

Do NOT COPY OR CIRCULATE

CONFIDENTIAL
PRIVATE PLACEMENT MEMORANDUM

CENTRAL FLORIDA INCOME FUND, LLC

MEMBERSHIP UNITS and SECURED NOTES

February 1, 2024

**401 S Florida Ave
Lakeland, FL 33803**

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF CENTRAL FLORIDA INCOME FUND, LLC (THE "FUND"), AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE UNITS OR NOTES OR DETERMINED IF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE UNITS AND NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, AND EITHER THE FUND'S OPERATING AGREEMENT OR THE NOTE, AS APPLICABLE. YOU WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN UNITS FOR AN INDEFINITE PERIOD OF TIME AND AN INVESTMENT IN NOTES FOR THE DURATION OF SUCH NOTE'S TERM.

Important Considerations

This Confidential Private Placement Memorandum (the "PPM") is being provided to select qualified prospective Investors (the "Investor" or "Investors") on a confidential basis solely in connection with the consideration of the purchase of (i) units of limited liability company interests (the "Membership Units" or the "Units") in, and/or (ii) notes (the "Notes") issued by Central Florida Income Fund, LLC (the "Fund", the "Company", or "we"), which is managed by GTO Capital, LLC (the "Manager" or "GTO"). *If you are not an "accredited investor" as defined by the Regulation D of the Securities Act of 1933, as amended (the "Act" or Securities Act"), please immediately return this PPM.*

In making an investment decision, prospective Investors must rely on their own examination of the Units and Notes and the terms of the Offering, including the merits and risks involved. The information contained in this PPM has been compiled from sources believed to be reliable by the management of the Fund.

The Units and Notes offered hereby are speculative and involve certain risks. See "Risk Factors." There is no public market for the Units and Notes, nor will one develop following this Offering. The fact that the price of the Units and Notes may fluctuate does not imply a public market of the Units and Notes. The Units and Notes are subject to transfer restrictions.

The information contained herein is deemed to be confidential by the Fund, has not been publicly released, and is disclosed for the sole purpose of evaluating the Units and Notes offered to prospective Investors. No person has been authorized to give any information or to make any representations about the Fund that are not contained in this PPM. Any such information or representation that is so given or received must not be relied upon by any Investor. The information contained in this PPM may not be provided to persons who are not directly concerned with an investor's decision regarding the Units and/or Notes. The Investor, by accepting delivery of this PPM, agrees to return it and all related documents to the Manager if the recipient does not subscribe for Units and/or Notes. All of the information in this PPM is nonpublic, confidential and proprietary in nature, and the disclosure of any information in this PPM could cause harm to the Manager, the Fund, and other parties.

The Units and Notes are suitable only for sophisticated Investors for whom an investment in the Fund does not constitute a complete investment program and who fully understand, are willing to assume, and have the financial resources necessary to withstand the risks involved in the investment program in which the Fund will engage. Accordingly, distribution of this PPM, and offers and sales of securities referred to herein, are limited to persons who meet certain suitability requirements. Each Investor will be required to make certain representations to the Fund, including representations as to investment intent, degree of sophistication, having access to information concerning the Fund, and ability to bear the economic risk of the investment.

This PPM does not constitute an offer or a solicitation in any state or other jurisdictions in which, or to any person to whom, such an offer or solicitation would be unlawful or is not authorized. This PPM may be relied upon only by the original person to whom it is delivered, and no other use or distribution of this PPM or the information contained herein is authorized. This PPM may not be copied and must be returned to the Fund if the Investor does not subscribe for any Units or Notes or if his, her or its subscription offer is rejected by the Fund.

The contents hereof are not to be construed as tax, legal, or investment advice. Each prospective Investor should consult his, her, or its own counsel, accountant, business, or other advisors as to the tax, legal, economic, and other consequences of the purchase of the Units and Notes offered hereby.

This PPM may contain projections which are predictions of future events that may or may not occur. Although all such projections, if any, are based on assumptions that the Fund believes are reasonable there can be no assurance that they will in fact prove to be correct. Consequently, they must not be relied upon to indicate, or guarantee, any actual results that may be realized.

No person is authorized by the Fund to give any information or make any representation other than those contained in this PPM in connection with the Offering made hereby, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fund. Neither delivery of this PPM nor any sale made hereunder, under any circumstances, creates any implication that the information contained herein is correct as of any time subsequent to the date hereof.

The Fund has agreed to make available to each prospective Investor and to his, her, or its representative(s), or both, the opportunity, prior to the consummation of a sale of Units and Notes to such prospective Investor, to ask questions of and receive answers from the principals of the Manager concerning the terms and conditions of this Offering and to obtain any additional information, to the extent they possess such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy and completeness of the information set forth herein. Inquiries should be directed to Andrew Boccia at Andrew@centrallending.com or 863.397.8663.

The obligations of the Manager and the Members (as defined later) of the Fund are set forth in and will be governed by a the Second Amended and Restated operating agreement of the Fund (the "Operating Agreement"), and a subscription agreement that includes an Investor Suitability Statement (as defined later) and a Bad Actor Events Questionnaire (collectively, the "Unit Subscription Agreement") relating to the Units (the Operating Agreement and Unit Subscription Agreement are referred to collectively as the "Member Subscription Booklet"). The obligations of the Manager and the Note Holders of the Fund are set forth in and will be governed by the sample promissory note (the "Note"), an Intercreditor Agreement (the "Intercreditor Agreement") and subscription agreement that includes an Investor Suitability Statement (as defined later) ("Note Subscription Agreement") relating to the Note (the Note, Intercreditor Agreement, Note Subscription Agreement collectively are referred to collectively as the "Note Holder Subscription Booklet"). The Member Subscription Booklet and the Note Holder Subscription Booklet will collectively be called the "Subscription Booklets." Each of the Unit Subscription Agreement and Note Subscription Agreement may sometimes be referred to as a "Subscription Agreement" and will refer to both agreements, or to one of them depending on the context. All of the statements and information contained herein are qualified in their entirety by reference to these agreements.

This PPM may summarize some of the terms of the Subscription Booklets and other documents referred to herein and therein. However, the discussions set forth in this PPM do not purport to be complete. Copies of the Subscription Booklets have been and will be provided to prospective Investors and each prospective Investor and its advisors should read these materials, including any and all revisions thereto, prior to making a decision to invest the Fund.

The Fund will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), and the Manager does

not anticipate registering as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act").

The delivery of this PPM does not imply that the information contained herein is correct as of any time subsequent to the date of its issue. Unless specified otherwise, all statements made herein are made as of February 1, 2024.

Certain statements contained in this PPM, including, without limitation, statements containing the words "believes," "anticipates," "plans," "intends," "expects," and words of similar import constitute "forward-looking statements." Forward-looking statements include those related to investment returns, investment parameters and objectives, and spreading risk on investments. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Fund to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Given such uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The Fund and the Manager disclaim any obligation to update such factors or to announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

In considering the performance information contained herein, Investors should bear in mind that there can be no assurance that the Fund will achieve projected results. Actual future conditions may require actions that differ from those contemplated at this time and prospective Investors are cautioned not to place undue reliance on these projections.

OFFERS ARE ONLY BEING MADE PURSUANT TO THIS PPM AND THE RELATED SUBSCRIPTION BOOKLETS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY OTHER FEDERAL OR STATE AUTHORITY HAS EXAMINED OR ENDORSED THE MERITS OF THE OFFERING OR THE ADEQUACY OF THIS PPM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNITS AND NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF BY AN INVESTOR WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER AND COMPLIANCE WITH FEDERAL AND STATE SECURITIES LAWS AND THE OPERATING AGREEMENT.

All capitalized terms not otherwise defined will have the meaning set forth in "Definition of Terms" section.

TABLE OF CONTENTS

TABLE OF CONTENTS	iv
INTRODUCTION	5
DEFINITION OF TERMS	7
STRUCTURE OF FUND	14
INVESTMENT OBJECTIVES AND OVERVIEW OF FUND STRATEGY	16
MANAGEMENT.....	17
SUMMARY OF THE OFFERING	19
DESCRIPTION OF FUND ASSETS AND UnderwRITING GUIDELINES.....	34
RISK FACTORS.....	39
<p>In considering the acquisition of Units or Notes to be held as a portion of the assets of an “employee benefit plan” within the meaning of Section 3(3) of ERISA (“a Benefit Plan” or “Plan”), a Plan fiduciary, taking into account the facts and circumstances of such trust, should consider, among other things: (a) the effect of the “Plan Asset Regulations” (Labor Regulation Section 2510.3-101) including potential “prohibited transactions” under the Code and ERISA; (b) whether the investment satisfies the “exclusive purpose,” “prudence,” and “diversification” requirements of Sections 404(a)(1)(A),(B) and (C) of ERISA; (c) whether the investment is a permissible investment under the documents and instruments governing the plan as provided in Section 404 (a)(1)(D) of ERISA; (d) the Plan may not be able to distribute Units to participants or beneficiaries in pay status because the Manager may withhold its consent; and (e) the fact that no market will exist in which the fiduciary can sell or otherwise dispose of the Units and the Fund has no history of operations. The prudence of a particular investment must be determined by the responsible fiduciary with respect to each employee benefit plan, taking into account the facts and circumstances of the investment</p>	
CONFLICTS OF INTEREST	68
DESCRIPTION OF NOTES	72
Our Operating Agreement.....	74
TAX ASPECTS OF THE OFFERING	77
ANTI-MONEY LAUNDERING PROCEDURES	89
OTHER MATTERS	90

INTRODUCTION

Dear Investors,

Thank you for expressing interest in the Central Florida Income Fund, LLC ("the Fund"), which is managed by GTO Capital, LLC ("the Manager"). The Fund was initially formed to invest in undervalued commercial and residential real estate assets in its target market of Central Florida, typically in areas that are a 'reasonable commute' from the I-4 corridor stretching between the Orlando, Tampa, and Greater Lakeland areas. The Fund intends to expand its investment base to include not only Central Florida, but throughout the United States. The Fund intends to make both equity investment in such real estate assets as well as debt investments into entities that invest in real estate assets that will be secured by real estate of such entities.

This letter is intended as an introduction to the document that follows, which will explain in detail all aspects of the Fund's investment strategy and process and the Manager's market perspective and competitive advantages. I hope you will freely contact me with follow-up questions; my information is at the base of this letter.

Investments can generally be split into two categories, passive investments and active investments. Passive investments use capital as a source of leverage for growth, while active investments combine capital, time, and labor to accelerate growth. Active investments typically outperform passive investments due to the "sweat equity" required from the investments' owner or manager, but most investors cannot allocate the time and effort needed and thus tend to favor passive investments.

The goal of the Fund is to afford investors exposure to real estate-backed securities that have both the ownership advantages of a passive investment, and the performance potential of an active investment. The Manager will employ its proprietary strengths and affiliated businesses to achieve the Fund's goal.

Investors may be interested in this security offering if they desire exposure to:

- hard assets, as a hedge against inflation;
- United States commercial and residential real estate, as a part of their portfolio strategy;
- diversification in both debt and equity investments into commercial and residential real estate; and
- an actively and aggressively managed Fund with competitive advantages over similar real estate fund products.

I am a former professional poker player-turned-real estate investor whose deep background in real estate development and game theory have laid the foundation for the Fund's asset model and overall methodology.

I gained real estate development experience as a young boy by working on both family-owned real estate investments and Habitat for Humanity projects in the suburbs of Detroit, Michigan. At this early stage of life, I became familiar with both fix-and-flip residential redevelopment projects and buy-and-hold asset models. At an early age, my parents had me tearing out floorboards and drywall, painting, and

performing general labor. While this early exposure to real estate redevelopment projects was primarily intended to build work ethic, it also spurred a lifelong interest in real estate investment. However, it would be years before I would follow this passion full-time, as I began a lengthy career playing poker professionally.

My poker success derived from an innate understanding of game theory. Game theory is the art of strategic decision making: often, this means making decisions based on a combination of known and unknown variables. To win consistently, one needs a firm grasp of game theory and the ability to anticipate every possible turn of the game. In many ways, the real estate market necessitates this same skillset: investors must have a solid core methodology for solving both predictable and unpredictable problems. Today, I bring both capability sets to bear on the growing United States residential real estate market through both business acumen and advanced analytical techniques.

The Fund has several distinct advantages. By focusing on a geographical area where the Manager has deep knowledge and real estate networks, the Fund is expected to benefit from local market advantages. My vertically integrated construction company, real estate teams, and brokerages also afford it greater asset control and profit capture than those of ordinary developers. I believe the Fund can leverage these two major advantages to generate returns beyond market appreciation levels.

Complementing these advantages is an acquisition strategy based on purchasing assets below replacement cost. Reasons for property undervaluation may include distress, mismanagement, lenders selling in bulk, and sellers motivated by factors other than headline price, such as time constraints. Following each asset's acquisition, The Manager, will develop a rehabilitation plan and execute that plan to enhance asset value. The Manager will underwrite deals on the assumption that cumulative acquisition and renovation costs will be less than the property's total value and/or cash-on-cash returns following rehabilitation.

I greatly appreciate your interest. This letter is intended to be a brief overview of the Private Placement Memorandum, with specifics to follow later in the document. Throughout the rest of the Private Placement Memorandum will be details highlighting the market opportunity, investment strategy, and the accompanying risks and rewards. We hope this document reflects the Manager's confidence in the Fund, and that you join us in our goal to provide upgraded rental and housing opportunities throughout the United States.

Best Regards,

Andrew Boccia
Principal
P: 863.397.8663

GTO Capital, LLC

DEFINITION OF TERMS

The following terms have the meaning ascribed to them below when used elsewhere in this PPM with the initial letter capitalized. Other capitalized terms found throughout this PPM and not defined below or in the body of the PPM have the meaning as ascribed to them in the Operating Agreement:

"Affiliates" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person; provided that the Affiliates of the Manager exclude the Company and any Person owned and/or controlled by the Company. "Control" for purposes of this definition means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, through voting securities, contract rights, or otherwise.

"Ancillary Fees" means certain fixed fees charged to the borrower or purchaser by the Fund for preparation, execution and closing of a Debt Investment originated or acquired by the Fund or upon the sale of any Debt Investment by the Fund. Any Ancillary Fee charged by the Fund will be agreed to between the Fund and the borrower. Ancillary Fees may be listed under the loan documents under different names including, but not limited to, loan fee, processing fee, document preparation fee, or underwriting fee. Notwithstanding the foregoing, the following will not be included in the definition of Ancillary Fee: Origination Fees, payments of prorated interest, late fees and other reimbursements of loan related expenses paid by the Fund on behalf of the borrower, including but not limited to, appraisals and legal fees charged by third party service providers.

"Anniversary Date" means, with respect to each Member, a date that is exactly 24 months from the Effective Date of the issuance of any Units to the Member and the same date every six months thereafter, which date shall always be on the first day of a calendar month.

"Assets Under Management" or "AUM" means total Fund Assets under management based on the Stated Value of the Fund Assets. AUM shall be determined by the Manager in its sole discretion.

"Bad Actor Events Questionnaire" means the bad actor events questionnaire of an Investor contained in a Member's Subscription Booklet.

"Broker/Dealer" means a licensed broker/dealer employed by the Manager for the purpose of locating Investors for this Offering.

"Cash-Out Notice" means written notice of a Note Holder's desire to be cashed out of the Note Holder's Note. Such Cash-Out Notice is required to be given to the Manager by the Note Holder no earlier than 60 days prior to the Note's Maturity Date.

"Capital" means the price paid for each Membership Unit.

"Capital Account" means a Member's individual capital account in the Fund as calculated according to the terms of the Operating Agreement. A Member's Capital Account is generally the amount of Capital contributed by the Member to the Fund and the Member's share of the income and gain of the Fund, less the

amount of any Distributions made to the Member by the Fund and the Member's share of the losses and deductions of the Fund.

"Cause" shall be deemed to have occurred if the Manager or any of its principals is found by a court of competent jurisdiction to have: (i) committed embezzlement, fraud, or any other act involving material improper conduct against the Fund or its Assets; or (ii) engaged in conduct that amounts to recklessness, or willful malfeasance with respect to the Fund or its Assets.

"Class A Members" means those Members that hold Class A Units.

"Class A Units" means, any Units owned by Members who did not contribute capital during the Initial Equity Capital Raise and have a positive Capital Account balance of less than \$1,000,000 at the end of a given calendar month or other time as determined by the Manager.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Draw Fee" means a fee charged by the Fund to a borrower to process each draw on a Debt Investment. Any Construction Draw Fee charged by the Fund may be a flat amount or based on a percentage of the total draw amount requested on any Debt Investment and will be agreed to between the Fund and the borrower.

"Credit Facility" or "Facility" means any loan or line of credit to the Fund, other than obligations to Note Holders, including, but not limited to, warehouse lines, collateral pledge lines, or other short term cash management lines, individual loans, or lines of credit from any lender, institutional or private, and/or any other borrowing by the Fund, any of which may be secured in first position by one or more of the Fund Assets, including all of the Fund Assets.

"Debt Investment" means a secured promissory note or a mortgage loan to a borrower for the purpose of purchasing, developing and/or rehabbing a real estate asset consistent with the strategy of the Fund.

"Distributable Cash" means at the time of determination by the Manager, cash generated from the Fund's Assets and other operations of the Fund after payment of or provision for the following expenses (a) interest and principal payments due under any Credit Facility, the Notes or any other amounts borrowed by the Fund, (b) Fund Expenses, and (c) such amounts as the Manager deems reasonable in order to provide for any anticipated, contingent or unforeseen expenditures or liabilities of the Fund. Distributable Cash shall be determined without regard to (i) capital contributions made by Members or (ii) principal advanced on Company indebtedness. Distributable Cash shall be determined by the Manager in its sole discretion.

"Distributions" means amounts which from time to time are distributed to holders of Units, at the Manager's sole discretion, but subject to the limitations set forth in the Operating Agreement.

"Early Repayment Fee" means 5%, or other figure as determined by the Manager, of the original Note principal plus the positive difference, if any, between the Note Rate of the Note's original term and the Note Rate of the Note's actual term to

repayment, as determined by the Manager upon its acceptance of the Note Holder's repayment request.

"Effective Date" means the first day of the calendar month subsequent to the date Investor submits its Member Subscription Booklet in which an Investor's equity investment would be deemed effective.

"Elite Members" means those Members that hold Elite Units.

"Elite Units" means, any Units owned by Members with who contributed capital during the Initial Equity Capital Raise by the Company or who have a positive Capital Account balance of \$1,000,000 or more at the end of a given calendar month or other time as determined by the Manager.

"Excess Distributable Cash" or "EDC" means any remaining cash in the Fund available for distribution to the Members after: (i) the Fund pays all current liabilities or expenses, including interest or principal payments on any Credit Facility, interest on or repayments of any amounts borrowed by the Fund from the Subscription Account, any early repayment of Notes as determined by the Manager, any Redemptions as determined by the Manager, all Fund Expenses, accrued interest under the Notes, repayment of any maturing Notes; (ii) the Fund reserves sufficient capital for future liabilities or expenses or other activities of the Fund, as determined in the sole judgment of the Manager; and (iii) the Fund distributes the Preferred Return to the Members. The EDC will be determined monthly by the Manager in its sole discretion. At each month end, payment of any EDC will either be made or not made depending on Fund results at the discretion of the Manager.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Extension Fee" a fee charged by the Fund to a borrower to allow such borrower to extend the term of any Debt Investment. Any Extension Fee charged by the Fund may be a flat amount or based on a percentage of the total unpaid principal balance of any Debt Investment at the time of the requested extension and will be agreed to between the Fund and the borrower.

"Fund Assets" or "Assets" means any and all assets of the Fund including real property, contracts or note receivables, mortgage receivables, cash, or any other asset or receivable of the Fund.

"Fund Expenses" means fund organizational costs, tax preparation, CPA fees, legal fees, third party fund administration fees, third party custodian fees, capital acquisition fees and costs (including payment to duly licensed third parties who are contracted by the Manager to raise capital for the Fund), loan origination and/or other fees associated with any capital partner or lender, property improvement and rehabilitation costs not otherwise capitalized, sales commissions, taxes, insurance, utilities, property management fees, and any other expense associated with the operation of the Fund and the management of its Assets.

"Initial Equity Capital Raise" means the time period during which the first \$1,000,000 of equity capital was raised by the Company.

"Intercreditor Agreement" means the Intercreditor Security Agreement signed by each Note Holder, the Manager on behalf of the Fund, and the Manager as Note Holder Representative.

"Investment Advisers Act" means the Investment Advisers Act of 1940, as amended.

"Investment Company Act" means Investment Company Act of 1940, as amended

"Investor" means either, or both, a prospective or actual purchaser of Membership Units pursuant to this Offering and a prospective or actual purchaser of Notes pursuant to this Offering.

"Investor Capital" or "Investment Capital" means the combined capital provided by both Members and Note Holders pursuant to the Offering.

"Investor Suitability Statement" means the suitability statement of an Investor contained in the Investor's Subscription Booklet.

"IRS" means the United States Internal Revenue Service.

"Lockup Period" means the 24-month period immediately following the Manager's acceptance of an investment in Membership Units, during which a Member may not request Redemption of those Units.

"Majority" means a percentage of Ownership Interest in excess of fifty percent (50%).

