pays disposition fees calculated at 0.50% of the proceeds received from the repayment of the principal amount of any of our debt investments or any other disposition of the underlying real estate. ROCF VII pays organization fees calculated at 2.00% of the gross proceeds of the sale of all bonds. ROCF VII has not paid any management fees, disposition fees, or organization fees through September 30, 2024.

As of September 30, 2024, ROCF VII did not hold any mortgage loans receivable or commercial real estate property.

ROIOF II commenced offering up to $300 million of bonds pursuant to an unregistered offering on August 5, 2024. As of September 30, 2024, ROIOF II has not held an initial closing in its offering. ROIOF II is selling bonds in one series ("**ROIOF II Series A**"), maturing on June 30 of the fourth year following the year of issuance and bearing interest of 8.5%.

ROIOF II pays an annual asset management fee based on an annual rate of 1.75% of the total principal amount of the Bonds outstanding, plus the aggregate principal amounts of any loans funded by the company from other capital sources. ROIOF II pays disposition fees calculated at 1.00% of the proceeds received from the repayment of the principal amount of any of the company's debt investments or any other disposition of the underlying real estate. ROIOF II pays organization fees calculated at 2.50% of the gross proceeds of the sale of all bonds. ROIOF II has not paid any management fees, disposition fees, or organization fees through September 30, 2024.

As of September 30, 2024, ROIOF II did not hold any mortgage loans receivable or commercial real estate property.

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VIII. 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 termination of the Fund for tax purposes under applicable federal, state, local or non-US law; (b) result in violation of the Securities Act or any comparable provision under state or provincial law; (c) require the Fund to register as an investment company under the Investment Company Act of 1940, as amended; (d) 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; (e) result in a termination of the Fund's status as a partnership for tax purposes; (f) 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 (g) 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.

Plan Investor Transfers

Notwithstanding other discussions of transfers herein, the Fund and the Plan Investors must comply with all fiduciary requirements and restrictions set forth in ERISA as it relates to all transfers of interests. Plan Investors must ensure that any transfer of their interests complies with the prohibited transaction rules under ERISA and the Code, including, but not limited to, restrictions involving parties in interest and disqualified persons. Any transfer that violates ERISA, the Code, or any other law or regulation will be void and have no effect.

In addition to the transfer restrictions described herein, the following conditions apply to transfers involving Plan Investors:

- **ERISA Compliance**: Any transfer of interests by a Plan Investor must not result in a prohibited transaction under Section 406 of ERISA or violate any other ERISA rule, including the "party in interest" rules or the "disqualified person" provisions.
- **Restrictions on Transfers to Disqualified Persons**: The transfer of interests by Plan Investors to "disqualified persons" (as defined under Section 4975 of the Code) is prohibited. Disqualified persons include individuals or entities with a relationship to the Plan that would result in a prohibited transaction under ERISA. Prior to any transfer, the Plan Investor must confirm that the transferee is not a

disqualified person.

- **ERISA Plan Eligibility**: The transferee of any Plan Investor's interests must meet the eligibility requirements for ERISA, including the ability to make an ERISA-compliant investment under the Fund's structure and comply with all ERISA-related restrictions. Any transferee who is not an eligible Plan Investor may not be permitted to hold interests in the Fund.

IX. Additional Information

Disclosures Regarding the Management Fee

The Managing Member or its designee will receive an annual management fee (the "**Management Fee**") equal to 1.25% of Invested Capital. The Management Fee is payable quarterly in advance. No acquisition, disposition or financing fees are charged by the Managing Member to the Fund.

The Management Fee is designed to compensate the Managing Member for the ongoing oversight, administration, and management of the Fund's investments, including strategic decision-making, monitoring investments, and ensuring compliance with applicable regulations. The Management Fee structure if fixed and directly tied to the amount of Invested Capital, ensuring that the Managing Member's compensation is aligned with responsibly investing the capital contributions of investors. Importantly, the Management Fee is not subject to any acquisition, disposition, or financing fees, which means the Fund will not incur additional charges related to the transactional activities of the Fund. As a result, the Management Fee is transparent, consistent, and focused solely on the management and operational responsibilities of the Managing Member.