"Management Fee" means a monthly fee, paid to the Manager, equal to one and one half percent (1.5%) annualized, of the total aggregate Capital Contributions, as determined by the Manager. The Management Fee will be deemed earned daily and paid to the Manager on the last day of each calendar month, regardless of the Fund's performance or whether there will be any cash available for distribution to the Members after payment of the Management Fee.

"Manager" initially means GTO Capital, LLC, a Delaware limited liability company, and thereafter, any other Person elected by the Members to serve as the Manager of the Fund pursuant to the terms of the Operating Agreement.

"Member" means any person or entity holding Units who has been approved by the Manager and is a party to the Operating Agreement.

"Membership Units" or "Units" means a division of ownership of limited liability company interests in the Fund. There are two classes of Units available for Members: Class Elite Units and Class A Units. The Class of Units a Member owns is based on either the size of investment or when the investment was made. Investments made during the Initial Equity Capital Raise will be deemed Elite Class. Subsequent to the Initial Equity Capital Raise, the classes are tiered by dollar amount as follows: Members with a positive Capital Account balance less than \$1,000,000 will own Class A Units (provided such Member did not invest during the Initial Equity Capital Raise) and Members with a positive Capital Account balance of \$1,000,000 and above will own Elite Units. The determination

of a Member's positive Capital Account will be made of the last day of each calendar month or other date as determined by the Manager. The Units are identical with the exception of the manner in which Excess Distributable Cash is distributed between the Manager and the Members.

"Money Market Account" means one or more accounts in which the Fund's available cash will be placed. Each Money Market Account will consist of investments that are liquid, and that, in the Manager's judgment, are sufficiently safe while producing a yield, if any, on the Fund's cash.

"Note" or "Notes" mean a Promissory Note or Notes issued from the Fund to a Note Holder, as executed by the Manager.

"Note Holder" means any purchaser of Note(s) pursuant to this Offering.

"Note Holder Subscription Documents" means the Note Holder Subscription Booklet, a Note Schedule, and such other documentation as is deemed appropriate by the Manager to complete the purchase of a Note by Note Holder.

"Note Rate" means the total interest rate payable under a Note.

"Note Schedule" means the matrix summary of Note rates and terms offered to Investors as modified periodically by the Manager.

"Offering" means the offering to Investors of Units and/or Notes pursuant to the terms of this PPM, the Subscription Booklets, and other related documents.

"Operating Account" means the operating account of the Fund to which Investor funds are deposited upon the Manager's acceptance of Investor's Subscription Documents.

"Operating Agreement" means the Second Amended and Restated Operating Agreement of the Fund, as executed by the Manager and each Member of the Fund.

"Operating Company" means Central Lending, LLC, a Florida limited liability company, and thereafter, any other Person contracted by the Manager of the Fund to provide operational related services pursuant to the terms of that certain services agreement executed between the Fund and the Operating Company.

"Origination Fee" means any and all fees charged to the borrower by the Fund as compensation for being the lender of any Debt Investment originated or acquired by the Fund. Any Origination Fee charged by the Fund may be a flat amount or be based on a percentage of the total principal amount of any Debt Investment and will be agreed to between the Fund and the borrower. Notwithstanding the foregoing, the following will not be included in the definition of Origination Fee: payments of prorated interest, late fees and other reimbursements of loan related expenses paid by the Fund on behalf of the borrower, including but not limited to, appraisals and legal fees charged by third party service providers.

"Ownership Interest" means, for each Member, that percentage which is obtained by dividing the Membership Units held by a Member by the total of all Membership Units held by all the Members. The calculation may also be made

within any given class of Units. For the purposes of voting matters, the Manager will determine each Member's Ownership Interest as of the Record Date.

"Pari Passu" means proportionally, at an equal pace with, and without preference over other Members or Note Holders, as applicable.

"Participation Interest" means an investment by the Fund in which it owns some undivided percentage interest in a Fund Asset.

"Person" means an individual, a partnership (general, limited, or limited liability), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental, quasi-governmental, judicial, or regulatory entity, or any department, agency, or political subdivision thereof.

"Preferred Return" means a preferred return equal to seven percent (7%) *per annum* on a Member's contributed but unreturned Capital, which is due and payable by the Fund to each Member on a monthly basis. The Preferred Return is cumulative and non-compounding, meaning that any Preferred Return not paid to a Member in full for any month shall carry forward and remain due and payable until paid, but shall not be added to the Member's contributed but unreturned Capital.

"Redemption" means the Company's paying of cash to a Member at the then current Unit Price in exchange for that Member's Units. There are significant restrictions on a Member's right to request and receive a Redemption as more fully described in this PPM and the Operating Agreement.

"Redemption Fee" means a fee in an amount equal to five percent (5%), or other such amount as determined by the Manager in its sole discretion, of the then current Unit Price that will be charged for any Units redeemed within the Lockup Period. The Manager may or may not approve a request for a premature Redemption in its sole discretion.

"Reinvest," "Reinvestment," or "Reinvestment Option" means a Member's election to receive additional Units at the then current Unit Price in lieu of an interim, non-liquidating cash Distribution and/or a Note Holder's election to add to its Note balance in lieu of receiving its interest payment in cash. Any Units purchased by Members via the Reinvestment Option will be considered, for purposes of any Redemption requests, to have the same purchase date as the original date of purchase of the Units for which the Reinvestment Units are associated. Members have the option of either having such Distributions paid out or having such Distributions reinvested into additional Membership Units at the then-current Unit Price.

"SEC" means the United States Securities and Exchange Commission.

"Security" means the collateral securing the Notes.

"Securities Act" means Securities Act of 1933, as amended.

"Servicing Fee" means a fee charged by the Operating Company to the Fund to perform duties associated with servicing of and collection on Debt Investments

that the Fund originates, acquires or sells but maintains rights to service such Debt Investment. Any Servicing Fee charged by the Manager will be based on a percentage of the unpaid principal balance of the associated Debt Investment.

"SPV" or "Special Purpose Vehicle" means a subsidiary company specifically created for a single purpose that benefits the Fund, such as owning a specific asset. The use of SPVs provides an asset/liability structure and legal status that makes the SPV's obligations secure and is intended to insulate those obligations from the rest of the Fund.

"Stated Value" means the figure used by the Fund as the value for each Asset it owns to assist in determining the Unit Price of the Membership Units of the Fund as well as the AUM. The Stated Value of each individual Fund Asset will be determined on the last day of each calendar month by the Manager in its sole discretion. The Manager, however, will establish and follow a methodology for determining the Stated Value and may modify, alter, or improve the methodology from time to time in its sole discretion.

"Subscription Account" means that certain holding account of the Fund in which Investor funds are deposited pending the Manager's acceptance of Investor's Subscription Documents.

"Subscription Booklets" means that package of documents in addition to this PPM provided to Investors for the purposes of evaluating the Offering and purchasing Units or Notes in the Fund. The Member Subscription Booklet will include the Operating Agreement and the Unit Subscription Agreement, which includes the Subscription Agreement, Investor Suitability Questionnaire and the Bad Actor Events Questionnaire. The Note Holder Subscription Booklet will include the Intercreditor Agreement, a sample Note, the Note Subscription Agreement, which includes an Investor Suitability Statement.

STRUCTURE OF FUND

The Manager has endeavored to create this Fund in a way that balances the Manager's need for flexibility, autonomy, and control with respect to Fund policies and investment decisions with the Investor's natural desire for safety, oversight, and transparency. We have given extensive consideration to the Fund's fee structure, administrative procedures, and third party service providers, including accounting and auditing services, and have attempted to create what we believe is the proper alignment of interests between the Manager and the Investors.

The Fund is organized as a Delaware limited liability company. Investors may participate in the Offering by purchasing Units and/or Notes. Units are offered in two different classes as described in this PPM.

Investor Suitability Standards

The Offering is being conducted pursuant to an exemption from registration under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"). The Fund is open to both United States and foreign Investors.

This is a private Offering which is being made only by delivery of a copy of this PPM and the attached Subscription Booklets. Each Investor in the Fund must be an "accredited investor" as such term is defined in Regulation D promulgated by the SEC under the Securities Act. In addition, each Investor will be required to represent and warrant to the Fund and Manager that it meets the "accredited investor" and other requirements as detailed in the Subscription Booklets. Other requirements may include verifying each Investor's status as an accredited investor in accordance with SEC guidelines.

Some of the ways Investors can qualify are:

- For natural person Investors, having a net worth of at least \$1,000,000, excluding the positive value of a primary residence, but including any debt in which the primary residence was used as collateral incurred in the 60 days prior to the subscription agreement date; or
- For natural person Investors, having an adjusted gross income of at least \$200,000 for the last 2 years (or \$300,000 with a spouse) and reasonably expecting to attain those amounts this year; or
- For certain entity Investors, having assets of at least \$5,000,000, or
- For entity Investors, having all of the owners of the entity otherwise be "accredited investors."

Furthermore, the Offering and sales of the Units and Notes offered hereby will be made only to persons and/or entities who meet or exceed certain additional suitability standards which have been adopted by the Fund for the purpose of determining who will be permitted to purchase Units or Notes. Subscriptions from suitable Investors will be accepted or rejected by the Fund in the sole discretion of the Manager after receipt of all subscription documents properly completed and executed. The Manager reserves the right to reject any subscription for any reason in its sole discretion. If an Investor's subscription for Units and/or Notes is accepted by the Manager, the Investor will become a Member and/or Note Holder without any further action by any person. If the Manager rejects the subscription of any Investor,

such Investor's completed subscription funds will be returned promptly to the Investor.

Investment Options

Investors have two investment options:

1. Membership Units representing equity ownership of the Fund; and/or
2. Notes secured by the assets of the Fund

An Investor that purchases Membership Units will become a Member of the Fund. An Investor that purchases a Note will be lending money to the Fund and will become a Note Holder. See the remainder of the PPM for more details on the two investment options and the differences between them. By executing a Subscription Agreement, an Investor unconditionally and irrevocably agrees to purchase Units or Notes (or both) as applicable in the amounts shown thereon, and makes a commitment to contribute capital (as debt or equity in the Fund) in accordance with the terms set forth in the applicable Subscription Booklet.

The Fund seeks to raise up to \$50,000,000 in Member and Note Holder capital combined (collectively, "Investor Capital") over the lifetime of the Fund, which amount may be increased in the sole discretion of the Manager. The Manager may or may not raise the full amount during the lifetime of the Fund. The minimum investment is \$50,000 per Investor, which amount may be reduced in the sole discretion of the Manager.

INVESTMENT OBJECTIVES AND OVERVIEW OF FUND STRATEGY

Principal Investment Objectives

The Fund's objectives are to deploy the proceeds of this Offering in qualified Fund Assets (described below) that will be intended to:

- Provide the Note Holders with annualized returns that will vary from time to time, depending on investment size and duration of Note maturity (see the current Note Schedule);
- Provide the Members with a Preferred Return of 7% *per annum* on their contributed but unreturned capital and additional distributions which will endeavor to produce overall annualized returns to Members in the range of 8% to 10%; and
- Ultimately provide Members and Note Holders with a full return of their capital contributions.

No assurance can be given that any of these objectives will be attained or that an Investor's Investment Capital will not decrease. Predictions of annualized returns is highly speculative.

Strategy to Achieve Fund Investment Objectives

The strategy of the Fund will be to produce attractive risk adjusted returns investing in real estate based assets ("Assets" or "Fund Assets") in Central Florida. The Fund will employ a variety of strategies in this effort, including acquiring and in some cases, improving commercial and residential properties, with the intention of holding the majority of the assets indefinitely and selling others strategically. Other strategies may include ground up development, "fix and flip" strategies, and general rehabilitation of certain properties, or Debt Investments into other entities that perform these same strategies that will be secured by real estate of such entities. For properties that the Fund buys and holds, the objective will be to rent and retain these properties in order to generate an income stream to the Fund, as well as to produce capital gains upon disposition due to expected appreciation and/or improvements over time. The Fund may choose to sell its properties if market conditions call for such a strategy in the sole judgment of the Manager. For Debt Investments in which the Fund holds a note and mortgage, the Fund will generate income through interest payments.

MANAGEMENT

The Manager of the Fund will be GTO Capital, LLC, a Delaware limited liability company (the "Manager", or "GTO"). GTO will also represent the Note Holders as the Note Holder Representative. The principal of GTO is Andrew Boccia.

Andrew Boccia

Andrew Boccia has acquired a unique set of skills that help set the Manager apart in an advantageous position to offer what the Manager expects will be high performing securities to the Fund's investors.

Mr. Boccia has owned income producing Real Estate since 2007. He has invested in Real Estate in Michigan, Tennessee, Georgia, and Florida.

Mr. Boccia was a professional Poker Player from January 2006 to January 2014. During this time, he played over 10,000,000 hands of poker online, earned the highest possible VIP status on PokerStars.com, Supernova Elite Status, for seven consecutive years, and consistently stayed ahead of the learning curve of competitors. He was inducted into the PokerStars.com 5,000,000 VPP Hall of Fame on September 29th, 2011. During the course of a professional poker career, he built important skillsets in the areas of game theory and strategic decision making, calculated risk, mathematics, statistical analysis, money management, bankroll management, international culture and international immigration law, human psychology, business operations, and etc.

Since retiring in 2014, Mr. Boccia has shifted his primary focus to continued self-educating in the real estate business and construction businesses. Utilizing his own capital, he has invested aggressively in the central Florida real estate markets.

Mr. Boccia is a realtor, and is a current Florida licensed real estate broker (Florida License BK3297495). His active real estate license and real estate experience allow him to acquire a large portion of the Fund's investment opportunities. Acquisition of such investment opportunities may generate a commission payment to Mr. Boccia as the realtor.

Mr. Boccia is an owner, founder, and "Financially Responsible Officer," (FRO7209) of ReDone Homes, LLC, a certified residential contractor (Florida License CRC1331454).

Having control of these affiliated businesses allows Mr. Boccia more control over the Fund's performance, and may allow the Fund to project its future obligations with a higher degree of accuracy than relying entirely on unaffiliated third party operators.

These affiliated businesses also allow Mr. Boccia to retain fair compensation, while exposing the Fund to strategic partnerships between his affiliated businesses, which are anticipated to result in efficient transactions, low waste, and low overall fees to the Fund for aggressive management, compared to the Fund's alternatives.

Affiliates

Affiliated All-In Realty Brokerage

Mr. Boccia is a license real estate salesperson for All-In Realty, a brokerage firm in Florida (the "Real Estate Broker"). Over the years, Mr. Boccia has been affiliated with other real estate brokers. Information regarding such affiliations is available upon request. The Real Estate Broker will serve as the agent of the Fund regarding the purchase and sale of the Assets of the Fund. Specifically, the Fund has an exclusive right of sale listing agreement with the Real Estate Broker, a copy of which can be obtained from the Manager upon request. In providing real estate transaction services, the Real Estate Broker will be entitled to receive certain commissions on the purchase and sale of Assets of the Fund to be paid as part of the closing process and will be include in the price of such property purchased or sold. Mr. Boccia, in facilitating such purchases and sales will receive a substantial portion of such commissions.

Central Lending, LLC

Mr. Boccia is the sole manager and member of Central Lending, LLC, a Florida limited liability company (the "Operating Company"). The Operating Company serves as the operations company for the Fund and other funds or ventures managed by the Manager and Affiliates. It provides labor to the Fund and Manager as well as other Affiliates, holds intellectual property of the Fund and Manager, and streamlines income and expenses, to provide consolidated repository for finances regardless of the number of affiliated funds or ventures in which the Manager and Affiliates are participating. The Operating Company is entitled to receive various fees for its services to the Fund as outlined in this Memorandum. Mr. Boccia, in managing the origination, servicing and disposition of Debt Investments will receive a substantial portion of such fees.

Third Party Fund Administration

The Manager has engaged Redwood Real Estate Administration ("Redwood"), an experienced fund advisory, consulting, administration, and servicing firm, to provide the Fund with professional administration in the areas of financial statement preparation, investor subscriptions and redemptions, and other back office administration functions. Redwood has the relevant infrastructure, resources, and experience that are expected to significantly assist the Fund and Manager in the professional administration of the Fund. The cost of these services will be a Fund Expense.

SUMMARY OF THE OFFERING

The following summary is qualified, in its entirety, by information appearing elsewhere in this PPM, and the Subscription Booklets (collectively, the "Documents"). You should read the Documents in their entirety and, in particular, focus on the risks described in the section of this PPM titled "Risk Factors." In the event of a conflict between this summary and any of the Documents, the provisions of the Documents will control.

Company: Central Florida Income Fund, LLC, a Delaware limited liability company (the "Fund" or the "Company").

Manager: GTO Capital, LLC, a Delaware limited liability company (the "Manager" or "GTO"). The principal of the Manager is Andrew Boccia.

The Members, upon a vote of 80% of the Ownership Interests, may remove the Manager with Cause and, upon a vote of a Majority of the Ownership Interests, may elect a successor Manager.

The Manager may resign at any time with one year's advance notice to the Members. Following a Manager's resignation, Members held a Majority of the Ownership Interests may elect a successor Manager.

Ownership of the Fund: The Fund shall be owned by Investors purchasing equity interests (Membership Units) in the Fund, and who shall be called Members. Members shall own 100% of the Fund, each in a percentage equal to their outstanding Units divided by the total Units outstanding. There are two classes of Units available for Members: Class Elite Units and Class A Units. The Class of Units a Member owns is based on either the size of investment or when the investment was made. Investments made during the Initial Equity Capital Raise will be deemed Elite Class. Subsequent to the Initial Equity Capital Raise, the classes are tiered by dollar amount as follows: Members with a positive Capital Account balance less than \$1,000,000 will own Class A Units (provided such Member did not invest during the Initial Equity Capital Raise" and Members with a positive Capital Account balance of \$1,000,000 and above will own Elite Units. The determination of a Member's positive Capital Account will be made of the last day of each calendar month or other date as determined by the Manager. The Units are identical with the exception of the manner in which Excess Distributable Cash is distributed between the Manager and the Members.

Investor Offerings: Investors will have two investment options:

1. Membership Units of the Fund
2. Secured Notes from the Fund

Minimum Investment: \$50,000 per unique Investor, which amount may be reduced in the sole discretion of the Manager. There is no set ceiling on the amount of investment from each Investor and will be at the discretion of the Manager.

Financial Statements and CPA Audit: The Fund shall prepare its financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The Manager shall also cause the Fund to have its financial statements audited on an annual basis by a qualified Certified Public Accountant once the Fund has reached \$5,000,000 in Assets Under Management, or as required by any particular state regulations. These statements and audits shall be made available to Investors.

Management Fee:

The Manager will charge an annual Management Fee of 1.5% of the total aggregate Capital Contributions, as determined by the Manager. The Management Fee will be calculated, prorated, and paid at the end of each calendar month regardless of the Fund's performance or whether there will be any cash available for distribution to the Members after payment of the Management Fee.

Additional Fees:

Origination Fees and Extension Fees. The Fund will pay the Operating Company 50% of any Origination Fees and Extension Fees associated with each Debt Investment actually collected from each borrower. The Manager believes that this fee split is reasonable and consistent with market pricing but was not determined at arm's length. Payment of any Origination Fees and Extensions Fees will be calculated and paid at the end of each calendar month. See "Conflicts of Interest."

Servicing Fee. The Fund may contract with the Operating Company to perform duties associated with servicing of and collection on the Debt Investments that the Fund originates or acquires. If the Fund contracts for such services, the Fund will pay the Operating Company a Servicing Fee. The Servicing Fee will be negotiated between the Fund and the Operating Company, but will not exceed 1.00% of the unpaid principal balance of each Debt Investment. The Manager believes that these Servicing Fees are reasonable and consistent with market pricing but were not determined at arm's length. Payment of the Servicing Fee will be calculated and paid at the end of each calendar month.

Ancillary Fees. The Company will pay the Operating Company 100% of any Ancillary Fees associated with each Debt Investment actually collected from each borrower not to exceed \$5,000 per Debt Investment transaction. Any Ancillary Fees paid in excess of \$5,000 will be income of the Company. The Manager believes that this fee split is reasonable and consistent with market pricing but was not determined at arm's length. Payment of any Ancillary Fees will be calculated and paid at the end of each calendar month.

Construction Draw Fees. The Company will pay the Operating Company 100% of any Construction Draw Fees associated with each Debt Investment actually collected from each borrower. The Manager believes that this fee split is reasonable and consistent with market pricing but was not determined at arm's length. Payment of any Construction Draw Fees will be calculated and paid at the end of each calendar month.

Late Fees. The Fund will be entitled to retain any late payment fees actually collected from borrowers of Debt Investments.

Activities of Fund:

All identification of property, due diligence, and underwriting of Assets for the Fund and any Special Purpose Vehicles ("SPVs") owned by the Fund will be done by the Manager for the benefit of the Fund or SPVs. The Manager may subcontract due diligence functions to third parties (e.g. appraisers, inspectors, subcontractors, real estate brokers, etc.) for the benefit of the Fund which will be considered Fund Expenses.

Fund Administration:

The Fund intends to retain the services of Redwood Real Estate Administration as the fund administrator to provide professional fund administration and investor relations functions, the cost of which shall be a Fund Expense.

Membership Units:

The Fund will sell Membership Units at a "Unit Price" that will fluctuate monthly based on the total collective "Stated Value" of the Fund Assets. The Stated Value of any individual Fund Asset will be determined on the last day of each calendar month by the Manager in its sole discretion. The Manager, however, will establish and follow a methodology for determining the Stated Value of the Fund Assets, which it may modify, alter, amend, or improve from time to time in its sole discretion.