This fee structure has been structured to comply with the ERISA fiduciary standards. The absence of acquisition, disposition, and financing fees supports the reasonableness of the Management Fee and that it does not impose additional burdens on the Fund's assets. Additionally, the fixed, percentage-based nature of the Management Fee provides predictability and transparency for Plan Investors, while remaining within industry standards for management fees in this type of fund. Please see below for additional information on the Management Fee:

- **Reasonableness of the Management Fee**: The Management Fee of 1.25% of Invested Capital is within the acceptable range of funds of similar size and investment strategy. This Management Fee reflects the costs of services rendered by the Managing Member, including the oversight and administration of the Fund, asset management, and the strategic direction of the investment portfolio. This Management Fee is assessed on invested capital, which aligns with the Managing Members incentives to responsibly manage the Funds growth and performance.
- **Absence of Other Types of Fees**: In recognition of fiduciary responsibility under ERISA, the Fund does not charge acquisition, disposition, or financing fees. This structure minimizes potential conflicts of interest and ensures that the Fund's management is incentivized to act in the best interests of the Plan Investors, as no additional fees will be paid to the Managing Member for completing transactions related to acquisitions, dispositions, or financing. This provides transparency and aligns the interests of the Managing Member with the performance and long-term growth of the Fund.
- **Fiduciary Duty Compliance**: The management fee structure is designed to comply with ERISA's fiduciary duty requirements, including the duty of prudence and loyalty. The Managing Member's compensation is fixed and reasonable, ensuring that the fee is not excessive or disproportionate to the services provided. Additionally, the fee is structured to align with industry standards, demonstrating that it is in the best interest of the ERISA plan participants and the Fund.
- **Quarterly Payment Schedule**: The fee is charged quarterly in advance to facilitate the smooth management of the Fund's operations. This helps remove any financial burden or disadvantage to the Fund. This timing also supports the efficient cash management of the Fund, which is important for maintaining liquidity and ensuring the Fund operates in an economically responsible manner.
- **No Conflicts of Interest**: The sole management fee structure ensures that the Managing Member's financial interests are aligned with the overall success of the Fund, as they are compensated based on the amount of invested capital rather than the frequency or value of transactions.

Disclosures Regarding Distributions

Distributions of the Fund's distributable proceeds are expected to be made on at least a quarterly basis amongst the Members, and distributed as follows:

a) First, 100% to the Members *pro rata* in proportion to their respective Fund Percentages in an amount equal to an annual preferred return of 8.5%, which will accrue on a cumulative but non-compounding basis (the "**Preferred Return**");

b) Second, after payment of all accrued but unpaid preferred returns, 90% to the Non-Managing Members, with the balance paid to the Managing Member (such payments to the Managing Member the "**Promote**").

The distributions and Promote structure provide a clear incentive to the Managing Member to act in the Member's best interests and ensure the Members receive their return before any performance-based compensation is distributed to the Managing Member as Promote. Please see below for additional information on the distributions and Promote structure:

- **Reasonability**: For the Plan Investors, the Promote structure ensures that the investors, particularly the Plan Investors, are prioritized in terms of receiving the Preferred Return. This mitigates concerns about fairness and transparency. By guaranteeing a minimum Preferred Return before any profit-sharing arrangements, this structure helps protect the Members and ensures they are receiving a predicable, Preferred Return on their investment, which is consistent with investment goals.
- **ERISA Compliance Considerations**: The Preferred Return structure is consistent with fiduciary responsibilities under ERISA, as it prioritizes the investors interests by ensuring they receive a fixed, contractual return before any Promote is paid to the Managing Member. ERISA fiduciaries are expected to act in the best interests of plan participants, and this Preferred Return structure ensures that plan participants receive a clear and guaranteed return on their capital before the fund manager is compensated for performance.
- **Alignment of Interests**: The Promote structure aligns the interests of the Managing Member with the Plan Investors. The Managing Member is only compensated for successfully generating profits above the Preferred Return, which is guaranteed to the Plan Investors. This aligns the Managing Member's incentives with those of the Plan Investors: the Managing Member only benefits from the Promote after all Members have received their preferred return, ensuring that the focus remains on generating performance.
- **Transparency**: ERISA requires the fees and compensation structures be reasonable and transparent. This distribution framework is clear, with no hidden fees or excessive charges. The structure is easy to understand for Plan Investor fiduciaries, enabling them to evaluate whether the terms are appropriate and whether the Promote aligns with the Fund's performance.

The Managing Member will also undertake the following steps as it relates to the Promote and maintaining the best interests of the Non-Managing Members.

- **Reasonableness Opinion**: The Managing Member will retain a third-party evaluation of the Promote to confirm it is in-line with the industry standards. The Managing Member will also update the opinion annually to ensure the Promote remains reasonable.
- **Independent Calculation**: The Managing Member will rely on the auditors of the Fund, or another independent third party, to ensure the Promote is calculated accurately and correctly.
- **Performance Hurdles**: The Promote will not be paid until each Non-Managing Member has received the Preferred Return to show that the Managing Member is prioritizing the returns of the Non-Managing Members.
- **Clawback**: As described above, in the event the Managing Member receives more Promote than it is entitled to receive, then it will return such amounts directly to the Non-Managing Members.

Disclosures Regarding Expenses

The Fund Expenses will only be charged to the Fund if they meet the ERISA requirements to be reasonable, necessary, and in the best interests of the beneficiaries of the Plan Investors. Please see below for additional information regarding some of the Fund Expenses:

- **Operational and Administrative Expenses**: The expenses related to legal counsel, consultants, accountants, administrators, etc. are common and necessary for the functioning of the Fund. The Managing Member will limit these types of expenses to those that are a necessity for the operation of the Fund and will ensure the expenses are at market rates.
- **Transaction Related Expenses**: These expenses are related to finder's fees for investment opportunities, advisory fees for transaction structuring, and due diligence costs. The Managing Member will ensure these expenses are directly related to the Fund's investment activities and the costs are at market rates.
- **Insurance Costs**: Insurance expenses are standard and necessary for protecting the Fund from potential liabilities. The Managing Member will ensure the costs of insurance are reasonable and market based, and that the coverage is appropriate for the Fund's risk profile and activities.
- **Other Fund Expenses**: For all Fund Expenses, the Managing Member will only charge the Fund for Fund Expenses that are reasonable, at market rates, and in the best interests of investors.

X. Certain Terms of the Fund LLC Agreement

*The following summary describes material provisions of the Amended and Restated Limited Liability Company Agreement of the Fund (the "**Fund LLC Agreement**"), but it is not a complete description of the Fund LLC Agreement, a copy of which is included as Exhibit A to the Memorandum.*

Management

Our Managing Member has the sole and exclusive right to manage, control, and conduct the business of the Fund and to do any and all acts on behalf of the Fund, including any exercise of rights to (i) cause the Fund to make any loans, (ii) make and revoke such tax elections (including an election under Section 754 of the Code and similar provisions state and local and non-U.S. tax law) as the Managing Member shall deem appropriate, and (iii) cause the Fund to sell or dispose of one or more Fund assets, and distribute the proceeds therefrom in accordance with the terms of this Agreement.

The Non-Managing Members shall take no part in the control or management of the business or affairs of the Fund nor shall the Non-Managing Members have any authority to act for or on behalf of the Fund except as is specifically permitted by the Fund LLC Agreement.

The Managing Member may, in its sole and absolute discretion, seek the consent of the Non-Managing Members with respect to actions of the Fund and, unless otherwise specifically provided therein, the vote or consent of a Majority in Interest of the Non-Managing Members shall bind the Fund and the Members with respect thereto.

Limitation on Fiduciary Duties and Indemnification

To the fullest extent permitted under the Delaware Limited Liability Company Act and applicable case law and to the extent not contrary to any laws or regulations under ERISA, any fiduciary duties that the Manager and the Members may have to the Fund or the other Members have been eliminated; provided, however, that such elimination of fiduciary duties does not extend to acts or omissions that constitute a violation of the implied contractual covenants of good faith and fair dealing. In addition, nothing in our Operating Agreement precludes our Manager or designated officers or any affiliates thereof from acting, as a director, officer or employee of any corporation, a trustee of any trust, an executor or administrator of any estate, a member of any company or an administrative official of any other business entity, or from receiving any compensation or participating in any profits in connection with any of the foregoing, and neither our Fund nor any member shall have any right to participate in any manner in any profits or income earned or derived by our Manager or any affiliates thereof, from or in connection with the conduct of any such other business venture or activity. Our Manager, our designated officers or any affiliates thereof may engage in or possess an interest in any other business or venture of any nature or description; and no member or other person or entity shall have any interest in such other business or venture by reason of its interest in our Fund.