Investors may complete and return a Member Subscription Booklet to the Fund at any time. However, an investment in the Membership Units will become effective as an equity investment *only* as of the first day of the month (the "Effective Date") following the date the Fund receives the Investor's completed Member Subscription Booklet (including the Unit Subscription Agreement and a signature page to the Operating Agreement), the Investor's payment by check or wire transfer for the total purchase price for the Units being subscribed for is transferred into the Fund's holding account (the "Subscription Account"), and the Fund receives such other documentation as is deemed appropriate by the Manager (the "Deposit Date"), *and* upon the Fund's acceptance of the subscription in the sole discretion of the Manager and the Fund's transfer of the Investor's money into its operating account (the "Operating Account"). No interest will be earned or paid while it is in the Fund's subscription account. The Fund may use the Investor's money between the Deposit Date and the Effective Date, provided that any amounts drawn by the Fund from the Subscription Account into the Operating Account will be treated as a loan to the Fund for which the Investor will receive interest at 7% (annualized) during the period between the Deposit Date and the Effective Date, and for which the Investor will receive a 1099 Statement for passive interest income. Notice of the Fund's use of Investor funds during this time will be sent to the Investor. The Investor will become a Member of the Fund *only* after the Effective Date *and* upon acceptance of the subscription by the Manager, and only upon acceptance of the Investor as a Member will the investment, or portions drawn from the Subscription Account, be treated as an equity investment in the Fund. The Fund may refund amounts in the Subscription Account at any time.

Note Holders/Notes:

The Fund will borrow money from time to time from Note Holders who will be issued Notes of varying maturities as determined by the Manager. Note Holders will be lenders to the Fund on a Pari Passu basis and have a blanket secured interest in the Fund Assets. This secured interest will be in a senior position except in circumstances where individual Fund Assets have been or are being pledged to any senior lender pursuant to a Credit Facility.

The Fund may have multiple tiers of rates based on the amount of money lent from a Note Holder and the duration of the maturity. These tiers may change from time to time. The interest rate for each maturity date and dollar amount combination will be set by the Manager in a Note Schedule to be published periodically. Notes may be purchased, with the consent of the Manager, at any time at the interest rate and terms defined for that period by the Manager. The Fund may prepay the outstanding principal and interest to any Note Holder at any time without penalty.

Investors may complete and return a Note Holder Subscription Booklet to the Fund at any time, and the applicable interest rate identified in the Note Schedule in effect as of the Deposit Date will be the applicable interest rate for the Note ultimately purchased by the Investor. However, the purchase of the Note will only become effective as of the date upon which the Company accepts the Investor's subscription and transfers the Investor's funds from the Subscription Account into the Operating Account. The Investor's deposited funds earn no interest while held in the Subscription Account.

If the Fund has not transferred the Investor's funds to its Operating Account within 30 days after the Investor deposits money with the Fund, the Fund shall inform the Investor, in writing, that it has not done so, and the Investor shall have 10 days to decide to either leave the money with the Fund in its Subscription Account or to have the Fund return the funds from the Subscription Account to the Investor. If an Investor chooses the reimbursement option, the Investor shall have no further right or obligation to use these funds to purchase a Note. If an Investor chooses to leave the remaining funds in the Subscription Account, the Investor's obligation to utilize such funds to purchase Note (and the Fund's right to transfer the funds to its Operating Account) shall once again be irrevocable for a period of 30 days and the funds shall continue to be treated for the

Note Holder Returns:

Note Holders will be paid, on a Pari Passu basis, a specific rate of return as detailed on a periodic Note Schedule published by the Fund. The returns will vary based on amount, the size of investment, the duration of the Note term, market conditions at the time of issuance, and other factors. See the current Note Schedule provided with the Note Holder Subscription Documents.

Distributable Cash:

The Manager will determine whether there is any Distributable Cash available for distribution to the Members on a monthly basis (with respect to the Preferred Return) and a monthly basis (with respect to the EDC distribution). The Manager reserves the right to determine in its sole discretion whether there is any Distributable Cash or whether to make a Distribution or not. Generally speaking, Distributable Cash will be any cash left over in the Fund after (i) paying interest or principal on any Credit Facilities, any Redemptions or early repayment of Notes as determined by the Manager, Fund Expenses, and any interest payments on the Notes or repayment of any maturing Notes, and (ii) reserving any cash for future, contingent, or unknown liabilities of the Fund or any other purpose of the Fund.

Preferred Return:

First from any Distributable Cash, Members will receive a preferred return equal to 7% per annum of their contributed but unreturned Capital on a monthly basis according to their respective positive Capital Account balances (the "Preferred Return"). The Preferred Return is cumulative and non-compounding, meaning that any Preferred Return not paid to a Member in full for any month shall carry forward and remain due and payable until paid, but shall not be added to the Member's contributed but unreturned Capital.

Excess Distributable Cash (EDC): After payment of the Preferred Return, any remaining Distributable Cash will be used to pay any EDC available at the end of each month will be apportioned to the Members according to their respective Ownership Interests as of such date, and then further reapportioned and distributed between each Member and the Manager on a Pari Passu basis as follows:

1. With respect to a Class A Member, seventy percent (70%) of the EDC initially apportioned to the Class A Member shall be distributed to the Class A Member and thirty percent (30%) of the EDC shall be paid to the Manager; and
2. With respect to an Elite Member, eighty percent (80%) of the EDC initially apportioned to the Elite Member shall be distributed to the Elite Member and twenty percent (20%) of the EDC shall be paid to the Manager.

The Members' portion of EDC shall be considered distributions for accounting and tax purposes and the Manager's portion of EDC shall be considered additional compensation paid to the Manager for tax purposes and shall be treated from an accounting perspective as a Fund Expense.

Priority:

The following outlines the general priority for the distributions from the Fund:

1. Interest and principal payments on any Facility;
2. Interest on or repayments of any amounts borrowed by the Fund from the Subscription Account;
3. All Fund Expenses, other than the Management Fee, Origination Fees, Extension Fees, Servicing Fees, Ancillary Fees, Construction Draw Fees or late payments;
4. Manager annualized 1.5% Management Fee (paid monthly) on total aggregate Capital Contributions, as determined by the Manager, as of the last calendar day of each month, and any other fees due the Manager and/or Affiliate
5. Operating Company 50% of Origination Fees and Extension Fees actually collected on each Debt Investment, as of the last calendar day of each calendar month;
6. Operating Company Servicing Fee and late payments received from borrowers (unless paid directly to the Manager), as determined by the Manager, as of the last calendar day of each month;
7. Operating Ancillary Fee (not to exceed \$5,000 per Debt Investment) and Construction Draw Fee received from borrowers (unless paid directly to the Operating Company), as determined by the Manager, as of the last calendar day of each month;
8. Note Holder interest, payable monthly;
9. Repayment of any maturing Notes, if any;
10. Eligible Redemption of Units;
11. Preferred Return to Members, payable monthly; and
12. Any available EDC, as determined by the Manager, to be split between the Members and the Manager in the appropriate percentages at the end of each month.

In all cases, the Manager has the right, in its sole discretion, to withhold a distribution if distributing cash would not, in the Manager's discretion, be in the best interests of the Fund. This includes distributions of the Preferred Return and EDC.

The Manager also has the right, in its sole discretion, to withhold any distributions and instead retain amounts as reserves for future liabilities or expenses or other purposes, such as acquiring Fund Assets.

The following outlines the expected priority for the distributions from the Fund in the event of a

Fund Expenses:

Fund Expenses (including SPV expenses) shall include, but not necessarily be limited to the following: fund organizational costs, tax preparation, CPA fees, legal fees, third party fund administration fees, third party custodian fees, capital acquisition fees and costs (including payment to duly licensed third parties who are contracted by the Manager to raise capital for the Fund), loan origination and/or other fees associated with any capital partner or lender, property improvement and rehabilitation costs not otherwise capitalized, sales commissions, taxes, insurance, utilities, property management fees, and any other expense associated with the operation of the Fund and the management of its Assets.

The Manager shall be reimbursed for all reasonable out of pocket expenses incurred on behalf of the Fund, which shall be considered Fund Expenses.

Minimum Offering:

The Fund shall begin making its investments as summarized herein immediately upon receipt of Investment Capital, or as soon thereafter as is practicable in the judgment of the Manager. The Fund expects to raise capital on an ongoing basis and thus shall begin making investments immediately.

Maximum Offering:

The Fund seeks to up to \$50,000,000 in Investor Capital (the "Maximum Offering Amount") over the lifetime of the Fund, which amount may be increased in the sole discretion of the Manager. The Manager may or may not raise the full amount during the lifetime of the Fund. The Manager will be entitled to sell additional Membership Units and/or Notes at any time and on an ongoing basis so long as the Fund's contributed capital does not exceed the Maximum Offering Amount, which may be increased as described above. Upon reaching the Maximum Offering Amount, if there are Redemption requests that are granted and/or Note Repayments that bring the Fund's AUM below the Maximum Offering Amount, the Manager may again raise additional equity and/or issue additional Notes up to the Maximum Offering Amount and may do so at any time during the life of the Fund in a manner that, at any time, the contributed capital of the Fund does not exceed the Maximum Offering Amount, subject to the Manager's sole discretion to increase the Maximum Offering Amount.

Term; Reinvestment of Realized Capital:

The Fund is an open-ended, "evergreen" fund with no set end date. The Manager expects to acquire Fund Assets on a frequent and ongoing basis and will continue to do so indefinitely or until the Manager believes market conditions do not justify doing so. The Manager intends generally to utilize the return of capital from the disposition of Fund Assets to acquire new Fund Assets rather than return the capital to Members. However, the Manager expects to manage the Fund's investments and capital structure in such a manner as to attempt to provide a reasonable level of capability for the Fund to accommodate Redemption requests given the relatively illiquid nature of real estate based investments in general.

If the Manager deems it appropriate based on evolving market conditions and dynamics, the Manager will cease to acquire new Fund Assets and will distribute any return of capital from the disposition of Fund Assets back to the Members until all Fund Assets have been liquidated. The Manager may choose to return capital to the Members at any time during the life of the Fund. The Manager will have no obligation to continue the Fund even if there are investment opportunities the Fund may pursue.

Use of Leverage/Credit Facilities:

The Fund and/or any SPV(s) of the Fund may choose to borrow money from time to time from one or more senior lenders in order to acquire additional Assets or leverage existing Assets, and may pledge one or more Fund Assets as collateral for any such borrowing, subject to certain restrictions imposed in the Operating Agreement. The Manager anticipates that most leverage will be between 70% and 80% of the value of a Fund Asset, but the Operating Agreement grants the Manager significant latitude and discretion in its ability to use leverage in the operation of the Fund.

All loans obtained for purposes of leverage shall be nonrecourse to the Members. The Manager (and/or its principals) and the Fund may agree to provide its Guaranties for a given loan but is not required to do so. Any loan agreement will likely have covenants that affect the Company, any SPVs, and the Manager.

Reinvestments:

Members will have the option (prior to any liquidation of the Fund) to receive any returns actually distributed either 1) paid to them via check or ACH, or 2) to use these funds to automatically purchase additional Membership Units at the prevailing Unit Price. Accordingly, if elected by a Member in its Subscription Agreement, the Member shall be issued Reinvestment Units of an aggregate amount equal to any distributions that the Member would have received if it had not made such elections. A Member will make such an election at the time of subscription and may change this election with 90 days' notice to the Manager and not more frequently than twice per year. The election by a Member to make Reinvestments is subject to the Member's ongoing compliance with representations, warranties, and covenants set forth in the Member's Subscription Agreement.

Note Holders will have the option to receive their interest either paid to them via check or ACH or to use these funds to automatically add to their Note principal balance and thereby earn interest on an increasingly higher balance. Investors will make such an election at the time of subscription and may change this election with a 90-day notice to the Manager and not more frequently than twice per year.

The Manager reserves the right to terminate the Reinvestment Option at any time throughout the life of the Fund in its sole discretion.

Redemption and Lockup Period:

Members will not be allowed to request a redemption of their Units (a "Redemption Request") during the first 24 months of the Member's investment (the "Lockup Period"). Notwithstanding the foregoing, Redemption Requests for reasons of financial hardship or emergency during the Lockup Period may be considered by the Manager in its sole discretion on a case by case basis subject to a penalty (the "Redemption Fee") equal to five percent (5%) of the then current Unit Price. The Manager shall have no obligation to consider any hardship Redemption Requests during the Lockup Period and shall be entitled to charge a higher or lower Redemption Fee. All Redemption Fees charged and collected will be considered income to the Fund.

After the Lockup Period, Members will have the right to request a Redemption of up to a maximum of 25% of their Capital Accounts as of the 24-month anniversary of their investment date and an additional 25% of the initial Capital Account every six months after that (each an "Anniversary Date").

In addition to each individual Investor's Lockup Period, the Fund shall have no obligation to grant more than 10% of its then-current total capital contributions in any calendar year. Subject to this restriction, all Redemption Requests will be considered on a first come, first served basis. Any Redemption Requests in excess of this annual cap will be considered the following calendar year, in order received, and subject to the following year's 10% cap. A Member shall be required to provide the Manager with a 90-day notice for any Redemption Request (that is, notice will be required a minimum of 90 days prior to an Anniversary Date or later date upon which the Member would like to receive a Redemption).

The Manager shall have no obligation to grant any particular Redemption Request and shall retain sole discretion as to whether or not to redeem any Unit, even after the Lockup Period. Any Units purchased by Members via the Reinvestment Option shall be considered, for purposes of any Redemption Requests, to "tag-along" with the original date of purchase of the Units for which the Reinvestment Units are associated. The Manager may redeem Units Pari Passu at any time at the then current Unit Price in its sole discretion without penalty to the Manager or the Fund.

All of the above parameters notwithstanding, the Manager will endeavor to manage the Fund in such a

Note Holder Early Repayment:

A Note Holder may request an early repayment of the Note (a "Repayment") prior to its maturity date subject to a penalty equal to a downward interest rate adjustment to the appropriate Note term consistent with the Repayment date (if applicable) plus an Early Repayment Fee of 5% of the principal balance of the Note subject to the discretion of the Manager. The granting or not of the early Repayment request shall be subject to the sole discretion of the Manager.

Eligible Investors:

Membership Units will be offered solely to "accredited investors," as that term is defined by Rule 501 of the Securities Act of 1933, and who satisfy eligibility requirements set from time to time by the Fund and its Manager. In the sole discretion of the Manager, the Fund may establish an offshore structure to facilitate investments in the fund by foreign investors.

DESCRIPTION OF FUND ASSETS AND UNDERWRITING GUIDELINES

The Manager will analyze and review a diversity of project investment opportunities on an ongoing basis. **THERE IS NO GUARANTEE THAT THE FUND WILL INVEST IN ANY PARTICULAR ASSET TYPE, PROJECT, OR OPPORTUNITY, AND THE FUND MAY OPT AGAINST PURSUING ANY PARTICULAR OPPORTUNITY.**

The Fund, either directly or through one or more SPVs owned by the Fund, will either lend on, or, acquire, improve, and potentially sell commercial and residential properties, or vacant land with the intention of developing the land consistent with the Fund's strategies and goals. The Fund will typically acquire real estate assets that meet the following general guidelines:

- Sellers who, for various reasons, are in some position of distress which requires them to dispose of the property quickly or in other manner that does not allow them to realize full market value.
- Real estate owned ("REO") property from other lenders who do not have the expertise, experience, time, and/or desire to take the necessary steps to maximize the property value.
- Properties purchased at auction, either through judicial or non-judicial foreclosures.
- Bulk purchases from lenders willing to sell groups of properties at deeper discounts due to volume.
- Short sales on individual properties negotiated on a deal by deal basis with motivated sellers at discounts to perceived value.
- The real estate may require repositioning, rehabilitation, repair, additions, or other improvements that will be accretive to the property's value upon completion.
- Acquisition price is typically below replacement cost and/or real market value.
- The expectation at acquisition is that the sum of the acquisition price plus the Fund's costs to repair/improve the property will be substantially below the expected future sales price by the Fund and/or would produce strong cash on cash returns when rented at expected levels.
- Well located real estate that is expected to outperform the general market over time.
- The Manager feels confident and comfortable and has experience and/or track record with the location, size, property type, and/or other characteristics of the real estate.
- Debt Investments in other investment entities with investment strategies in real estate consistent with the above guidelines.

Underwriting Guidelines

Introduction

Ideal underwriting guidelines should be specific enough so that Investors understand a fund's mission and purpose, yet also flexible enough for the manager to adjust with the market to achieve the most competitive possible returns. Striking the right balance between manager discretion and asset structure is an inexact science. The goal of this section is to explain in detail our methodology and underwriting guidelines without confining the Fund's acquisition strategy in hard criteria or an

overly rigid structure which could cause the Fund to miss good opportunities or to fail to respond to changing market circumstances.

Two main points regarding asset underwriting and decision-making are key to understanding the investment principles of the Fund:

1. Our Underwriting Guidelines are not entirely static. While the Fund will only invest in real estate investments in regions with which the Manager is intimately familiar, it is reasonably likely that the Fund's asset model will see slight changes over time. For example:
 - At the outset of the Fund, our investments will be heavily weighted towards central Florida. As the market and the Fund develop over time, it may be in the Fund's best interest to judiciously expand its geographic reach. If market conditions encourage it, we may increase exposure to Northern Florida, the Florida Panhandle, or urban areas of the state.
 - The Manager may change its preferences toward subsets of the Fund's asset model over time. For example, the Manager may decrease the Fund's exposure in single-family homes, if the forecast for that asset class looks anemic. Conversely, the Manager may decrease exposure in multifamily residences and increase exposure in single-family homes if market projections predict significant valuation growth in the single-family housing asset class. The Manager may also look to invest in Section 8 housing, or student housing, or other subsidized housing markets over time, as these opportunities become available and appear attractive.

2. Our Underwriting Guidelines are not entirely binary. When evaluating a property, the Manager will not think only in terms of yes or no, but rather will try to assign appropriate weight to all the different characteristics of an asset, to quantify the value of these different metrics, and to make a decision that is in the best interest of the Fund. For example:
 - While the Fund generally prefers block homes to wood frame homes, it will not categorically reject wood frame structures for investment, particularly if other metrics are strong, and low entry basis compensates for this one negative factor.
 - While the Fund prefers stabilized neighborhoods to redeveloping ones, it will consider assets in the latter that have potential for strong appreciation, and/or can be purchased at a steep discount to intrinsic value.
 - While the Fund prefers to buy assets with the highest capitalization rate possible, a solid and stabilized block structure in an excellent area may be a better candidate for the use of strong outside leverage. The Fund may also decline assets with higher cap rates in favor of assets with a lower cap rates because of deferred maintenance or capital expenditures. In all cases, the capitalization rate of an asset is merely one metric to be considered within an overall profile.

Basic Acquisition Criteria

Location

Fund assets will generally be located in Central Florida along the I-4 corridor. The I-4 corridor stretches from Tampa Bay to Orlando and encompasses numerous working class urban, suburban, and rural communities. Most assets will be located in suburban communities along this corridor, as they best align with the Manager's past experience and current investment strategy. In opportunistic instances, the Fund may invest in urban residential assets or retirement communities within Tampa Bay and Orlando, and rural assets in its target region. The Manager believes that with the Manager's prior experience and knowledge in real estate investing its target markets have a favorable likelihood of outperforming the general U.S. real estate markets over time.

Asset Type

The entirety of the Fund's investments will be commercial and residential real estate, including vacant land with this as the Managers intended future use, or, Debt Investments to other entities that invest in real estate and who have similar objectives as the Fund. These property types are considered high demand within Central Florida, and they are the primary area of experience of the Manager. Fund investments in this type of asset will act as a continuation of the Manager's strategy.

Market Position

Per its underwriting guidelines, the Manager will generally acquire assets below their replacement cost. Toward this goal, the Fund will target assets whose value may be artificially lowered. Reasons for undervaluation include:

- Sellers in positions of financial or other distress and must offload assets before realizing their full market value.
- REO properties from lenders who do not have the expertise, experience, time, and/or desire to take the steps necessary to maximize asset value.
- Properties purchased at auction, either through judicial or non-judicial foreclosures.
- Bulk purchases from lenders willing to sell groups of properties at discounts due to transaction volume.
- Short sales on individual properties negotiated on a deal-by-deal basis with motivated sellers.

By purchasing assets below their replacement cost, the Fund intends to achieve attractive entry bases, which will multiply the positive effects of cash flow and positive residual value for investors.

Level of Neglect

Acquired assets will typically require renovations before they are leased or sold. These renovations may range from simple cosmetic fixes to crucial infrastructure and amenity upgrades. While no two assets will require the same level of rehabilitation, the Manager will strive to keep all renovations cost-effective. Each deal will be underwritten with the expectation that the total basis of the asset (acquisition cost

plus all required improvements) will total less than the expected fair market value of the asset.

Due Diligence Strategy

For each investment opportunity, meeting the basic criteria above is just the first level of filtering. Once a prospective acquisition passes the initial screen, the Manager begins a deeper qualitative analysis, focusing most specifically on the categories of inquiry below. This discovery process has been honed through the Manager's years of experience investing in its particular combination of geography and asset type.

Physical Attributes

By nature of its dual mission as both investor and construction company, the Manager always considers the physical structure of a prospective investment property on a very deep, nuts-and-bolts level. The team conducts full review of all major components: foundation, roof, HVAC, plumbing, electric, façade, etc.

The Manager prefers a solid foundation, block structures, a roof in satisfactory condition, fully functioning HVAC, and modern plumbing and electric, with pleasant cosmetic features that are desirable to today's renter.

Seller Profile

The Manager believes that understanding the situation of the seller of an asset is critical to achieving desired outcomes. What is the cost of the asset? Why is the seller selling? Why is this property available? Has the seller had other offers? Why or why not? What will he or she do if the reserve price is not achieved?

The Manager prefers to know why a seller is selling and to understand all relevant angles of a transaction. The best acquisitions are often found as "off-market" deals with low transaction costs, versus on-market properties benefitting from substantial marketing and exposure, sufficient time to sell, and no price reductions.

Liquidation Scenarios

The Manager always considers how residual value of an asset might differ in varying disposition windows. What would a given property sell for on a two-year horizon? What about 90 days? What is the answer to these questions for the property in its current (unimproved) condition?

The Manager generally attempts to identify the liquidation values of target properties in their various forms. Asset strategies will be considered in which a fast and profitable flip may yield an attractive return for investors, even if that avenue precludes full improvement of the asset prior to sale.

Value-Add Business Plan

The Manager generates an internal value-add business plan for each acquisition reaching late stages of analysis. What changes are necessary to optimize an asset and what is the opportunity cost of doing so? Execution risk takes many forms –

contractor costs, management time, holding costs, vacant income cycles, etc. – and each form must be considered.

Investment hold times will vary based upon ongoing analysis of assets' risk-return profiles. The Manager will determine whether a given deal better serves the Fund as a fix-and-flip or a buy-and-hold post-stabilization. A portfolio of current income-generating assets is of substantial value to the Fund and may be packaged in part or whole for sale to large real estate investors.

Project Beta

Project beta is a key consideration in how the Manager views prospective investments. The Manager will employ its proprietary methodology to formulate investment and management strategy for individual assets and portfolio diversity. The Manager's methodology is grounded in game theory and leverages past data and experiential information to facilitate the investment process.

In determining investment strategy, the Manager may consider: What is the overall volatility of an asset's projections? If the asset underperforms, how large is the Fund's exposure? What about in a "worst case" scenario? Is there a scenario in which the asset might overperform? What would be the "best case" scenario?

Purchasing assets in distressed condition may decrease volatility somewhat, in that these assets have potential for improvement regardless of market conditions. The Manager prefers to invest in areas with several strong comparable properties that have sold in optimized condition to support value. Similarly, it is possible to gain confidence in rental projects by purchasing in areas with adequate rental market data to support them.

The Manager seeks to understand the volatility of both the local market and the broader markets that surround a potential asset, and how this market volatility may affect a Fund investment.

Marketable Title

Generally, the Manager intends to purchase properties with marketable title such that the Fund owns the property free of any claims by third parties. However, in certain instances, the Manager may knowingly purchase property with a defective title because even though the title is defective, the Manager believes that acquiring such property is in the best interest of the Fund. The purchase of property with a defective title may result in increased costs to the Fund to obtain marketable title, or limit the marketability of such property in the future.

Debt Investment specific guidelines

When issuing a Debt Investment, the Manager will first, test the underlying real estate as usual, to make to determine if the Manager would be comfortable having the Fund purchase such real estate outright. Once this test is complete, and assuming the underlying real estate meets the Manager's initial testing, further diligence will be done on the borrower, which may include background checks, and credit checks.

RISK FACTORS

There are risks associated with investing in the Fund, the majority of which are not within the Fund's or the Manager's control. These risks include, among others, trends in the economy, particularly the real estate and capital markets, fluctuations in the interest rate environment, income tax laws, government regulations, and the availability of satisfactory investment opportunities. Prior to investing in the Fund, Investors should perform their own analysis of the investment opportunities and objectives presented and discuss investing in the Fund with their own advisors.

Risks Relating to an Investment in the Fund – General

Best Reasonable Efforts Offering; Diversification

This Offering is being conducted on a "best reasonable efforts" basis by the Manager only. No guarantee can be given that all or any of the securities will be sold, or that sufficient proceeds will be available to conduct successful operations. Receipt of a relatively small amount of Investment Capital may reduce the ability of the Fund to spread investment risks through diversification of its portfolio.

No Guarantee of Profitability

There can be no assurance that cash flows will be sufficient to create net profits for the Fund even if the Manager believes in each Fund Asset's economic viability. Poor performance by a few of the Fund Assets could significantly affect the total returns to Investors. In addition, there is no guarantee that the monthly Interest Payments, principal of the Note or Preferred Return will be paid on a monthly basis, if at all. The Manager may choose not to make a monthly distribution of Excess Distributable Cash if it believes it is in the best interest of the Fund to do so.

No Guaranteed Return of Investor's Capital Contributions

Investment in the Fund is speculative and involves a high degree of risk. There can be no guarantee that an Investor will realize a substantial return on the investment, or any return at all, or that the Investor will not lose the entire investment. For this reason, each prospective Investor should read this PPM and all documents in the applicable Subscription Booklets carefully and should consult with his, her, or its own legal counsel, accountant(s), or business advisor(s) prior to making any investment decision.

Borrowing by the Company

As described in this PPM, the Fund and/or any SPV(s) of the Fund may choose to borrow money from time to time from one or more senior lenders in order to acquire additional Assets or leverage existing Assets, and may pledge one or more Fund Assets as collateral for any such borrowing, subject to certain restrictions imposed in the Operating Agreement. The Manager anticipates that most leverage will be between 70% and 80% of the value of a Fund Asset, but the Operating Agreement grants the Manager significant latitude and discretion in its ability to use leverage in the operation of the Fund.

Although the purpose of leverage is to provide flexibility and additional liquidity options to the Fund, reduce required member equity, as well as potentially increase

the overall Member return, its use is inherently risky and can instead increase the risk of loss.

The interest rates at which the Fund is able to borrow funds will affect the Fund's operating results. While the use of borrowed funds will increase returns if the Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for the funds, the use of leverage will decrease returns if the Fund fails to earn as much on such incremental investments as it pays for the funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Fund than if the Fund was not so leveraged. The use of leverage has the potential to magnify the gains or the loss on the Fund's investments and to make the Fund's returns more volatile.

The Fund may be unable to meet its obligations to a lender under a Credit Facility. If this occurs, the Fund may be liable for increased payments and penalties to the lender. The lender may also foreclose on any Fund Assets in which it holds a security interest. As such, the Fund's inability to perform under a Credit Facility could have significant negative effects on the Fund, its assets, and ultimately the Investors.

The Fund could be in a position where it must borrow funds in order to cover its operating expenses, overhead, or committed investments. In any of these events, it is uncertain whether debt financing will be available to the Fund on desirable terms, or at all. If the Fund is unable to secure debt financing in these circumstances, the Fund could end up in default of its obligations to third parties and incur significant penalties and other negative consequences. If the Fund is able to secure debt financing in these circumstances, the Fund could be highly leveraged and would be subject to all the risks associated with borrowing.

Force Majeure

The Fund's investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including the Fund or a counterparty to the Fund) to perform its obligations until it is able to remedy the force majeure event and/or prompt precautionary government-imposed closures of certain travel and business. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact the Fund's returns, cause personal injury or loss of life, disrupt global markets, damage property, or instigate disruptions of service. In addition, the cost to the Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on the Fund's expected returns. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Fund may invest and the markets the Fund may trade specifically. Additionally, a major governmental intervention into industry, including the nationalization of an

industry or the assertion of control over industry assets, could result in losses to the Fund, including if its investments are canceled, unwound or acquired (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Fund and its investments.

Governmental Regulation

The industry in which the Fund will become an active participant may be highly regulated at both state and federal levels, both with respect to its activities as an issuer of securities and its investing activities. Some of these regulations are discussed in greater detail below under "U.S. Securities Laws and Foreign Investors," "Compliance with Anti-Money Laundering Requirements," "Risk that the Fund May Become Subject to the Provisions of the Investment Company Act of 1940," "Risk that the Manager May Become Subject to the Provisions of the Investment Advisers Act of 1940," "The Fund's Reliance on Exclusions from the Investment Company Act May Impact Certain Investment Decisions," and "Recent and Anticipated Legislative and Regulatory Activity." The Fund or the Fund Assets may be subject to governmental regulations in addition to those discussed in this PPM, and new regulations or regulatory agencies may develop that affect the Fund's operations and ability to generate revenue. The Fund will attempt to comply with all applicable regulations affecting the markets in which it operates. However, such regulation may become overly burdensome and therefore may have a negative effect on the Fund's ability to perform as illustrated.

U. S. Securities Laws and Foreign Investors

The offer and sale of the Units and Notes will not be registered under the Securities Act or the laws of any applicable state pursuant to an exemption from the registration requirements of the Securities Act, and the securities laws of certain states. Each Investor must furnish certain information to the Manager and represent, among other customary private placement representations, that it is acquiring its Units or Notes for investment purposes and not with a view towards resale or distribution. The acquisition of Units or Notes by each Investor also must be lawful under applicable state securities laws or the laws of the applicable foreign jurisdiction if the Investor is a non-U.S. person.

The Units and Notes have not been, and will not be, registered under the Securities Act. Accordingly, the United States securities laws impose certain restrictions upon the ability of a Member to transfer such Units, or a Note Holder to assign such Notes. Neither Units nor Notes may be offered, sold, transferred, or delivered, directly or indirectly, unless (i) such Units or Notes are registered under the Securities Act and any applicable state securities laws, or (ii) an exemption from registration under the Securities Act and any applicable state securities laws is available. Moreover, there will be no liquid, public market for the Units or Notes, and none is expected to develop.

Further, Units or Notes may not be offered, sold, transferred, assigned or delivered, directly or indirectly, to any "Unacceptable Investor." An Unacceptable Investor means any person who is known to be a:

- (a) person or entity who is a "designated national," "specially designated national," "specially designated terrorist," "specially designated global terrorist," "foreign terrorist organization," or "blocked person" within

the definitions set forth in the Foreign Assets Control Regulations of the United States Treasury Department, 31 C.F.R., Subtitle B, Chapter V, as amended;

(b) person acting on behalf of, or an entity owned or controlled by, any government against whom the United States maintains economic sanctions or embargoes under the Regulations of the United States Treasury Department, 31 C.F.R., Subtitle B, Chapter V, as amended--including, but not limited to--the "Government of Sudan," the "Government of Iran," the "Government of Cuba," the "Government of Syria," and the "Government of Burma"; or

(c) person or entity subject to additional restrictions imposed by the following statutes or Regulations and Executive Orders issued thereunder: the Trading with the Enemy Act, the Iraq Sanctions Act. Pub. L. 101-5 13, Title V, §§ 586 to 586J, 104 Stat. 2047, the National Emergencies Act, 50 U.S.C. §§ 1601 et seq., the Antiterrorism and Effective Death Penalty Act of 1996, Pub. L. 104 132, 110 Stat. 1214 1319, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., the United Nations Participation Act. 22 U.S.C. § 287c, the International Security and Development Cooperation Act, 22 U.S.C. § 2349aa-9, the Nuclear Proliferation Prevention Act of 1994, Pub. L. 103 236, 108 Stat. 507, the Foreign Narcotics Kingpin Designation Act, 21 U.S.C. §§* 1901 et seq., the Iran and Libya Sanctions Act of 1996, Pub. L. 104 172, 110 Stat. 1541, the Cuban Democracy Act. 22 U.S.C. §§ 6001 et seq., the Cuban Liberty and Democratic Solidarity Act. 22 U.S.C. §§ 6021-91, and the Foreign Operations, Export Financing and Related Programs Appropriations Act, 1997, Pub. L. 104 208, 110 Stat. 3009 172, or any other law of similar import as to any non U.S. country, as each such Act or law has been or may be amended, adjusted, modified, or reviewed from time to time.

In the event of a registered public offering of Units in the U.S., the Fund would become subject to the reporting obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under such circumstances, a Member that owns more than 5% of the Fund's outstanding Units may be obligated to make certain information filings with the Commission pursuant to the Exchange Act. Each prospective Member is advised to consult with its own legal advisor regarding the securities law consequences of ownership of Units if the Units become subject to the Exchange Act.

Compliance with Anti-Money Laundering Requirements

The Fund may be subject to certain provisions of the USA PATRIOT Act of 2001 ("the Patriot Act"), including, but not limited to, Title III thereof, the International Money Laundering and Abatement and Anti-Terrorist Financing Act of 2001 ("Title III"), certain regulatory and legal requirements imposed or enforced by the Office of Foreign Assets Control ("OFAC") and other similar laws of the United States. In response to increased regulatory concerns with respect to the sources of the Fund's capital used in investments and other activities, the Manager may request that Investors provide additional documentation verifying, among other things, such Investor's identity and source of funds to be used to purchase Units or Notes. The Manager may decline to accept a subscription from an Investor if this information is not provided or on the basis of the information that is provided. Requests for

documentation and additional information may be made at any time during which a Member holds Units or a Note Holder holds a Note or Notes. The Manager may be required to report this information, or report the failure to comply with such requests for information, to appropriate governmental authorities, in certain circumstances without informing a Member or Note Holder that such information has been reported. The Manager will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives, or special measures, including, but not limited to, those imposed or enforced by OFAC, the Patriot Act, and Title III. Governmental authorities are continuing to consider appropriate measures to implement anti-money laundering laws and at this point it is unclear what steps the Manager may be required to take; however, these steps may include prohibiting a Member from making further contributions of Capital to the Fund, or Note Holder from lending further monies to the Fund, depositing distributions or interest to which such Member or Note Holder would otherwise be entitled into an escrow account, or causing the withdrawal of such Investor from the Fund.

Conflicts of Interest Risks

The Manager and its principal are subject to various conflicts of interest in managing the Fund. The Fund will pay the Manager substantial fees that are not determined by arm's length negotiations. The Fund will pay a monthly Management Fee to the Manager of 1.5% (annualized) of the total aggregate Capital Contributions as of the date of determination, which figure shall be calculated by the Manager in its sole discretion, and is payable regardless of whether the Fund is profitable. Given that the Management Fee is calculated off the Fund's aggregate Capital Contributions, a potential incentive exists for the Manager to inflate the aggregate Capital Contributions in order to increase the Management Fee.

Similarly, an Affiliate may be entitled to receive fees for providing certain services to the Fund including, but not limited to, rehabilitation, renovation and development of the Assets, acquiring and disposing of the Assets, and performing property management services on behalf of the Fund on the Assets. As a principal, sales agent, member, or manager of any Affiliates of the Fund, Mr. Boccia will receive a substantial portion of such additional service fees. Although it is expected that such fees will be paid at commercially reasonable rates, incentive exists for Mr. Boccia to inflate actual costs and commissions in order to increase such fees, from which he would be a substantial beneficiary.

The Manager will be the representative of the Note Holders for purposes of actions on the Notes. Please see the sections of this PPM titled "RISK FACTORS -- Risks Specific to Note Holders" and "Conflicts of Interest."

The Fund does not have its own officers, directors, or employees. The Manager supervises and controls the business affairs of the Fund, locates investment opportunities for the Fund, raises capital for the Fund, administers the financial affairs of the Fund, and renders certain other services, in each case subject to delegation to other firms or Affiliates of the Manager. The Manager, however, will devote only such time to the Fund's affairs as may be reasonably necessary to conduct its business. The Manager, its Affiliates and their members may compete with the business of the Fund or, may be a manager or investor of other companies (some of which may directly compete with the business of the Fund) and have other business interests of significance.

There is no requirement that the Fund create or utilize a board or committee of unaffiliated Members or other advisors to review and approve transactions that may constitute a conflict of interest or any determination by the Manager of the value of any Fund Assets.

Risk of Additional Investors

The Fund is open-end, which means it does not have restrictions on the amount of Units or Notes the Fund will issue. If demand is high enough, the Fund may continue to issue Units or Notes no matter how many Investors there are. While this Offering is for up to a maximum amount of \$50,000,000, this amount may be increased at any time in the sole discretion of the Manager. Additional Units and Notes may be sold from time to time to the Manager, its Affiliates, new Investors, or current Investors that choose to exercise their Reinvestment Option. As additional Units or Notes are issued, the increase in Units or Notes may reduce the amounts the Fund has available to make distributions to any one Investor, as distributions will need to be distributed amongst more Units or Notes. The Fund intends to only accept additional capital to the extent it will result in additional yields sufficient to provide for the associated distributions, but the Fund cannot assure Investors that this will happen. In addition, subsequent sales may be at a Unit Price higher or lower than the price at which the Fund issues its initial Units, or on terms that are more or less favorable to the Note Holders than under the Note Schedule governing the initial Notes issued in the Offering. Since all Units and Notes are Pari Passu, however, Investors that paid different amounts may be entitled to similar returns.

Fraud

There is the risk that the Fund may be subject to fraudulent and negligent acts on the part of third parties, including borrowers, brokers, purchasers, sellers and or other vendors resulting in a loss of the Fund Assets. The Manager will attempt to reduce the likelihood of fraud through extensive due diligence and monitoring, but the risk of fraud can never be entirely eliminated.

Risks Specifically Related to the Fund's Real Estate Asset Based Business Model

General Real Estate Risks

The Fund will be subject to the risks that generally relate to investing. The performance and value of its Assets once acquired depends upon many factors beyond the Fund's control. The ultimate performance and value of the Fund's investments are subject to the varying degrees of risk generally incident to the ownership and operation of the properties in which the Fund invests in.

The ultimate performance and value of the Fund's investments will depend upon, in large part, the Fund's ability to recover its investment. Revenues and cash flows may be adversely affected by: changes in national or local economic conditions; changes in local market conditions due to changes in national or local economic conditions or changes in local market characteristics, including, but not limited to, changes in the supply of and demand for competing properties and other assets within a particular local property market or industry; competition from other vendors or companies

offering the same or similar services; changes in interest rates and the credit markets which may affect the ability to finance, and the value of, investments; changes in tax rates and other operating expenses; changes in governmental rules and fiscal policies, civil unrest, acts of God, including earthquakes, hurricanes, and other natural disasters, acts of war or terrorism, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; changes in governmental rules and fiscal policies which may result in adverse tax and other consequences, unforeseen increases in operating expenses generally or increases in the cost of borrowing; decreases in consumer confidence; government taking investments by eminent domain; various uninsured or uninsurable risks; the bankruptcy or liquidation of major tenants; adverse changes in zoning laws; the impact of present or future legislation and compliance with laws; the impact of lawsuits which could cause the Fund to incur significant legal expenses and divert management's time and attention from the day-to-day operations of the Fund; and other factors that are beyond the Fund's control.

Any of the foregoing factors as well as others could adversely impact the return on and cash flows and values of the Fund's investments. In addition, Asset values can decline below their acquisition price or below their appraised, assessed, or perceived values after the acquisition. Appraisals, if obtained, are only the appraiser's opinion of the Asset values at a given point in time. Material declines in values could result in subsequent losses. The Fund's investments may be difficult to sell in an efficient and expeditious manner, and there can be no assurance that there will be a ready resale market if or when the Fund finds it necessary or otherwise elects to sell such investments.

Risks of Real Estate Ownership

When the Fund acquires real estate, it has economic and liability risks as the owner, including but not limited to:

- earning less income on disposition of the property than costs incurred in purchasing, improving it, and maintaining it;
- keeping the property leased by tenants;
- potential damage to the property by any tenants;
- lack of availability or lapse in insurance coverage for the property;
- controlling operating expenses;
- coping with general and local market conditions;
- possible exposure to environmental contamination remediation and cleanup costs, which in some cases could exceed the value of the property;
- complying with changes in the laws and regulations pertaining to taxes, use, zoning and environmental protection; and/or
- possible liability for injury to persons and property.

In particular, the Fund may invest in a property assuming it could negotiate more favorable lease rates but may be unable to do so.

The Fund intends to secure insurance against hazards and contingencies to the extent it can obtain such insurance as an owner at a reasonable cost.

Risks of Participation in Fund Assets

- Other owner(s) of a Participation Interest in such a Fund Asset may have different ideas, motivations, or desired outcomes than the Fund which may give rise to disputes in how to manage the Asset.
- There may be complications in disposing of Participation Interest that require additional time, money, and cooperation of parties who may be adverse at the time of maturity or disposition of the Asset, which may reduce the amount recovered by the Fund on such an Asset.
- The Manager and/or the Fund may not control or have influence over the transaction involving the Asset subject to agreement governing the Participation Interest. Such a scenario would subject the Fund to the decisions of another party, whose interests may be adverse to those of the Fund.
- There may be regulations or laws that govern or influence a Participation Interest that are unknown at the time the investment is made, but which have a negative impact on the Asset at the time of maturity or disposition.

The Fund's Investments are Illiquid in Nature

Although some of the Fund's investments may generate current income the Fund's investments will primarily be illiquid and may not be readily sold for fair value. The illiquidity commonly associated with real estate investments may limit the Fund's ability to vary its portfolio of investments in response to changes in economic and other conditions. Illiquidity may result from the absence of an established market for investments as well as the legal or contractual restrictions on their resale. In addition, illiquidity may result from the decline in value of a property comprising one of the Fund's investments. There can be no assurances that the fair market value of any property held by the Fund will not decrease in the future, leaving the Fund's investment relatively illiquid.