In conducting business activities or acquiring business interests whether similar to or different from those of the Fund, the Managing Member and its members, managers, employees and their respective Affiliates shall, except as expressly provided to the contrary herein, be under no duty or obligation to make any investment or other business opportunity available to the Fund. To the greatest extent permitted by applicable law, the Managing Member shall not be prevented from offering any investment opportunity to any other investment vehicles managed by the Managing Member or any of its Affiliates without offering any such opportunity to the Fund.

The Fund may enter into (i) contracts and transactions with any of the Managing Member and its Affiliates relating to the making of any loans, and (ii) any contracts and transactions with any of the Managing Member and its Affiliates not authorized or contemplated by this Agreement; *provided* that, in each case referred to in the preceding clause (ii), the Managing Member has determined that the terms of such contracts and transactions are commercially reasonable.

Our Manager has no liability to our Fund or to any Member for any claims, costs, expenses, damages, or losses suffered by our Fund which arise out of any action or inaction of the Manager if the Manager meets the following standards: (i) the Manager performed its managerial duties in good faith and in a manner it reasonably believed to be in the best interests of the Fund and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances, and (ii) such course of conduct did not constitute fraud, deceit, gross negligence, reckless or intentional misconduct, or a knowing violation of law by the Manager. These exculpation provisions in our Operating Agreement are intended to protect our Manager from liability when exercising their business judgment regarding transactions we may enter into.

Insofar as the foregoing provisions permit indemnification or exculpation of our Managers, executive officers or other persons controlling us from liability arising under the Securities Act, we have been informed that in the opinion of the SEC this indemnification and exculpation is against public policy as expressed in the Securities Act and is therefore unenforceable.

Valuation

All valuations of any assets and liabilities shall be at fair market value, as determined by the Managing Member in good faith considering any and all factors as it may deem appropriate. Except as may be required under applicable Treasury Regulation, no value shall be placed on the goodwill or the name of the Fund in determining the value of any Member's interest in the Fund or in any accounting.

Amendments to Fund LLC Agreement

The Fund LLC Agreement may be amended only with the written consent of the Managing Member and a Majority in Interest of the Members. No amendment, however, may (i) disproportionately and adversely affect the interest of any Member in the Fund in a manner different from other Members, without the consent or such Member, (ii) modify any provision with respect to Plan Investors, unless each such Member has consented to such amendments, or (iii) amend any provision requiring the consent of greater than a Majority in Interest of the Members without the consent of such higher Percentage in Interest of the Members.

Amendments may be made to this Agreement from time to time by the Managing Member without the consent of any other Member: (a) to correct any typographical or similar ministerial errors; (b) to delete, modify a add any provision of this Agreement required to be so deleted, modified or added by, or fix compliance with, applicable law or the interpretation thereof; (c) to cure any mistake or ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement that are not inconsistent with the provisions of this Agreement; (d) to take such actions as may be necessary (if any) to ensure that the Fund will be treated as a partnership for federal income tax purposes; (e) to take such actions as may be necessary (if any) to ensure that neither the Fund nor the Managing Member are in violation of ERISA or the Investment Company Act or 1940, as amended; (f) to satisfy any requirements, conditions, guidelines or opinions contained any opinion, directive, order, ruling or regulation of the Securities and Exchange Commission the Internal Revenue Service or any other U.S. federal or state or non-U.S. governmental agency, or in any U.S. federal or state or non-U.S. statute, compliance with which the Managing Member deems to be in the best interest of the Fund; (g) to reflect changes validly made in the membership of the Fund, Capital Contributions of Members and the acquisitions and transfer of membership interests as provided in Article 4 and Article 9; and (h) as may be necessary or advisable for the Managing Member and/or any Affiliate(s) thereof to comply with the Investment Advisers Act, and any anti-money laundering or anti-terrorist laws, rules, regulations, directives or special measures. The Managing Member shall provide prompt written notice of any such amendments to the Members.