Furthermore, although the Manager expects that the Fund's investments will be disposed of prior to dissolution, the Fund may have to sell, distribute, or otherwise dispose of its investments at a disadvantageous time as a result of dissolution.

Other Risks

The Fund's investments will be subject to the varying degrees of risk and significant fluctuations in their value. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and other characteristics; the financial condition of Borrowers, tenants, buyers, and sellers of properties; competition from other companies offering the same or similar services; changes in interest rates and in the availability, cost, and terms of mortgage funds; the impact of present or future legislation and compliance with laws; the ongoing need for capital improvements (particularly in older structures); changes in tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; civil unrest; acts of God, including earthquakes, hurricanes, and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in zoning laws; and other factors that are beyond the control of the Fund.

Digital Operations Risk

The Manager relies heavily on software, technology and the cloud with all documents secured and managed digitally. The Manager utilizes software that allows it to track and manage its investments with confidence and accuracy. However, there are risks associated with technology. Defects in software products and errors or delays in processing of electronic transactions could result in:

- transaction or processing errors;
- diversion of technical and other resources from other efforts;
- loss of credibility with current or potential customers;
- harm to reputation; or
- exposure to liability claims.

In addition, the Manager relies on technologies supplied by third parties that may also contain undetected errors, viruses, or defects that could have a material adverse effect on the Fund's financial condition and results of operations.

Risks Specifically Related to the Fund's Debt Investments

The Fund's Underwriting Standards and Procedures are More Lenient Than Conventional Lenders

The Fund will invest in the Debt Investments with Borrowers who will not be required to meet the credit standards of conventional mortgage lenders, which is riskier than investing in loans made to Borrowers who are required to meet those higher credit standards.

Because the Manager may approve Debt Investments more quickly than some other lenders or providers of capital, there may be a risk that the due diligence the Manager performs as part of its underwriting procedures would not reveal the need for additional precautions. If so, the interest rate that the Fund charges and the collateral the Fund requires may not protect the Fund adequately or generate adequate returns for the risk undertaken.

Risk of Default on Debt Investments / Non-Performing Debt Investments

The Fund's investment strategy is the origination of Debt Investments which are subject to the risk of default. At the time of their origination or thereafter, the Debt Investments may be nonperforming for a wide variety of reasons. Such nonperforming Debt Investments may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such Debt Investment and/or purchasing senior loans. It is possible that the Manager may find it necessary or desirable to foreclose on collateral securing one or more Debt Investments purchased by the Fund. The foreclosure process will vary from jurisdiction to jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims, and defenses against the holder of a Debt Investment, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. During the foreclosure proceedings, a Borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral

property and may result in disrupting ongoing leasing and management of the property. Even if foreclosure can be avoided and a restructuring were successfully accomplished, a risk exists that, upon maturity of such Debt Investment, replacement "takeout" financing will not be available.

In certain circumstances, the Fund may lose priority of its liens to mechanic or materialmen liens, by reason of the Borrower's wrongful acts or the priority allowed to certain tax liens. It is possible that the total amount recovered by the Fund upon default may be less than the total amount of its Debt Investment, with resultant losses to the Fund. In such circumstances, the Manager may pursue deficiency judgments against Borrowers, if available. Most, if not all, of the Fund's Debt Investments will be general obligations of the Borrower or principals of the Borrower. Properties held as collateral and foreclosed upon may not generate sufficient income from operations to meet associated expenses of the Fund. In addition, operation of foreclosed properties may require the Fund to spend money for an extended period, and subsequent income and capital appreciation from the foreclosed properties to the Fund may be less than competing investments.

The Fund may be required to rely totally on its interest in the collateral for repayment of a Debt Investment. The value of the collateral may be affected by general or local economic conditions, neighborhood values, interest rates, real estate tax rates, and other operating expenses, the possibility of competitive overbuilding and of the inability to obtain or maintain full occupancy of the properties, governmental rules and fiscal policies, acts of God, pandemics, or casualties for which insurance is not available or obtainable for commercially reasonable premiums, and other factors which are beyond the Fund's or the Manager's control.

The collateral may be affected in many respects by shortages and increased costs of energy. Transportation difficulties may affect the accessibility and desirability of the collateral to tenants and customers and, together with the increasing cost and possible unavailability of fuels for heating, cooling, and other purposes, may adversely affect the value of properties. The Fund may, in addition, require transaction analysis reports for environmental screening or other environmental reports on the collateral properties. The presence of hazardous substances on such properties may subject the Fund to substantial liability for the cost of removal and/or treatment, reduce the value of the collateral or make it unmarketable. That cost may substantially exceed the value of the collateral involved. A Borrower's ability to pay a Debt Investment balance in a large lump sum may depend on its ability to obtain suitable refinancing or otherwise raise a substantial cash amount. The collateral value could also be negatively impacted if a defaulting Borrower were to damage the property, negligently or intentionally, while still in possession.

The Debt Investments may become uncollectible or subject to a reduced return due to a voluntary or involuntary bankruptcy, insolvency, or similar proceeding affecting any of the Fund's Borrowers or guarantors. If the Fund invests in a large portion of Debt Investments with intermediate and long-term maturities, the Fund will be limited in its ability to vary the portfolio promptly in response to changing economic, financial and investment conditions.

Regulation Regarding Originating and Servicing Loans

The origination and servicing of loans, particularly loans secured by residential properties, may be subject to a significant amount of regulatory requirements and

oversight. Consumer loans are subject to intense regulation and scrutiny. Although the Fund does not plan to originate or invest in consumer loans and to limit its investments to commercial loans; there is a risk that a regulatory body could consider a loan originated or held by the Fund to be a consumer loan and the Fund might be required to adjust the terms of such loan or to refund certain fees charged in connection with such loan.

Risks of Investing in Subordinated Loans

Some of the Fund's investments may consist of subordinated loans. Such investments will be subordinated to the senior obligations of the property or issuer, either contractually, inherently due to the nature of equity securities, or both. In the event of default on the senior debt, the Fund as a holder of a subordinated loan may be at the risk of realizing a loss of up to all of its investment before the senior debt will suffer any loss. Consequently, greater credit risks are usually attached to these subordinated investments than to a Borrower's first mortgage or other senior obligations. In addition, these securities may not be protected by financial or other covenants and may have limited liquidity. Adverse changes in the Borrower's financial condition and/or in general economic conditions may impair the ability of the Borrower to make payments on the subordinated securities and cause them to default more quickly with respect to such securities than with respect to the Borrower's senior obligations. In most cases, the Fund's management of its investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing investments, will be subject to the rights of the more senior lenders and contractual intercreditor provisions.

The Fund May Have Difficulty Protecting Its Rights as a Secured Lender

The Fund believes that its Debt Investment documents will enable it to enforce commercial arrangements with Borrowers and other counterparties. However, the rights of Borrowers, counterparties, and other secured lenders may limit the Fund's practical realization of those benefits. For example:

- Judicial foreclosure is subject to the delays of protracted litigation. Although the Fund expects nonjudicial foreclosure to be generally quicker, the Fund's collateral may deteriorate and decrease in value during any delay in foreclosing on it.
- The Borrower's right of redemption during foreclosure proceedings can deter the sale of the collateral and can for practical purposes require the Fund to manage the property.
- The Fund will be making loans primarily in Florida, but occasionally in neighboring states, with varying foreclosure laws, procedures, and timelines. Depending on which state a Fund Asset is located, there may be more or less time, effort, and cost associated with foreclosing on Debt Investments.
- Unforeseen environmental hazards may subject the Fund to unexpected liability and procedural delays in exercising its rights.
- The rights of junior or senior secured parties in the same property can create procedural hurdles for the Fund when it forecloses on collateral.
- The Fund may not be able to pursue deficiency judgments after it forecloses on collateral.
- State and federal bankruptcy laws can prevent the Fund from pursuing any actions, regardless of the progress in any of these suits or proceedings.

- The courts, particularly the bankruptcy courts, may unilaterally alter the contractual terms of Fund Assets, including doing so to the detriment of the Fund.

Care is exercised upon creation of the legal documents at the time of origination to ensure that as many bases as possible have been covered in the documents. However, in the event of default, it can be very difficult to predict with any certainty how courts will respond.

Usury Limitations

Interest charged on Debt Investments made by the Fund may be subject to usury laws imposing maximum interest rates and penalties for violation, including restitution of excess interest and unenforceability of debt. Any reduction in the interest rates will result in less amounts available for distributions to Members and Note Holders.

Lack of Operating Control of Underlying Investments

Unless the Fund takes control of a property through foreclosure, the day-to-day operations of the real estate companies and real estate securing the Debt Investments in which the Company invests will be the responsibility of the owners and developers of such companies and real estate. Although the Manager will be responsible for monitoring the performance of such Debt Investments, there can be no assurance that the owners and developers will be able to operate the underlying companies or real estate in accordance with their business plans or the expectations of the Fund.

Risks of Real Estate Ownership

When the Fund acquires real estate through foreclosure, deed in lieu of foreclosure, or otherwise ("REO"), it has economic and liability risks as the owner, including but not limited to:

- Earning less income on disposition of REO than costs incurred in acquiring, improving, and maintaining it;
- Keeping the REO leased by tenants;
- Potential damage to the REO by any tenants;
- Lack of availability or lapse in insurance coverage for REO;
- Controlling operating expenses;
- Coping with general and local market conditions;
- Possible exposure to environmental contamination remediation and clean-up costs, which in some cases could exceed the value of the REO;
- Complying with changes in the laws and regulations pertaining to taxes, use, zoning, and environmental protection; and/or
- Possible liability for injury to persons and property.

The Fund intends to secure insurance against hazards and contingencies to the extent it can obtain such insurance as an owner at a reasonable cost.

Risks of Participation or Fractional Interests in Debt Investments

When the Fund does not own an individual investment in its entirety, but rather owns some percentage interest in a transaction (a "Participation"), there are additional risks to that particular investment including, but not limited to, the following:

- Other owner(s) of a Participation in such a Fund Asset may have different ideas, motivations, or desired outcomes than the Fund which may give rise to disputes in how to manage such as Fund Asset.
- There may be additional legal costs for Participations in event of default due to having multiple participants in the ownership of the Asset.

Other General Risks of an Investment in the Fund

Newly Formed Entity

The Fund is a newly formed entity with no operating history on which prospective Investors may base an evaluation of likely performance, and the Fund will be the first fund managed by the Manager. To the extent that the Manager, its principals and Affiliates are responsible for the investment results of previous investment funds, those results are, in any event, past results and are not necessarily indicative of future results of the Fund's investments. There can be no assurance that any of the Fund's investments will perform as well as the past investments of the principals or that the Fund's investments will meet the Fund's target return.

Unspecified Investments

The Fund has not identified the particular investments it will make. Accordingly, an Investor must rely upon the ability of the Manager in making investments consistent with the Fund's investment objectives and policies. Although the principals have been successful in locating investments in the past, the Fund may be unable to find a sufficient number of attractive opportunities to invest its committed capital or meet its investment objectives. An Investor has no ability to control or determine the Fund's underwriting criteria, investment decisions, or other decisions with respect to the business of the Fund. Nor is there any requirement that the Fund create or utilize a board or committee of advisors to assist the Manager with respect to such decisions. Therefore, an Investor must completely rely on the discretion of the Manager and the Key Person, and their respective employees and contractors, with respect to such decisions and the overall performance of the Fund.

Furthermore, there may be a period of time before the Manager fully invests the proceeds of this Offering and begins to make distributions or payments. The Manager will attempt to invest the proceeds as quickly as prudence and circumstances permit; however, no assurance can be given as to how quickly the proceeds will be invested. Consequently, the interest payments, Note principal payments and distributions you receive on your investment may be reduced pending the investment of the Offering proceeds in Fund Assets.

The Fund's Due Diligence May Not Reveal All Factors Affecting an Investment and May Not Reveal Weaknesses in Such Investments.

There can be no assurance that the Manager's due diligence processes will uncover all relevant facts that would be material to an investment decision. Before making an investment, the Manager will assess the strength of the underlying properties and

any other factors that they believe are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, the Manager will rely on the resources available to them and, in some cases, investigations by third parties.

No Minimum Offering Amount; Investments May be Less than Anticipated and the Fund's Investments May Not Be Diversified

While the Fund is targeting a \$50,000,000 maximum offering amount, there is no minimum total amount the Fund must receive before accepting subscriptions, transferring Investor money to the Operating Account and acquiring Fund Assets. There is a substantial risk that the Fund will receive less subscriptions or Capital investments than it anticipates. In such event, the Fund's investment strategy will be adversely affected, the opportunity for diversification of investments will be materially decreased, and the returns on those investments likely will be reduced as a result of allocating Fund expenses among fewer investments. During the period when the Fund acquires its initial Fund Assets and until the time the Fund acquires a substantial amount of Fund Assets, the Fund will not be diversified and Fund Assets may consist of only a few Fund Assets. In addition, without broad diversification, the risk of loss to the Fund and its Investors is much greater.

Reliance on Management

The Manager will make all Fund decisions, including Fund Asset selection. The Fund will be relying solely on the Manager's experience and judgment. There is no requirement that the Fund create or utilize a board or committee of advisors to assist the Manager in making decisions with respect to the Fund. The Manager may resign at any time with one year's notice to the Members without liability to the Fund. The Members may only remove the Manager for Cause upon a vote of the Members holding at least eighty percent (80%) of the Ownership Interests. There can be no guaranty or assurance that a suitable replacement Manager will be identified and elected in the event of the resignation or removal of the Manager.

Key Person Provision

The Manager's sole principal is Andrew Boccia. He is considered an integral part of the Fund's investments and operations (a "Key Person"). The Operating Agreement contains a provision that, in the event of the death or permanent disability of the Key Person, the Fund shall place an immediate moratorium on new investments for up to one year. The Members shall have the right to appoint a replacement Key Person during the one year moratorium period. If no replacement Key Person is appointed by a vote of the Members within the one year moratorium period, the Fund shall permanently cease to make new investments and proceed with an orderly liquidation of its Assets. There can be no guaranty or assurance that a suitable replacement Key Person will be identified and appointed before the end of the moratorium period.

Risk if Manager Withdraws or is Terminated

The Fund presently only has one Manager. If the Manager, subject to its one year notice requirement, withdraws from the Fund, is terminated by the Members for Cause, or is terminated as Manager by dissolution or bankruptcy, it may be difficult or impossible for the Members of the Fund to locate a suitable replacement for the Manager. If it is unable to replace the Manager, the Fund would proceed with

liquidating the Fund's Assets, which may or may not be able to be successfully executed.

Risk of Litigation

The Fund's investment activities may include activities that will subject it to the risks of becoming involved in litigation by third parties. The expense of defending claims against the Fund by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Fund and would reduce net assets and could require the Members to return distributed capital and earnings to the Fund. The Manager, its Affiliates and their members will be indemnified by the Fund in connection with such litigation, subject to certain conditions.

Lender Liability Risks Including Equitable Subordination

In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has 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 creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Fund's investments, the Fund could be subject to allegations of lender liability.

In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court applying bankruptcy laws may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." The Fund could be subject to claims from creditors of an obligor that the Fund's investments in debt obligations of such obligor should be equitably subordinated. Alternatively, in bankruptcy a court may re-characterize the Fund's claims or restructure the debt using "cram down" provisions of the bankruptcy laws.

Recourse to the Fund's Assets

The Fund's Assets, including any investments made or acquired by the Fund, may be required to be available to satisfy all liabilities and other obligations of the Fund in certain circumstances. Although the Fund may seek to structure investments through investment entities having limited liability, there can be no assurance that such efforts will always be successful or respected. If the Fund or one or more of its investments 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 of the Fund, such as the Asset representing the Investment giving rise to the liability.

Risks Associated with a Changing Economic Environment

As a result of the credit crisis and the occurrence of several high profile bankruptcies, government bailouts, bank failures, other negative corporate events and certain other events, the financial markets have been disrupted in general and the availability and cost of capital for the Fund and that of the Fund's competitors have been adversely affected. The achievement of the Fund's rate of return is dependent, at least in part, upon the Fund's ability to access capital at rates and on terms the Manager determines to be acceptable. If the Fund's ability to access capital becomes significantly constrained, the Fund's financial condition and future investments may be significantly adversely affected.

Risks of Uninsured Losses

The Fund will use best reasonable efforts to ensure that all Assets are insured against hazard in most cases. However, some events may be uninsurable or insurance coverage for such events may not be economically practicable. Losses from earthquakes, floods, or other weather phenomena, for example, that could occur may be uninsured and cause losses to the Fund. In addition, insurance may lapse without proper notice to the Manager and/or Assets may become temporarily uninsured and sustain damage during this period.

Risk of Repayment of Fund Assets and Redeployment of Cash

There is a risk that when Fund Assets are sold, there may not be sufficient quality opportunities to immediately redeploy the proceeds received from these payoffs into new Fund Assets. If the Fund is unable to locate new Assets in a timely manner, the excess cash may water down the overall yield to the Fund or the Manager may choose to repay Investors a portion or all of their Capital Account earlier than expected.

Risk of Defective Title

The Fund may purchase real estate and knowingly or unknowingly incur defective title on such property. Defective title on real estate could result in other parties laying claim to all or a portion of the property. Such additional claims may have to be litigated or paid in order for the Fund to rehabilitate, develop or dispose of such property. Costs for litigation or satisfaction of such claims may result in an investor losing all or a portion of its investment in such real estate or in the Fund.

Competition for Fund Assets

The business and arena in which the Fund is engaged is highly competitive, and the Fund and Manager compete with numerous established entities, some of which have more financial resources and experience in the business than the Fund or Manager. The Fund and Manager expect to encounter significant competition from other market participants including private equity fund managers, real estate developers, pension funds, real estate investment trusts, other private parties, potential investors or homeowners, and other people and/or entities with objectives similar in whole or in part to those of the Fund. Any general increase in the availability of capital for such purposes may increase competition for Fund Assets and could reduce the yields they produce, including those of the Fund.

Risk of Lack of Geographical Diversity

The Fund intends to acquire Assets primarily in Central Florida. If this region suffers economic adversity, the value of the Fund's Assets may suffer.

Risk of Loss of Funds in Money Market Account

The Fund intends to place all its cash which is not otherwise invested in Fund Assets in Money Market Accounts. Each Money Market Account will consist of investments that are immediately liquid, and that, in the Manager's judgment, are sufficiently safe while producing a yield on the Fund's cash. The Manager intends to choose such investments which appear to have a very low probability of loss. Notwithstanding the foregoing, any investment inherently involves certain risks.

Absence of Registration Under Applicable Securities Laws

This Offering is being made under certain federal and state securities laws exemptions. As such, the Units and Notes have not been registered under the Securities Act, or applicable state securities laws. Therefore, no regulatory authority has reviewed the terms of this Offering, including the nature and amounts of the compensation, the disclosure of risks and tax consequences, and the fairness of the terms of this Offering. Further, Investors do not have all of the protection afforded in registered and/or qualified offerings, and they must judge the adequacy of disclosure and the fairness of the terms of this Offering without the benefit of prior review by any regulatory authority.

Furthermore, the Fund may fail to comply with the requirements of the exemptions from registration on which it is relying. If so, the Members could rescind their purchase of Units, and Note Holders could rescind their purchase of Notes under applicable state and federal securities laws. If enough Members and Note Holders successfully sought rescission, the Fund and the Manager would face severe financial demands, which would adversely affect the Fund.

Absence of Regulatory Oversight

While the Fund may be considered similar to an investment company, it is not presently, and does not propose in the future, to register as such under the Investment Company Act of 1940 or the laws of any other country or jurisdiction and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody to be individually segregated at all times from the securities of any other person and to be clearly marked to identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) will not be applicable to the Fund. In addition, the Manager is not registered as an investment adviser under the Investment Advisers Act of 1940 or any similar state laws, or as a Commodity Trading Advisor under the Commodity Exchange Act (or any similar law). Furthermore, the Manager is exempt from registration with the Commodity Futures Trading Commission as a commodity pool operator.

Risk That the Fund May Become Subject to the Provisions of the Investment Company Act of 1940.

The Fund intends to operate so as to not be regulated as an investment company under the Investment Company Act (as defined herein) based upon certain exemptions thereunder. Companies that are subject to the Investment Company Act must register with the SEC and become subject to various registration, governance and reporting requirements. Compliance with such restrictions would limit the Fund's flexibility, and create additional financial and administrative burdens on the Fund. The Fund believes it can avoid these restrictions based on one or more exemptions provided for companies like the Fund. If the Fund fails to qualify for exemption from registration as an investment company, its ability to conduct its business as described herein will be compromised. Any such failure to qualify for such exemption would likely have a material adverse effect on the Fund.

Though the Manager does not intend to register under the Investment Advisers Act, it may be required to register under one or more state investment adviser acts ("State Advisers Acts"). State Advisers Acts are similar to the Investment Advisers Act but generally apply to investment advisers that are not subject to the Investment Advisers Act because of the amount of AUM or other exemptions from registration. The Manager intends to seek exemptions from such registration where possible. If the Manager does have to register under one or more State Advisers Acts, such registration may create administrative and financial burdens on the Manager.

Risk that the Manager May Become Subject to the Provisions of the Investment Advisers Act of 1940

The Manager has not registered as an investment adviser under the Investment Advisers Act of 1940 (the "Investment Advisers Act") and intends to operate so as to not be required to register as an investment adviser with the SEC. Specifically, a provider of investment advice as to real estate, and not as to securities, should not be considered an "investment adviser" for purposes of the Investment Advisers Act. In addition, even if the Manager were to be deemed an investment adviser, investment advisers are not required to register with the SEC under the Investment Advisers Act so long as they have less than \$110 million in AUM, and the Manager expects to be further exempted from registration so long as the Manager has less than \$150 million in AUM based on the fact that it is solely a manager of a real estate fund that is a qualifying private fund exempt from registration under the Investment Company Act. If the Manager were deemed to be an investment adviser, and if or when the Manager exceeds that threshold, unless it is eligible for another exemption, it will be required to register under the Investment Advisers Act and will be subject to various restrictive provisions provided for therein. The Manager cannot determine at this time, what, if any, impact such registration and restrictions will have on its business or the business of the Fund.

Because the Manager views itself as being solely in the business of advising the Fund as to real estate, and not as to securities (although the Fund may form special purpose entities through which to invest in real estate), the Manager does not intend to register under the Investment Advisers Act or any equivalent laws of one or more states that pertain to investment advice on securities ("State Advisers Acts"). Nevertheless, given that each state may adopt its own interpretations, the Manager could be required at some point to register with one or more State Advisers Acts. State Advisers Acts are similar to the Investment Advisers Act but generally apply to investment advisers that are not subject to the Investment Advisers Act because of the amount of AUM or other exemptions from registration. The Manager intends to seek exemptions from such registration where possible. If the Manager does have to

register under one or more State Advisers Acts, such registration may create administrative and financial burdens on the Manager, and the Manager's operation of the Fund could be adversely affected to the extent that technical requirements or prohibitions were to prevent the Fund from operating as planned or add costs to the Fund such as certain custody related requirements. So long as the Manager is not an investment adviser, it does not owe the Fund a formal fiduciary duty as such, and the Fund does not benefit from the protections of the Advisers Act or State Advisers Acts.

The Fund's Reliance on Exclusions from the Investment Company Act May Impact Certain Investment Decisions

To the extent that the Fund invests solely in real estate and not in securities, it should not be considered an investment company under the Investment Company Act. It is nevertheless conceivable that certain ways in which the Fund's investments are structured could be construed as securities for purposes of the Investment Company Act. The Investment Company Act excludes an issuer that follows a real estate program from the definition of an "investment company" if it is "primarily engaged" in, the origination or acquisition of mortgages and other liens on, and/or interests in, real estate. The Manager has not sought a no-action letter from the SEC to confirm that the Fund is eligible for this exemption. However, the Manager will rely on guidance issued by the SEC stating that so long as the Fund's assets consist of ownership of real estate related assets, the Fund will remain exempt from the Investment Company Act registration requirements. Because the Fund is relying on an exemption that is dependent on the nature of the Fund's investment holdings, the Manager may need to consider such restrictions when assessing a potential investment for the Fund, and may decide not to pursue an asset because such asset would jeopardize the Fund's use of the exemption, as opposed to whether or not the asset would otherwise be a sound investment for the Fund.

Recent and Anticipated Legislative and Regulatory Activity

The U.S. Congress, the SEC, and other regulators have taken, or represented that they may take, action to increase or otherwise modify the laws, rules, and regulations applicable to techniques and instruments in which the Fund may invest. New (or modified) laws, rules, and regulations may prevent, or significantly limit the ability of, the Manager from using certain such instruments or from engaging in such transactions. This may impair the ability of the Manager to carry out the Fund's investment strategy and may otherwise have an adverse impact on the Fund's returns. Compliance with such new or modified laws, rules, and regulations may also increase the Fund's expenses and therefore, may adversely affect the Fund's performance. It is not possible at this time to predict with certainty what, if any, impact the new or modified regulations will have on the Manager or the Fund, and it is possible that such impact could be adverse and material.

Investment by Benefit Plans

In considering the acquisition of Units or Notes to be held as a portion of the assets of an "employee benefit plan" within the meaning of Section 3(3) of ERISA ("a Benefit Plan" or "Plan"), a Plan fiduciary, taking into account the facts and circumstances of such trust, should consider, among other things: (a) the effect of the "Plan Asset Regulations" (Labor Regulation Section 2510.3-101) including potential "prohibited transactions" under the

Code and ERISA; (b) whether the investment satisfies the “exclusive purpose,” “prudence,” and “diversification” requirements of Sections 404(a)(1)(A),(B) and (C) of ERISA; (c) whether the investment is a permissible investment under the documents and instruments governing the plan as provided in Section 404 (a)(1)(D) of ERISA; (d) the Plan may not be able to distribute Units to participants or beneficiaries in pay status because the Manager may withhold its consent; and (e) the fact that no market will exist in which the fiduciary can sell or otherwise dispose of the Units and the Fund has no history of operations. The prudence of a particular investment must be determined by the responsible fiduciary with respect to each employee benefit plan, taking into account the facts and circumstances of the investment.

ERISA Risks

Any Investor that invests funds belonging to a qualified retirement plan or IRA should carefully review the tax risks provisions of this PPM as well as consult with their own tax advisors. The contents hereof are not to be construed as tax, legal, or investment advice.

PROSPECTIVE BENEFIT PLAN INVESTORS ARE URGED TO CONSULT THEIR ERISA ADVISORS WITH RESPECT TO ERISA AND RELATED TAX MATTERS, AS WELL AS OTHER MATTERS AFFECTING THE BENEFIT PLAN’S INVESTMENT IN THE FUND. MOREOVER, MANY OF THE TAX ASPECTS OF THE OFFERING DISCUSSED HEREIN ARE APPLICABLE TO BENEFIT PLAN INVESTORS WHICH SHOULD ALSO BE DISCUSSED WITH QUALIFIED TAX COUNSEL BEFORE INVESTING IN THE FUND.

Indemnification

Pursuant to the Operating Agreement, the Fund will indemnify the Manager and its Affiliates, and any director, officer, agent, employee, or owner of the Manager and its Affiliates (“Covered Parties”) from any losses, proceedings, investigations, claims, damages, liabilities, judgments, demands or expenses of any kind or nature whatsoever arising from any action taken or failure to act on behalf of the Fund within the scope of authority conferred on the Manager under the Operating Agreement, unless the act or omission was conduct not undertaken in good faith or constitutes gross negligence, fraud, or willful misconduct. If the Fund becomes obligated to make such payments, such indemnification costs would be paid from funds that would otherwise be available to distribute to Members or invest in additional Fund Assets. To the extent these indemnification provisions protect the Covered Parties at the cost of the Members in the Fund, a conflict of interest may exist. Members may be required to return certain amounts distributed to them to fund the indemnity obligations of the Fund.

Risks Specific to Members

Risk that the Stated Value of Individual Fund Assets is Incorrectly Determined by the Manager

The Manager will develop and utilize a consistent methodology to calculate the Stated Value of each individual Fund Asset on an ongoing basis, typically calculating this Stated Value for each Fund Asset at the time of acquisition and at the end of each calendar month. The Manager will use methodologies that it deems reasonable

based on various valuation practices commonly used in similar businesses in the industry including Broker Price Opinions, Comparative Market Analyses ("CMAs"), appraisals, comparable sales of other assets similar to Fund Assets, historical data and trends from actual sales, disposition or performance of Fund Assets, cash balances (in the case of cash Assets), and other such methodologies generally used and accepted in the market. This being said, the determination of Stated Value of any given Fund Asset may be highly subjective and may change continuously on an ongoing basis. There is no guarantee that any Stated Value as determined by the Manager of one or more of the Fund Assets is an accurate representation of the true current value of any Fund Asset and as such, the Unit Price may not fairly represent the then current true value of the Units. Furthermore, the Manager may be subject to certain conflicts of interest in determining the Stated Value since such Stated Value will be the basis for the calculation of its management fees.

Although the Manager will use methodologies that it believes are based on reasonable approaches to establishing value, it may modify, alter, or improve its methodologies in its sole discretion at any time during the life of the Fund. The Manager will make all determinations as to Stated Value of the Fund Assets in its sole discretion. There is a risk that the price charged for a Unit does not reflect its Value.

The price at which the Fund will offer Units pursuant to the Offering, and the price at which a Member will purchase additional Units under the Reinvestment Option, will fluctuate based on the collective Stated Value (see immediately above) of all of the individual Fund Assets at the end of each calendar month. At the end of each month, the price of a Unit will be calculated by dividing the total Stated Value of all of the Assets by the total number of outstanding Units. Because the Stated Value of any given Fund Asset may not accurately reflect its actual value, the Unit Price may not accurately reflect the actual value each Unit at any given point. Hence, the price of a Unit could be adjusted by a premium or discount at any given point in time if the Assets were sold in a secondary market. Members should realize that the only measure of fair market value for a Unit is the price that would be determined under a ready market for the Units. Because no ready market for the Units exists or is anticipated, a perfectly accurate determination of the fair market value of the Units cannot be established.

Units are not Liquid / Restrictions on Withdrawal of Member Capital

Members will not be allowed to request a redemption of their Units (a "Redemption Request") during the first 24 months of the Member's investment (the "Lockup Period"). Notwithstanding the foregoing, Redemption Requests for reasons of financial hardship or emergency during the Lockup Period may be considered by the Manager in its sole discretion on a case by case basis subject to a penalty (the "Redemption Fee") equal to five percent (5%) of the then current Unit Price. The Manager shall have no obligation to consider any hardship Redemption Requests during the Lockup Period and shall be entitled to charge a higher or lower Redemption Fee. All Redemption Fees charged and collected will be considered income to the Fund.

After the Lockup Period, Members will have the right to request a Redemption of up to a maximum of 25% of their Capital Accounts as of the 24-month anniversary of their investment date and an additional 25% of the initial Capital Account every six months after that (each an "Anniversary Date").

In addition to each individual Investor's Lockup Period, the Fund shall have no obligation to grant more than 10% of its then-current total capital contributions in any calendar year. Subject to this restriction, all Redemption Requests will be considered on a first come, first served basis. Any Redemption Requests in excess of this annual cap will be considered the following calendar year, in order received, and subject to the following year's 10% cap. A Member shall be required to provide the Manager with a 90-day notice for any Redemption request (that is, notice will be required a minimum of 90 days prior to an Anniversary Date or later date upon which the Member would like to receive a Redemption).

The Manager shall have no obligation to grant any particular Redemption Request and shall retain sole discretion as to whether or not to redeem any Unit, even after the Lockup Period. Any Units purchased by Members via the Reinvestment Option shall be considered, for purposes of any Redemption Requests, to "tag-along" with the original date of purchase of the Units for which the Reinvestment Units are associated. The Manager may redeem Units Pari Passu at any time at the then current Unit Price in its sole discretion without penalty to the Manager or the Fund.

Due to the above restrictions, including the Manager's ability to reject any redemption request in its discretion, even after the Lockup Period, there is no assurance that a Member will be permitted to redeem any of his, her or its Units at any particular time. As a result, a Member may be required to maintain his, her, or its investment indefinitely.

Restrictions on Transfer of Units

The Units are restricted as to transfer under the state and federal tax and securities laws. In order to preserve the Fund's status as a limited liability company and prevent taxable status as a corporation, Members will not be free to sell or transfer Units without consent from the Manager, which the Manager may withhold in its discretion.

There is no market for the Units, public or private, and there is no likelihood that one will ever develop. Members must be prepared to hold their Units as a long-term investment and should not anticipate being permitted to transfer their Units. To comply with applicable tax and securities laws, the Manager may refuse advice to consent to a transfer or assignment of Units.

Rights of Members are Restricted

No Member can exercise control over the Fund's affairs, which is entirely in the hands of the Manager. Voting by the Members is provided in a limited number of specific situations. However, Members have the right to:

- remove the Manager for Cause by a vote of the holders of 80% of the Ownership Interest and, upon a vote of a Majority of the Ownership Interest, elect a successor manager;
- if the Manager otherwise wishes to withdraw with appropriate notice to the Members, elect a successor manager by a vote of a Majority of Ownership Interest; and
- dissolve and terminate the Fund by a vote of the holders of 80% of the Ownership Interest.

Federal Income Tax Risks

As with any investment that generates income and/or loss and distributes cash, an investment in the Fund has federal income tax risks. The significant tax risks are discussed in greater detail later in the "Tax Aspects of the Offering" section of this PPM. All Investors are encouraged to review the tax risk section with competent tax counsel. This discussion does not constitute tax advice and is not intended to substitute for tax planning.

Investors should understand the role of the Fund and the IRS concerning the tax issues involved in any investment in the Fund. The IRS may do any of the following:

- Examine the investment in the Fund at the Member level at any time, subject to applicable statute of limitations restrictions. Such an examination could result in adjustments of items that are both related and unrelated to the Fund.
- Review the federal income taxation rules involving the Fund and any investment in it, and issue revised interpretations of established concepts.
- Scrutinize the proper application of tax laws to the Fund, including a comprehensive audit of the Fund at any time. The Fund does not expect to fall under the reporting requirements for tax shelters, as the Fund does not have the avoidance or evasion of federal income tax as a significant purpose. If the Fund borrows significant sums and incurs significant losses, however, the Fund may be required to notify the IRS of its status as a tax shelter. The effect of such action is generally unknown, but could result in increased IRS scrutiny of the Fund's taxes.

The Fund will:

- defend any investigation by the IRS or any state agency that seeks to make adverse tax adjustments to the Fund. A dispute with the IRS or a state agency could also result in legal and accounting costs to individual Members directly (if the IRS audits a Member's tax return) and indirectly (if the IRS audits the Fund's tax returns);
- retain an accounting firm to annually prepare a financial statement on the Fund's behalf, reviewing the Manager's treatment of all Excess Distributable Cash to the Members. At the discretion of the Manager, the Manager may at any time change accounting firms; and
- not apply to the IRS for any ruling concerning the establishment or operation of the Fund.

Risk that Distributable Cash May Not Flow to Members

The Fund's distribution model provides for the payment of a number of obligations prior to the Members receiving their Preferred Return and share of profits. Specifically, interest and principal on any Credit Facility, Fund Expenses, the Management Fee, Note Holder interest, and repayment of maturing Notes are all paid prior to the Preferred Return. If the Fund does not generate enough cash to satisfy all of these obligations, the Members will not receive any payments from the Fund.

Risk that Distributable Cash May Not be Sufficient to Satisfy Member's Tax Burden

So long as the Fund is a limited liability company, it is intended to be taxed as a partnership, as described in greater detail below. Members in the Fund will therefore be allocated their share of the Fund's income, deduction, gain, and loss each year. Normally, an allocation of net income or gain of the Fund to a Member may cause the taxable income of such Member who is subject to state and federal income tax to increase. Consequently, an increase in a Member's taxable income will subject that Member to an increased income tax liability. Although the Fund intends to make distributions to Members in the amounts necessary to cover their tax liabilities associated with the Fund, there is no assurance that the Fund will have sufficient cash to make such distributions. If there is not sufficient cash to distribute, Members would have to satisfy their income tax liabilities associated with the Fund using their own cash.

Loss on Dissolution and Termination

In the event of a dissolution or termination of the Fund, the proceeds realized from the liquidation of Assets, if any, will be distributed to the Members, but only after the satisfaction of claims of creditors, which include the Note Holders, liquidation and Fund Expenses, and accrued Management Fees. Accordingly, the ability of a Member to recover all or any portion of its investment in the Fund under such circumstances will depend on the amount of funds so realized and claims to be satisfied therefrom. There is no guarantee of a return of any of a Member's investment.

Loss of Limited Liability in Certain Cases

In general, holders of units in a limited liability company are not liable for the debts and obligations of a limited liability company beyond the amount of the capital contributions they have made or are required to make under their subscription agreement. Under the Delaware Limited Liability Company Act, members of a limited liability company would be held personally liable for any act, debt, obligation, or liability of a limited liability company to the extent that shareholders of a business corporation would be liable in similar circumstances. In this regard, the court may consider the factors and policies set forth in established case law with regard to piercing the entity veil, except that the failure to hold meetings may not be considered a factor tending to establish that the members have personal liability for any act, debt, obligation, or liability of the limited liability company if the certificate of formation and limited liability company agreement do not expressly require the holding of meetings of members and managers. The Manager intends to take action to avoid personal liability on its Members by complying with the Operating Agreement and applicable state-imposed formalities.

Debt Risk

In this Offering we are offering Investors the opportunity to purchase Units or Notes. Priority will be given with respect to distributions of cash to the payment of interest on the Notes, and as applicable, principal as such Notes mature. If the Fund does not have sufficient cash available to make distributions with respect to the Units and pay its obligations with respect to the Notes, payments on the Note obligations will be given priority and may result in a decrease of the amount available for distribution to Members. If the Fund decides to use a bank Credit Facility, the priority of member Distributions will be even further subordinated and risk of nonpayment increased.

Units are Unsecured and Subordinate to Fund Liabilities and Expenses

The Units are unsecured and subordinate to the prior payment in full of all liabilities and expenses of the Fund. As a result, upon the liquidation of the Fund assets will be available for distribution to the Members only if, after payment of all liabilities and expenses, including any amounts owed to any Credit Facility or under any Notes and any amount of Fund Expenses due but not yet paid, the Fund has any remaining amount of assets available for distribution to the Members. The Fund may not have sufficient remaining assets upon liquidation to pay the Preferred Return in full, return all invested but unreturned Capital to the Members, or make any distribution of net profits to the Members.

Limited Fiduciary Duties

Conflicts may arise between the interests of the Manager and those of the Members. Although the Manager is accountable to the Fund as a fiduciary, the Operating Agreement grants the Manager broad discretion as to many matters and limits the Manager's fiduciary duties. By entering into the Operating Agreement, each Member acknowledges and consents to the exercise of such discretion, including when the Manager has a conflict of interest.

Risk of Investment Procedure for Units

As described in this PPM, the Fund generally accepts subscriptions for Units on a monthly basis. Any capital contribution made to the Fund by an Investor will initially be deposited in a Subscription Account, and the Investor's subscription will not be effective until the beginning of the next calendar month if the Manager elects to transfer the Investor's funds from the Subscription Account to the Operating Account. Investors will not earn any interest on funds held in the Subscription Account.

The Fund is permitted to borrow funds held in the Subscription Account, without the Investor's approval, at an interest rate of 7% *per annum*, which the principal and interest will later be exchanged for Units when the Investor's subscription is accepted and becomes effective. Further, the Manager may elect, in its sole discretion, to keep Investor funds in the Subscription Account even when the beginning of a calendar month is reached, rather than accept the Investor's subscription by transferring the funds to the Operating Account. In this case, the Manager will notify the Investor of its decision and the Investor may elect, within ten days of receipt of the notice, to withdraw its funds from the Subscription Account. If the Investor does not withdraw its funds within the ten day timeframe, its subscription is irrevocable unless the same scenario occurs at the beginning of the next month.

This investment procedure poses a number of significant risks to Investors. There is no assurance that the Manager will accept the Investor's subscription, and funds may remain in the Subscription Account, where they will not accrue interest, for successive months if an Investor does not provide timely notice to withdraw its funds.

In addition, Investors do not have any control over whether the Fund borrows funds from the Subscription Account. Borrowed funds will accrue interest at 7% *per annum* but will not be subject to any other terms or conditions and will not be secured. Also, if the Fund borrows a portion of an Investor's subscription and then exchanges the borrowed funds for Units, but rejects the rest of the Investor's subscription, the

Investor may end up with a significantly smaller investment in the Fund than it anticipated.

Risks Specific to Note Holders

Risk of Failure to Notify Manager of Desire to Cash-Out at Maturity

The Note Holder will have responsibility for notifying the Manager of its desire to cash-out its Note. No later than 60 days prior to the Maturity Date, a Note Holder must notify the Manager of Note Holder's desire to cash-out and receive payment of outstanding principal and interest upon the Maturity Date. If the Note Holder does not provide the 60 day Cash-Out Notice, the Note upon the Maturity Date will automatically extend at the Note rate less 1% until either (i) the Note Holder notifies the Fund that it wishes for the outstanding balance of the Note to be rolled over into a new Note, based on the then current Note Schedule, and such new Note is executed, or (ii) 60 days after the Note Holder provides a Cash-Out Notice. As such, a Note Holder has the burden of providing timely notice in order to receive payment under a Note on its Maturity Date; a Note Holder's failure to timely provide such notice will result in the Note remaining outstanding past its Maturity Date.

Risk of 90-Day Continuance at Election of the Fund

The Fund may not be able to repay the principal balance of a Note at its Maturity Date. The Fund will have the right, upon receipt of 60 days Cash-Out Notice, to continue to make interest payments on a monthly basis to the Note Holder at the existing Note Rate plus 1% for up to 90 days beyond the date on which the Note would be required to be repaid based on a Cash-Out Notice without such continuation constituting an event of default. Therefore, a Note Holder cannot rely on receiving payment under its note on the Maturity Date, even if it provides a timely Cash-Out Notice. A Note Holder should be prepared to endure this 90 day waiting period if necessary.

Notes are not Liquid

An investment in the Notes is intended as an illiquid investment, and Notes are only repurchased or repayable prior to their Maturity Date upon the written consent of the Manager, which may be withheld in its sole discretion. An Early Repayment Fee in an amount equal to 5%, or other such amount as determined by the Manager, of the original principal balance of the Note, plus an amount equal to the interest rate differential between the original interest stated on the Note and the interest allocable to the shortened holding period, per the original executed Note Schedule, will be charged for any Notes repurchased early.