Arbitration

In executing the Fund LLC Agreement, Non-Managing Members agree that any claim, dispute or controversy related to the Fund shall be resolved by final and binding arbitration before a single arbitrator selected from and administered by the American Arbitration Association or its successor in Charlotte, North Carolina or such other venue as is mutually agreed upon by the parties to such arbitration. To the extent any arbitration requirement would violate ERISA, the Plan Investors shall not be required to participate in arbitration.

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XI. Certain Investment Considerations/Risk Factors

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. ERISA Considerations," "Section XII. Certain U.S. Federal Income Tax Considerations" and "Section XIII. Certain Regulatory 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.

Limited Operating History.

Although the Fund's management has extensive experience in the real estate financing market, the Fund was formed on February 22, 2022, and since then has been raised $9,486,627. As such, the operating history of the Fund is limited and is likely of limited utility in helping to evaluate the Fund's likely performance going forward, particularly in light of the equity sought in this Offering or the leverage intended to be used in funding future operations. 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 returns 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.

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 XII, "*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.

XII. ERISA Considerations

ERISA Risk Factors

ERISA Plan Investor Compliance Risks

- **ERISA Fiduciary Responsibility**: Plan Investors are subject to fiduciary duties under ERISA, including the duty to act solely in the interest of plan participants and beneficiaries. The Fund's investment strategy, structure, and fees must be evaluated by Plan Investors to ensure compliance with these fiduciary duties. There is a risk that a Plan Investor may not fully comply with its fiduciary obligations when investing in the Fund, potentially leading to breaches of fiduciary duty and personal liability. Plan Investors should carefully consider whether investing in the Fund aligns with their fiduciary responsibilities.
- **Prohibited Transactions**: The Fund is structured to avoid prohibited transactions under ERISA, but there is no guarantee that every investment by the Fund will be free from prohibited transactions. Plan Investors must ensure that their investments in the Fund do not violate ERISA's prohibited transaction rules, including transactions involving "parties in interest" or "disqualified persons." Any violations of the prohibited transaction rules could result in significant penalties, including excise taxes and disqualification of the ERISA plan's tax-advantaged status. The Fund and its Managing Member will take reasonable steps to avoid such violations, but the ultimate responsibility rests with the Plan Investor.
- **Restricted Transferability of Interests**: Interests in the Fund are generally illiquid and non-transferable. Transfers of Interests by Plan Investors are subject to restrictions designed to ensure compliance with ERISA's prohibited transaction and fiduciary duty requirements. These restrictions may limit the ability of Plan Investors to transfer or exit their investments. There is a risk that Plan Investors may not be able to transfer their Interests at the desired time or on favorable terms, which could affect their ability to achieve liquidity when needed.
- **ERISA Plan Investor Withdrawal Restrictions**: Plan Investors may be subject to additional withdrawal restrictions due to their obligations under ERISA. These restrictions may include liquidity and prudence requirements that limit the ability of Plan Investors to redeem or withdraw their investments. While the Fund may offer periodic redemption opportunities, such opportunities may be limited, subject to delays, or unavailable depending on the structure of the Fund's investments. As a result, Plan Investors may not be able to liquidate their investments when they need to or in response to changes in market conditions or other factors.

Legal and Regulatory Risks

- **Changes in ERISA or Tax Laws**: ERISA and related tax laws are subject to change, and any such changes could adversely affect the Fund's ability to accept or retain Plan Investors. If the regulatory environment changes, it could result in increased compliance costs or additional restrictions on the Fund's investments or operations. Changes in ERISA's fiduciary duty requirements, prohibited transaction rules, or tax-exempt status for retirement plans could materially impact the Fund's operations, its compliance with ERISA, and the value of Plan Investors' investments. Plan Investors should consider the potential impact of such changes on their investment.
- **Potential Conflicts of Interest**: Investments by Plan Investors are subject to intense scrutiny by regulatory bodies, including the DOL and IRS. The Fund may be subject to audits or investigations to ensure compliance with ERISA, and any violations identified could lead to fines, penalties, or corrective actions that could harm the Fund and its investors. This scrutiny may increase administrative costs and create delays in the Fund's ability to manage its investments or make distributions.