Restrictions on Transfer

Note Holders will not be free to sell or transfer Notes without written consent from the Manager which may be withheld in its sole discretion. There is no market for the Notes, public or private, and there is no likelihood that one will ever develop. Note Holders must be prepared to hold their Notes to the Maturity Date, or beyond, and as a long-term investment. To comply with applicable tax and securities laws, the Manager, in its sole discretion, may refuse to consent to a transfer or assignment of Notes.

Pari Passu Intercreditor Interests

The respective interests of each Note Holder in and to any payments made by the Fund in respect of the Notes, any Security, and any collections in connection with the foreclosure of such Security will be Pari Passu and no Note Holder will have any priority over the other; provided further, that any such payments, Security, and/or collections received by any Note Holder, other than such payments, Security, and collections that are received by all Note Holders on a pro rata basis, will be paid by such Note Holder to the Representative, to be held in trust for the benefit of all Note Holders.

Note Holder Representative

The Representative will initially be the Manager, and the Manager will retain the right to select and appoint successor Representatives. The Representative will have the authority to sign all documents, and take any action necessary to protect each Note Holder's Pari Passu rights in the Security. This means the Representative will be the only party with the authority to take any enforcement action with respect to the Notes, foreclose or take any other action to realize upon the Notes or the Security, institute any action or proceeding to collect or enforce the Notes, commence or cause to be commenced any bankruptcy or similar proceeding against the Fund or commence or exercise any other right to remedy against the Fund. The Note Holder will execute the Intercreditor Agreement as part of the documents, prior to acceptance by the Manager.

The Manager has interests that differ from the Note Holders, including the Manager's interest in the Management Fee and its appropriate split of any EDC actually distributed. In addition, Affiliates of the Manager may recover fees for services. Because of these interests, the Manager may make decisions with respect to the Notes that differ from what a Note Holder would decide is in the Note Holder's best interest.

Note Holders Have No Right to Vote or to be Involved in Management

Note Holders cannot exercise any control over the Fund's affairs and will not have any vote or influence over the Fund, its investment policies, or any of its operations. The Manager will exercise complete control over the Fund, subject to those limited items which the Members will be entitled to a vote as detailed in the Operating Agreement (provided, however, that the Note Holders will not be allowed to vote on any items that require approval of the Members under the Operating Agreement). The Manager has broad investment authority and may change its investment and underwriting policies (within the confines of its overall investment strategy) in its sole discretion. The Manager owes no fiduciary duties to the Note Holders. The Operating Agreement also provides that in its sole discretion, the Manager may withdraw from the Fund at any time with a one year notice, which may result in the Fund's dissolution if a replacement is not named within such period. Because the Note Holders will have no rights with respect to the Fund's management and affairs, Note Holders must rely entirely on the Manager to make the Fund profitable enough to be able to pay off amounts due under the Notes.

Power of Attorney

Pursuant to the Intercreditor Agreement and the Subscription Agreement, the Note Holder appoints the Manager as the initial Representative, and any successor Representative, as determined by the Manager, as its true and lawful representative and attorney-in-fact in such Note Holder's name, place, and stead to make, execute, sign, acknowledge, file, and record all instruments, agreements, or documents as may be necessary or advisable to reflect the exercise by the Representative of any of the powers granted to it under the Subscription Agreement and the Intercreditor Agreement.

The Note Holder will further authorize the Representative to take any further action which the Representative will consider necessary or advisable in connection with any of the foregoing, giving the Representative full power and authority to do and perform each and every act or thing whatsoever requisite to be done in and about the foregoing as fully as such Note Holder might or could do if personally present. The Note Holder will be bound by any representation made by the Representative acting in good faith pursuant to such power of attorney, and the Note Holder will waive any and all defenses which may be available to contest, negate, or disaffirm the action of the Representative taken in good faith pursuant to such power of attorney.

Federal Income Tax Risks

As with any investment that generates income and/or loss and distributes cash, an investment in Notes in the Fund has federal income tax risks. The significant tax risks are discussed in greater detail in the "Tax Aspects of the Offering" section of this PPM. All Investors are encouraged to review the tax risk section with competent tax counsel.

The Notes are Junior to Credit Facilities and Other Payments

The Fund intends to enter into Credit Facilities that are senior in preference to the Notes. In addition, the Fund will pay Fund Expenses and the Management Fee prior to paying any interest or principal on the Notes. As such, Note Holders will not receive any payments on their notes until the Fund has satisfied any payments due under Credit Facilities, Fund Expenses, and the Management Fee. If the Fund does not have enough funds to satisfy these obligations, the Note Holders will not receive any payments on the Notes.

Note Holders will have to pay the taxes on any interest accrued on the Notes regardless if paid.

According to the terms of the Notes, the Note Holders may not receive an interest payment until the Maturity Date of the Notes. However, the Internal Revenue Service requires interest due on the Notes to be accrued as of the end of the holder's taxable year and included as income in the holder's annual tax return, irrespective of whether the Note Holder has actually received any interest payments on the Notes. Note Holders will be required to pay any annual taxes on any accrued interest income, regardless of whether the holder has received any actual interest payments.

CONFLICTS OF INTEREST

The Fund is subject to various conflicts of interest arising out of its relationship with the Manager. None of the agreements and arrangements between the Fund and the Manager, including those relating to compensation, resulted from arm's length negotiations. In addition, no assurances can be made that other conflicts of interest will not arise in the future. These conflicts of interest include, but are not limited to, the following:

Receipt of Management Fee by the Manager

The Manager will be paid the Management Fee, as a percentage of the total aggregate Capital Contributions. This fee is intended to compensate the Manager for its services and were not negotiated on an arm's length basis. Since absent the existence of this fee, Investors might receive a higher rate of return, the interests of the Manager and the Investors are adverse in this respect.

Receipt of Origination Fees, Extension Fees, Ancillary Fees, and Construction Draw Fees by the Operating Company

The Fund will pay the Operating Company on a monthly basis 50% of any Origination Fees and Extension Fees and 100% of any Ancillary Fees (no to exceed \$5,000 per Debt Investment) and Construction Draw Fees associated with each Debt Investment actually collected from each borrower. These fees are intended to compensate the Operating Company for the costs and overhead required by the Operating Company in order to effectively originate and acquire the Debt Investments and were not negotiated on an arm's length basis. The Manager believes that these fees are commercially reasonable and acceptable in the marketplace in order for the Fund to be competitive in its business efforts. In addition, the Manager believes that, by splitting these fees between the Operating Company and the Fund as discussed above, an alignment between the Fund's interests and the Manager's interest in providing consistent operations is created. However, since, absent the retention by the Operating Company, which is an affiliate of the Manager of its portion of these fees, Investors might receive a higher rate of return, the interests of the Manager and the Investors may be adverse in this respect.

Receipt of Other Asset Level Fees by an Affiliate

An Affiliate may be entitled to receive fees for providing certain services to the Fund including, but not limited to, rehabilitation, renovation and development of the Assets, acquiring and disposing of the Assets, and performing property management services on behalf of the Fund on the Assets. As a principal, sales agent, member, or manager of any Affiliates of the Fund, Mr. Boccia will receive a substantial portion of such additional services fees. Although it is expected that such fees will be paid at commercially reasonable rates, incentive exists for Mr. Boccia to inflate actual costs and commissions in order to increase such fees, from which he would be a substantial beneficiary. Since absent the existence of these fees, Investors might receive a higher rate of return, the interests of an Affiliate, and the Investors are adverse in this respect.

Potential Receipt of Servicing Fee by the Operating Company

The Fund may contract with the Operating Company to perform servicing on the Debt Investments that the Fund originates or acquires. If the Fund contracts for such services, the Fund will pay the Operating Company a Servicing Fee. The payment of a Servicing Fee

is designed to help cover the costs and overhead necessary for the Operating Company or Affiliate to perform the duties associated with servicing of and collection on the Debt Investments. The Servicing Fee will be negotiated between the Fund and the Operating Company, but will not exceed 1.00% of the unpaid principal balance of each Debt Investment. The Manager believes that the Servicing Fee is reasonable and consistent with market pricing but was not determined at arm's length. However, since absent the existence of a Servicing Fee, Investors might receive a higher rate of return, the interests of the Manager, the Operating Company (as an affiliate of the Manager) and the Investors may be adverse in this respect.

Manager Additional Compensation (EDC Participation)

In addition to the Management Fee and the other asset level fees described in this PPM, the Manager will receive its appropriate portion of any EDC actually distributed. Since the Manager will receive substantial additional compensation once Members have received their Preferred Return, the Manager may have incentive to invest in riskier opportunities that it might believe would produce a greater return, a portion of which the Manager would keep. Since this potential additional return might result in additional risk and exposure, the interests of the Manager and Members may be adverse in this respect. The potential additional return may also encourage the Manager to cause the Fund to make distributions when it might otherwise reinvest in Fund Assets.

Competition by the Fund with Other Affiliated Companies

The Manager, its Affiliates, and their members may engage for their own accounts or for the accounts of others in other business ventures, including other public or private limited partnerships or limited liability companies, some of which may compete directly with the business of the Fund. Neither the Fund nor any holder of a Unit or Note issued by the Fund is entitled to an interest therein. The Manager, its Affiliates, and their members may invest in real estate or other activities similar to those of the Fund or in competition with the Fund for their own accounts or the accounts of others, and expect to continue to do so.

The above notwithstanding, the Operating Agreement provides that, if the Manager receives an opportunity to invest in or manage or in any way benefit from an opportunity that is competitive with or similar to Assets in which the Fund ordinarily might invest (each an "Opportunity"), the Manager shall first consider in good faith the opportunity for the Fund prior to taking such opportunity for itself or on behalf of another Person. Factors the Manager may consider in determining whether an Opportunity is competitive include, but are not limited to, whether the Opportunity meets the Fund's underwriting criteria, whether it is consistent with the Investment Objectives of the Fund, and whether the Fund has sufficient financial resources at the time to accommodate the Opportunity.

The Manager and its members may be members or managers of other entities which have investment objectives that have some similarities to the Fund, which may cause the Manager's members to pursue investments that are competitive with those of the Fund. However, the decision as to the suitability of the investment by the Fund will be determined by the Manager in its sole discretion and will be based upon a review of the Fund's investment portfolio and upon factors including but not limited to such as property location, investment size, net income, the effect of the investment on diversification of the Fund's portfolio, and the amount of Fund capital then available for investment.

Other Investments

Personnel of the Manager and their respective Affiliates involved in managing and executing responsibilities of the Manager may have investments in other funds or accounts and real estate interests sponsored by or affiliated with the Manager as well as investments sponsored by parties unaffiliated with the Manager or its Affiliates. The performance of and financial returns on such other investments may be at odds with those of the Fund.

Diverse Membership

The Investors may include taxable and tax-exempt persons and entities and may include persons or entities organized in various jurisdictions, including outside of the United States. As a result, conflicts of interest may arise in connection with decisions made by the Manager that may be more beneficial for one type of Member than for another type of Member. In addition, the Manager may make investments for the Fund that may have a negative impact on other investments made by certain Investors in separate transactions. In selecting investments appropriate for the Fund, the Manager will consider the investment objectives of the Fund as a whole, not the investment, tax or other objectives of any particular Member.

Broker/Dealer Representatives may receive Equity in the Manager or other Compensation

In connection with this Offering, the Manager may employ one or more licensed broker/dealers and/or registered investment advisors ("RIAs") to locate interested Investors. Therefore, it may be in a broker/dealer and/or RIA's best interest to sell the Units or Notes, and that broker/dealer and/or RIA may potentially not have the Investors' best interests in mind. Additionally, if the broker/dealer and/or RIA were given an equity interest in the Manager, a portion of the Management Fee paid by the Fund to the Manager would ultimately be paid to the broker/dealer and/or RIA.

Lack of Separate Representation

The Manager has retained its own legal counsel in connection with the preparation of the PPM, Operating Agreement, Notes, and Subscription Agreements, and no separate legal counsel has been retained to represent the Fund or any Member or Note Holder in connection with the Offering. The legal counsel and other experts who have prepared the Documents for this Offering may also perform other services for the Manager. This representation will likely continue.

Manager as Member and Note Holder

The Manager may be a Member or a Note Holder of the Fund and from time to time may invest additional amounts in the Fund. The Manager determines the Stated Asset Value, Unit Price, and Note Schedule upon which the Manager and all others will make their investment decisions. Any further investment by the Manager will be made according to the then prevailing Unit Price and Note Schedule and otherwise be in such form and in such amount as determined by the Manager in its sole discretion, without notice or approval of the other Members or Note Holders. The Manager may also determine to have the Fund accept its investment while rejecting the investments of others (though it does not intend to do so). As additional Units or Notes are issued, the increase in Units or Notes may reduce the amounts the Fund has available to make distributions to other Investors, as distributions will need to be distributed amongst more Units or Notes. In addition, the Manager will be

eligible to have the same rights to request the Fund to redeem its Units or Notes as any other Investor. Any such Redemption may reduce the amount of funds available for the redemption or repayment of other Investors interests.

Furthermore, while the Manager in its capacity as Manager or Representative is obligated to consider the interests of the Members and Note Holders as a whole, the Manager may vote in its capacity as a Member or Note Holder without considering the interests of the other Note Holders. The interests of the Manager in its capacity as a Member or Note Holder may be adverse to the interests of other Members or Note Holders.

Manager as Manager and Representative

The Representative will initially be the Manager, and the Manager will retain the right to select and appoint successor Representatives. The Representative will have the authority to sign all documents and take any action necessary to protect each Note Holder's Pari Passu rights in the Security. This means the Representative will be the only party with the authority to take any enforcement action with respect to the Notes, foreclose or take any other action to realize upon the Note or the Security, institute any action or proceeding to collect or enforce the Notes, commence or cause to be commenced any bankruptcy or similar proceeding against the Fund, or commence or exercise any other right to remedy against the Fund. To the extent that the Manager is also the only party with the authority to take enforcement action against the Fund in the event of a default under the Notes, the interests of the Manager and Representative may not be consistent with the interests of the Note Holders.

Indemnification

Pursuant to the Operating Agreement, the Fund will indemnify the Manager and its Affiliates, and any director, officer, agent, employee, or owner of the Manager and its Affiliates ("Covered Parties") from any losses, proceedings, investigations, claims, damages, liabilities, judgments, demands or expenses of any kind or nature whatsoever arising from any action taken or failure to act on behalf of the Fund within the scope of authority conferred on the Manager under the Operating Agreement, unless the act or omission was conduct not undertaken in good faith or constitutes gross negligence, fraud, or willful misconduct. If the Fund becomes obligated to make such payments, such indemnification costs would be paid from funds that would otherwise be available to distribute to Members or invest in additional Fund Assets. To the extent these indemnification provisions protect the Covered Parties at the cost of the Members in the Fund, a conflict of interest may exist.

Other Services or Potential Compensation

The Fund may engage Affiliates of the Manager to perform services for and on behalf of the Fund and the Fund may, in connection with such services, pay to such Affiliates brokerage commissions, fees, and other compensation. Affiliates of the Fund may receive commissions or fees from unrelated third parties with whom the Fund is purchasing or selling assets or engaging in other transactions and, that in such event, such Affiliate may have a potentially conflicting division of loyalties and responsibilities regarding the Fund and the other parties to the transaction. Any commission paid to such Affiliate shall not exceed commercially reasonable market rates.

DESCRIPTION OF NOTES

General

There are currently no issued Notes as of the date of this Offering. Investments tendered directly to us by Investors not accepted by the Managers will be immediately returned to the prospective Investor. Our earnings will be allocated to pay operating expenses, Note interest and principal payments, Member Preferred Returns. As described below in the section entitled "Interest and Return of Principal to Investors," some earnings may be distributed to our members as distributions prior to the time that all of the principal on Notes have been repaid.

Notes Offered Herein

The Notes will pay interest monthly (the "Interest Payment") for the term of the Note as calculated based on the interest rate stated on the Note, provided that the Investor did not elect to have its interest payments to be reinvested in the Fund. In the event an Interest Payment is not made during any month, it shall be made the following month based on the Fund distribution schedule. However, the Manager at any time, may repay any number of outstanding Notes, plus any accrued but unpaid interest. The holders of Notes have no voting rights.

Interest and Return of Principal to Investors

Holders of our Notes are entitled to receive Interest Payments in amounts according to the calculations discussed above. The Manager intend to repay investors only from income that the Company receives from its real estate activities. Interest payments will be made on a Pari Passu basis to investors. Interest Payment will continue to be paid annually on the Notes until the Company timely receives a Notice of Request for Payment (as defined below) from the holder of the Notes. Upon timely receipt of the Notice of Request for Payment, the Company will repay the Investor its outstanding Note principal and any accrued, but unpaid interest at maturity. The Company may, in its sole discretion, repay the principal on any Note, in partial or in full, at any time prior to the Maturity Date on the Note, without penalty. Such repayment is not required to be made pro rata among holders of Notes. Notwithstanding the above, any determination as to any payments of principal or interest will depend upon the earnings and financial position at that time and such other factors as the Manager may deem appropriate.

Maturity of Note

A Note Holder will be required to provide 60 days' written notice to the Manager of Note Holder's desire to cash-out and receive payment of outstanding principal and interest upon the Maturity Date (the "Cash-Out Notice"). If the Note Holder does not provide the Cash-Out Notice at least 60 days prior to the Maturity Date, the Note upon the Maturity Date will automatically extend at the Note Rate less 1% until either (i) the Note Holder notifies the Fund that it wishes for the outstanding balance of the Note to be rolled over into a new Note, based on the then current Note Schedule, and such new Note is executed, or (ii) 60 days after the Note Holder provides a Cash-Out Notice.

Notwithstanding anything to the contrary in this PPM, the Fund will also have the right to defer payment of any Note after its Maturity Date and continue to make interest payments on a monthly basis to the Note Holder at the existing Note Rate plus 1% for up to 90 days beyond the date on which a Note would be required to be repaid based on a Cash-Out

Notice. The Fund's deferral of repayment described in the preceding sentence shall not constitute an event of default under a Note.

Assignment of Note

Note Holders will not have the power to sell or transfer their Notes, except upon written consent of the Manager. Since the Notes are offered only to accredited investors, and for other reasons, it is not possible to freely allow the transfer of Notes unilaterally on the part of the Note Holder. The Manager will review any proposed transfer and may withhold its consent due to a violation or perceived violation of state or federal securities laws, ERISA laws, or for any reason in its sole discretion.

Only Members May Vote

Only Members are entitled to vote. Voting will be based on each individual Member's percentage interest in the Company at the time of the vote. Only Members can elect the Managers. Therefore, Note Holders are not entitled to vote on any business matter or elect the Manager. The Members are entitled to receive distributions when and if declared by the Manager out of funds legally available therefore, subject to payments of all accrued interest on outstanding Notes. In the event of our liquidation, dissolution or winding up, the Members have the right to share proportionately in our remaining net assets after payment of the total liquidation preference of all outstanding Notes.

Subsequent Notes

In the future, the Company may issue other investment notes, including Notes not yet authorized. The Manager has authority, in accordance with the provisions of the Operating Agreement, and without action by Note Holders, to authorize and issue other investment notes, and to determine the rights, preferences, privileges and restrictions, including interest rates, maturity dates, and liquidation preferences of such investment notes.

Subscription Agreement

Investors who wish to purchase a Note or Notes must complete and sign the Note Holder Subscription Agreement, a signature page to the Intercreditor Agreement, and such other documentation as is deemed appropriate by the Manager (collectively, the "Note Holder Subscription Documents"), and send them together with a check or wire for the purchase price of the Note to the Manager.

Upon receipt of the Note Holder Subscription Documents and payment in full of the amount indicated in those documents, the Fund will immediately deposit the funds received into its Subscription Account for subscribed but unissued Notes, the date of which deposit shall be the "Deposit Date." Investors may execute the Note Holder Subscription Documents at any time and deliver them to the Manager. Subscription Agreements for Notes, however, will only be accepted, if at all, as of the last day of a calendar month unless the Manager makes an exception in its sole discretion. The applicable interest rate identified in the Note Schedule in effect as of the Deposit Date will be the applicable interest rate for the Note purchased by the Investor. However, the purchase of the Note will only become effective as of the date upon which the Fund accepts the Note Holder Subscription Documents and transfers the Investor's funds into its Operating Account (the "Transfer Date"). On the Transfer Date, the Fund will be obligated to transfer 100% of the money received from the Investor to its Operating Account. Investor funds earn no interest while held in the Subscription Account. Promptly following the Transfer Date, the Fund will provide the

Investor with counter-executed Note Holder Subscription Documents, all of which, including the Promissory Note, will be dated as of the Transfer Date. An Investor's obligation to purchase a Note in the full amount indicated in the Note Holder Subscription Documents and delivered to the Fund shall be irrevocable until 30 days after the Deposit Date.

If the Fund has not transferred the Investor's funds to its Operating Account within 30 days after the Deposit Date, the Fund shall inform the Investor, in writing, that it has not done so, and the Investor shall have 10 days to decide to either leave the money with the Fund in its Subscription Account or to have the Fund return the funds from the Subscription Account to the Investor. If an Investor chooses the reimbursement option, the Investor shall have no further right or obligation to use these funds to purchase a Note. If an Investor chooses to leave the remaining funds in the Subscription Account, the Investor's obligation to utilize such funds to purchase Note (and the Fund's right to transfer the funds to its Operating Account) shall once again be irrevocable for a period of 30 days, and the funds shall again be treated for the next 30 days as detailed in this section.