Investment and Market Risks

- **Illiquidity of Interests**: Interests in the Fund are illiquid, and Plan Investors may not be able to readily sell or transfer their interests. The Fund does not offer a public market for the interests, and any sale or transfer of Interests is subject to approval by the Managing Member. Additionally, redemption opportunities, if any, may be limited, delayed, or subject to conditions designed to maintain ERISA compliance or protect the interests of other investors. Plan Investors should not expect to be able to liquidate their investments easily and may face significant delays or restrictions in accessing their invested capital.

- **Risk of Loss of Capital**: Investments in the Fund are speculative, and there is a significant risk of loss of capital. The Fund's investments may be subject to substantial volatility and may not achieve the desired returns. While the Managing Member will seek to manage risk and identify attractive investment opportunities, there is no guarantee that the Fund will achieve its investment objectives or generate positive returns. Plan Investors should be prepared for the possibility of a total loss of their invested capital. The Fund may experience periods of underperformance or losses relative to broader market indices or benchmarks.
- **Lack of Control of Investments**: Plan Investors will have limited control over the day-to-day management of the Fund and the decisions made by the Managing Member. While Plan Investors may have voting rights in certain circumstances as outlined in the Fund's governing documents, the Managing Member has broad discretion in making investment decisions. Plan Investors may not have input into, or approval rights over, specific investments or strategies undertaken by the Fund. This lack of control may limit Plan Investors' ability to influence the Fund's strategy or protect their interests.
- **Limited Investment Strategy**: The Managing Member will not adopt a different investment strategy than the strategy described herein. Further, the Managing Member will not pursue investment strategies that it deems are higher risk to investors. This limitation of the investment strategy of the Fund ensure the Managing Member will not pursue riskier investments that may create higher returns but also create greater losses. This means the returns could be lower than an investment strategy that varies from the strategies described herein.

ERISA Specific Risks

- **ERISA Compliance Costs**: The Fund's ERISA compliance efforts may increase administrative and operational costs, which could reduce the overall returns to ERISA plan investors. These compliance costs may include legal, audit, and regulatory fees associated with ensuring the Fund meets ERISA's fiduciary, prohibited transaction, and other regulatory requirements. Plan Investors should consider whether the costs associated with ERISA compliance are acceptable in light of their investment goals and fiduciary obligations.
- **DOL Guidance and Interpretations**: The DOL periodically issues new guidance or interpretations of ERISA, which may affect how the Fund operates or how ERISA plan assets can be invested. While the Fund seeks to comply with existing DOL regulations and interpretive guidance, changes in these guidelines could result in additional compliance costs or restrictions on the Fund's investment strategy. Plan Investors should remain aware of such changes and assess their impact on the Fund. The DOL may interpret ERISA provisions in a manner that could result in unexpected restrictions or penalties for the Fund or its investors.
- **ERISA Plan Investor Risks Regarding Fiduciary Duty**: Plan Investors must ensure that their investments in the Fund satisfy the "prudent man" standard of care under ERISA and comply with other fiduciary obligations. There is a risk that an Plan Investors may not adequately assess the Fund's risks or the prudence of its investment strategies, or that the Fund's investment structure may not meet the investor's fiduciary duty requirements. Failure to comply with ERISA's fiduciary duty could lead to violations of ERISA, which may result in penalties, lawsuits, or other consequences for the investor.

Operational and Management Risks

- **Dependance on the Managing Member**: The Fund is dependent on the expertise and management of the Managing Member, and there is a risk that the Managing Member may make investment decisions that do not align with the interests of Plan Investors. If the Managing Member is unable to effectively manage the Fund or make prudent investment decisions, it could result in poor performance or other adverse outcomes for Plan Investors. The Managing Member may also face conflicts of interest that could affect its ability to manage the Fund in a manner that prioritizes the interests of Plan Investors.

- **Operational Risks**: The Fund may face operational risks associated with the execution of its investment strategy, including risks related to valuation, liquidity management, and reporting. Any failure by the Fund or its service providers to adequately address these operational risks could result in financial losses, operational inefficiencies, or legal complications that negatively affect Plan Investors. Additionally, the Fund’s reliance on third-party service providers, such as custodians, auditors, and administrators, may introduce operational risks if these service providers fail to perform their duties properly.

XIII. 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.**

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XIV. Certain Regulatory 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.

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XV. 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 IX 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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