OUR OPERATING AGREEMENT

The following provisions and other references to the Fund's Second Amended and Restated Operating Agreement (the "Operating Agreement"), in this PPM are qualified in their entirety by reference to our Operating Agreement, as applicable. This PPM does not purport to be a complete description of, and is qualified in its entirety by, our Operating Agreement. Our Operating Agreement is included in the Member Subscription Booklet, and Investors should read our Operating Agreement carefully in its entirety before purchasing any classes of Units. As a condition to admission to the Company as Members, subscribers will be required to execute a counterpart of our Operating Agreement. Capitalized terms used in this part of this PPM and not otherwise defined have the meaning ascribed to such terms in our Operating Agreement. References to our Operating Agreement in this PPM may conflict or not correspond with the most recent Operating Agreement because our Operating Agreement may be amended subsequent to the date of this PPM.

General

Investments tendered directly to us by investors not accepted by the Manager will be immediately returned to the Investor. Our earnings will be allocated to operating expenses and membership units on a Pari Passu basis.

Distributions and Return of Capital to Investors

Members are entitled to distributions of Excess Distributable Cash on a Pari Passu basis based on the terms of the Company's Operating Agreement and at the sole discretion of the Manager. The Manager intends to make distributions to holders of Units only from the Company's Excess Distributable Cash, provided that, sufficient assets are available for the Company to pay its debts as they come due and total assets exceed total liabilities. However, the Manager has the right, in its sole discretion, to retain any amounts as reserves for payment of any anticipated or unknown liabilities, claims, or expenses following the liquidation of the Fund.

In the future, the Company may sell other Units, including Units not yet designated. The Manager has sole authority, in accordance with the provisions of our Operating Agreement, to designate and issue other membership interest units, and to determine their rights, preferences, privileges and restrictions. No Member has a right to purchase additional membership interest units to prevent dilution of that member's percentage interest in the Company. No Member will have the ability to demand distributions from the Company.

Voting Rights

In general, each Member, shall be entitled to votes equaling the number of Units in the Company that it holds, and is entitled to vote, on a noncumulative basis, at all meetings of members.

No Registration Rights

Members have no right to register, or to require registration of, their purchased Units under the Securities Act or require us to make available to the public such information as would obviate such registration requirements in certain cases. In the event that the Company undertakes a registration of the Units in the future, the existing members shall be entitled to piggyback registration rights.

Transferability of Units

The Units are restricted as to sale and transfer. Some of the factors that prevent Investors from transferring the Units include:

- no public market exists for the Units, and one is not expected to develop;
- restrictions imposed by federal and state securities laws;
- restrictions imposed by the Operating Agreement, including the necessity of obtaining the Manager's consent, which may be withheld in its sole discretion;
- the application of the suitability standards to the proposed transferees of the Units; and
- restrictions regarding the potential of the Fund to become, through its limited liability company ("LLC") structure, a "publicly traded partnership" (generally an LLC or partnership whose interests are publicly traded or frequently transferred) under the Internal Revenue Code of 1986, as amended (the "Code") or become subject to registration under the Investment Company Act of 1940.

Individual Unit Investor Action Restricted

Members will have any right to vote or in any manner, but will not be able to control the operation and management of the Company's assets, or the obligations of the parties thereto; nor will any Member be under any liability to any third party by reason of any action taken by the Company. Similarly, Members will not have the ability to remove the Manager of our Company, even if he fails to provide his required services.

Indemnification of the Manager

The Operating Agreement provides for indemnification of Manager to the fullest extent permitted by the laws of the state of Delaware and provides for the advancement of expenses to such Manager. The Operating Agreement provides that the Manager or officers shall be indemnified to the fullest extent permitted by law and as provided therein. The Operating Agreement provides that the Company will indemnify any Manager from any liability incurred by it in connection with any proceeding by a third party if the Manager conducted itself in good faith, reasonably believed that its conduct was in or at least not opposed to our best interest, and, in the case of a criminal proceeding, had no reasonable cause to believe its conduct was unlawful. Such indemnity as to actions by us applies against all liability of the proceeding and is subject to the same good conduct standards of third party claims but is not applicable to liability resulting from the gross negligence or

misconduct of such parties unless the court determines that the party is fairly and reasonably entitled to indemnification. We also have the power to indemnify other parties acting in various capacities.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to members, directors, officers, or persons controlling our operations, the SEC is generally of the opinion that such indemnification is against public policy and is therefore unenforceable.

Subsequent Units

In the future, the Fund may sell other series of equity membership interest units ("**New Units**"), including New Units not yet designated. The Manager has authority, in accordance with the provisions of the Operating Agreement and without the consent of the Members, to designate and issue other equity membership interest units, whether common or preferred, or promissory notes, and to determine the rights, preferences, privileges and restrictions, including interest rates, maturity dates, and liquidation preferences that the purchasers of the subsequent equity membership interest units or promissory notes will have.

Amendments

Our Operating Agreement may also be amended from time to time by the Members holding at least 80% of the membership interest units of the Company, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of our Operating Agreement or modifying in any manner the rights of current Members.

Promptly after the execution of any such amendment, the Company will furnish a statement describing the amendment to each Member of the Company. The Company may, but is not obligated to, enter into any amendment pursuant to the Operating Agreement that affects its rights, duties and immunities under our Operating Agreement or otherwise.

Member Subscription Procedures

Investors who wish to purchase Units in the Offering must fully complete, sign and submit to the Manager a completed Member Subscription Booklet (including the Unit Subscription Agreement and a signature page to the Operating Agreement) during the term of the Offering. Upon the Manager's receipt of a fully completed Member Subscription Booklet and other such documentation as is deemed appropriate by the Manager, and a check or wire for the purchase price of the Units to be subscribed for by the Investor, the Fund will immediately deposit the funds into its holding account (the "Subscription Account") for subscribed but unissued Units, the date of which shall be the "Deposit Date." However, an investment in the Units only becomes effective as an equity investment in the Fund as of the first day of the calendar month (the "Effective Date") immediately following the Deposit Date upon the Manager's acceptance of the Subscription Agreement and the Fund's transfer of the funds into its operating account (the "Operating Account"). An Investor whose Subscription Agreement is accepted by the Fund will become a Member as of the relevant Effective Date. Funds held in the Subscription Account shall pay no interest to the Investor. An Investor's obligation to purchase Units with the Investor's full deposited amount shall be irrevocable during the time between the Deposit Date and the Effective Date.

The Fund may utilize a new Investor's funds for its operations between the Deposit Date and the Effective Date by transferring all or a portion of such funds as determined by the Manager (the date of which shall be the "Transfer Date") from the Subscription Account to the Operating Account. Any such amounts transferred shall be treated as a loan to the Fund

for which the Investor shall receive interest at 7% (annualized) during the period between the Transfer Date and the Effective Date. The Fund will notify the Investor in the event that the Fund uses Investor's funds between the Transfer Date and the Effective Date. The Fund will pay the accrued interest (running from the Transfer Date of any funds to the Effective Date) on any funds transferred from the Subscription Account to the Operating Account in the form of a check to the Investor to be prepared and mailed on or shortly after the Effective Date.

As soon after the Effective Date as is practicable (typically on or around the 15th of the first month of any calendar month), the Fund shall issue Units to the Investor effective as of the Effective Date at the prevailing Unit Price for any and all amounts transferred into the Operating Account since the Deposit Date (i.e., funds that were treated as loaned to the Fund between the Deposit Date and the Effective Date). On the Effective Date, the Fund shall also be obligated to transfer some or all of any remaining Investor funds from the Subscription Account into the Operating Account and issue Units at the prevailing Unit Price, and/or to notify the Investor of any amounts it intends to let remain in the Subscription Account based on the Fund's financial position or projected yields at the time, or for other reasons in the Manager's sole discretion. Upon notice to the Investor of any such amounts it does not intend to transfer to the Operating Account and issue Units, the Investor shall have ten days to decide to either leave the money with the Fund in its Subscription Account, or to have the Fund refund the remaining funds in the Subscription Account to the Investor. If an Investor chooses the refund option, the Investor shall have no further right or obligation to use these remaining funds to purchase Units. If an Investor chooses to leave the remaining funds in the Subscription Account, the Investor's obligation to utilize such funds to purchase Units (and the Fund's right to transfer the funds to its Operating Account) shall once again be irrevocable, and the remaining funds shall again be treated during each successive month as detailed in this section. The Fund may refund amounts in a Subscription Account at any time in the Manager's sole discretion.

Determination of the Unit Price

The initial Unit Price will be initially be \$1,000 but will fluctuate on a monthly basis, starting with the first (full) month after the Fund acquires its first Fund Asset, based on the collective Stated Value of the individual Fund Assets. At the end of each month, the price of a Unit will be calculated by dividing the total Stated Value of all of the Assets by the total number of outstanding Units. The Stated Value of each Fund Asset will be determined on the last day of each calendar month by the Manager in its sole discretion. The Manager, however, will establish and follow a methodology for determining the Stated Value of each Asset and may modify, alter, or improve the methodology from time to time in its sole discretion. All determinations by the Manager in good faith of the Stated Value and the Unit Price shall be conclusive and binding on all Members for all purposes under the Operating Agreement. The Stated Value of the Fund Assets will be used to assist in the determination of the Unit Price of the Membership Units as well as the AUM. For more information on the Stated Value, the Unit Price and the AUM, please see the section "RISK FACTORS -- Risks Specific to Members."

TAX ASPECTS OF THE OFFERING

The following discussions are summaries of certain anticipated federal income tax consequences of the purchase, disposition, and ownership of the Units and Notes. These

summaries are based upon the existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations thereunder, and the current administrative rulings and other courts decisions, all of which are subject to change. There can be no assurances that any changes in the Code, regulations or court cases will not retroactively change the statements made herein. Further, the discussions herein are of a general nature only and are not intended and do not exhaust all possible aspects of federal income taxation that may be relevant to an Investor based on its particular circumstances (including potential application of the alternative minimum tax). Moreover, these summaries do not take into account or anticipate any changes in the law, whether by judicial, government or legislative discussion or action, nor does it take into account any state, local or foreign income tax consequences or considerations for any potential investors. No rulings on the federal, state or local tax issues considered relevant to the organization or operation of the Fund or an investment in the Units or Notes have been sought or obtained by the Fund. The discussion herein is directed solely to Investors that hold the Units or Notes as capital assets under Code Section 1221 and does not deal with the tax consequences of investors that do not hold the Units or Notes as capital assets or who are subject to special tax treatment under the federal income tax laws (including without limitation, banks, thrifts, insurance companies, dealers in securities, real estate investment trusts and certain tax exempt organizations). Accordingly, Investors are advised to consult their own tax advisors concerning the federal, state, local, foreign or other tax consequences to them from the purchase, sale, and ownership of the Notes.

As used herein, the term "U.S. Member" means a beneficial owner of a Membership Unit in the Fund which is a "U.S. Person." A "U.S. Person" is for federal income tax purposes: (i) an individual who is a citizen of the United States or a resident of the United States; (ii) a corporation (or other entity taxable as a corporation) that is created or organized in or under the laws of the United States or any state thereof or the District of Columbia; (iii) an estate the income of which is subject to federal income taxation regardless of its source; or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust, or (b) has a valid election in effect under the applicable regulations to be treated as a U.S. Person. A "Non-U.S. Member" is a beneficial owner of a Unit that is not a U.S. Member.

Tax Aspects – Note Holders

Income of Holders of Notes

Each holder of Notes will be considered to own a single debt obligation held by the Fund and having a principal amount equal to the total stated principal amount on the Note purchased. A holder of Notes will recognize income on the payment of any interest by the Fund on the Notes. Generally, the interest income received will be ordinary income to the holder of the Note taxed at the individual holder's tax rate in the year of receipt. Investors will also recognize income on any interest accrued, but not paid pursuant to an election by the Investor to reinvest any accrued interest back into the Fund.

Sale or Exchange of Notes

A Note Holder will recognize gain or loss on the sale of his, hers, or its Notes equal to the difference between the amount realized on the sale and his, her, or its adjusted basis in the Notes. A Note Holder's adjusted basis generally will equal the cost of such Note to the holder. However, if the Note Holder elects the Reinvestment or receives a Principal

Payment, then such holder's basis in its Notes will adjust accordingly by the amount of the Reinvestment or Principal Payment. Except as provided in Section 582(c) of the Code, generally any such gain or loss will be capital gain or loss provided that such Notes are held as a "capital asset" (generally, property held for investment) within the meaning of Section 1221 of the Code.

Notes at Zero Value

A Note Holder will recognize a loss should the Fund be unable to pay off the principal amount of its Note at the Maturity Date equal to the difference between the amount received from the Fund not considered a payment of interest and his, her, or its adjusted basis in the Notes. A Note Holder's adjusted basis generally will equal the cost of such Note to the holder. However, if the Note Holder elects the Reinvestment or receives a Principal Payment, then such holder's basis in its Notes will adjust accordingly by the amount of the Reinvestment or Principal Payment. Except as provided in Section 582(c) of the Code, generally any such loss will be capital loss provided that such Notes are held as a "capital asset" (generally, property held for investment) within the meaning of Section 1221 of the Code.

State and Local Taxation

In addition to the United States federal income tax considerations described above, prospective Note Holders should consider the potential state and local tax consequences of an investment in the Notes. In addition to being taxed and subject to tax filing obligations in its own state or locality of residence or domicile, a Note Holder may be subject to tax filing obligations and income, franchise, and other taxes in jurisdictions in which the Fund conducts its activities. Although no assurances can be provided, the Fund intends to conduct its activities in such a manner that it will not cause Note Holders who are not otherwise subject to taxation in states other than their state of residence, to be taxed and subject to tax filing obligations in other states solely as a result of an investment in the Notes. The Fund itself may also become subject to tax in certain jurisdictions. This discussion does not purport to discuss the state and local tax consequences of an investment in the Notes.

Tax Aspects – Members

Classification of the Fund

Under the provisions of the Code and the Regulations, as in effect on the date of this PPM, so long as the Fund complies with the Operating Agreement, the Fund should be classified for U.S. federal income tax purposes as a partnership and not as an association taxable as a corporation.

The Fund has not sought and will not seek a ruling from the IRS with respect to its status as a partnership for U.S. federal income tax purposes. If the Fund should be classified as an association taxable as a corporation, the taxable income of the Fund would be subject to U.S. corporate income tax when recognized by the Fund; distributions from the Fund to the Members, other than in certain redemptions of Interests, would be treated as dividend income when received by the Members to the extent of the current or accumulated earnings and profits of the Fund; and Members would not be entitled to report profits or losses realized by the Fund.

Taxation of the Members on Profits and Losses of the Fund

As a limited liability company, the Fund is not itself subject to U.S. federal income tax but will file an annual partnership information return with the IRS. Each Member is required to report separately on its income U.S. federal income tax return (for its taxable year ending with or within which the taxable year of the Fund ends), its distributive share of the Fund's net long-term capital gain or loss, net short-term capital gain or loss, (including unrealized gain from any positions that are marked-to-market for U.S. federal income tax purposes), net ordinary income, losses, deductions and credits. The Fund may utilize a variety of investment and trading strategies which produce both short-term and long-term capital gains (or losses), as well as ordinary income (or loss). The Fund will send annually to each Member a form showing its distributive share of the Fund items of income, gain, loss, deduction or credit.

Each Member will be subject to tax, and liable for such tax, on its distributive share of the Fund's taxable income regardless of whether the Member has received or will receive any distribution from the Fund. Thus, in any particular year, a Member's distributive share of taxable income from the Fund (and, possibly, the taxes imposed on that income) could exceed the amount of cash, if any, such Member received or is entitled to withdraw from the Fund.

Cash distributions and withdrawals, to the extent they do not exceed a Member's basis in its interest in the Fund, should not result in taxable gain to that Member, but should instead reduce such Member's tax basis in the Interests by the amount distributed or withdrawn. Cash distributed to a Member in excess of the basis of its Interest is generally taxable either as capital gain or ordinary income, depending on the circumstances. A distribution of property, other than a distribution of cash or marketable securities, generally will not result in taxable income or loss to the Member to whom it is distributed until such time that the property is sold. In addition, certain of the investments held by the Fund may give rise to taxable dividends or interest, even if there has been no corresponding cash distribution by the Fund, by reason of imputed "discount" or "pay-in-kind" features, in certain cases where an adjustment is made to the conversion price of a convertible security held by the Fund, and possibly by reason of not paying accrued dividends currently. Accordingly, a Member's tax liability related to the Fund could exceed amounts distributed by the Fund to such Member in a particular year.

Allocation of Fund Profits and Losses

Under Section 704 of the Code, a Member's distributive share of any Fund item of income, gain, loss, deduction or credit is governed by the Operating Agreement unless the allocation provided by the Operating Agreement does not have "substantial economic effect." The Regulations promulgated under Section 704(b) of the Code provide certain "safe harbors" with respect to allocations which, under the Regulations, will be deemed to have substantial economic effect. The validity of an allocation which does not satisfy any of the "safe harbors" of these Regulations is determined by taking into account all facts and circumstances relating to the economic arrangements among the Partners. While no assurance can be given, the allocations provided by the Operating Agreement should have substantial economic effect and should be sustained under the facts and circumstances test. However, if it were determined by the IRS or otherwise that the allocations provided in the Operating Agreement with respect to a particular item do not have substantial economic effect, each Member's distributive share of that item would be re-determined for U.S. federal income tax purposes in accordance with that Member's interest in the Fund, taking into account all facts and circumstances.

Limitations on Losses and Deductions

The Code and Regulations provide certain limitations on a Member's ability to deduct its share of Fund losses and deductions. Certain of these limitations, such as the "passive activity loss" rules, likely will not be applicable to the Fund's operations. To the extent that the Fund has interest expense, a non-corporate Member will likely be subject to the "investment interest expense" limitations of Section 163(d) of the Code. Investment interest expense is interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment. The deduction for investment interest expense is limited to net investment income (i.e., the excess of investment income over investment expenses). Excess investment interest expense that is disallowed is not lost permanently but may be carried forward to succeeding years subject to the Section 163(d) limitation. Net capital gain (i.e., net long-term capital gain over net short-term capital loss) on property held for investment and qualified dividends is only included in investment income to the extent the taxpayer elects to subject some or all of such gain to taxation at ordinary income tax rates. If some or all of the Fund's operations do not constitute a trade or business for purposes of Section 163(d) of the Code, then the Section 163(d) limitations will apply at the partner level with regard to the Fund's interest expense. Whether all or any portion of the Fund's operations constitutes a trade or business is a question of fact. The IRS has issued recent guidance stating that interest expense incurred by a limited liability company in which a non-corporate partner does not "materially participate," (which will be the case for all Members) will be treated as investment interest to the extent such interest is allocable to the limited liability company's trade or business of trading actively-traded personal property, such as securities. As the Fund's operations may encompass a variety of strategies, the Fund cannot predict to what extent its operations will constitute a trade or business. Further, even if the Fund's operations constitute a trade or business, the position may possibly be taken that the investment interest expense, while subject to the Section 163(d) limitation, is not an itemized deduction. Moreover, this investment interest expense limitation may also apply to interest paid by a non-corporate Member on money borrowed to finance its investment in the Fund. Members are advised to consult with their own tax advisors with respect to the application of the investment interest limitation in their particular tax situations.

Section 265(a)(2) of the Code disallows any deduction for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of purchasing or carrying tax-exempt obligations. The IRS has announced that such purpose will be deemed to exist with respect to indebtedness incurred to finance a "portfolio investment," and that a membership interest or membership interest unit will be regarded as a "portfolio investment." Therefore, if the Fund holds tax-exempt obligations, the IRS might take the position that all or part of the interest paid by such Member in connection with the purchase of its Interest should be viewed as incurred to enable such Member to continue carrying tax-exempt obligations, and that such Member should not be allowed to deduct all or a portion of such interest.

Under Section 67 of the Code, for non-corporate taxpayers who itemize deductions when computing taxable income, expenses of producing income, including investment advisory fees, are to be aggregated with unreimbursed employee business expenses and other expenses of producing income (collectively, the "Aggregate Investment Expenses"). Under the recent tax law changes, such Aggregate Investment Expenses are not deductible against the adjusted gross of such non-corporate taxpayers.

Whether the Fund's expenses will be fully deductible depends on whether the Fund is treated as being engaged in a trade or business for U.S. federal income tax purposes. The Fund could be treated as being engaged entirely in trading, or being engaged entirely in

investing, or being engaged as a trader with respect to some of its activities and as an investor with respect to others. To the extent the Fund's income is considered to be trade or business income, deductions allocable to such income should not be included in Aggregate Investment Expenses. Recent IRS guidance suggests that the Fund may not be treated as being engaged in a trade or business based on the activities of a lower-tier investment partnership and that expenses paid by the Fund allocable to such investment may be included in Aggregate Investment Expenses. Investors should consult with their tax advisors regarding deductibility of a Member's share of the expenses of the Fund.

A Member will not be allowed to deduct syndication expenses, including placement fees, paid by such Member or the Fund. Any such expenses will be included in the Member's adjusted tax basis for its Units.

Taxation of Operations

The tax consequences to investors of the Fund's investment activities are complex. Prospective Investors should consult with tax advisers who have substantial experience with this aspect of the tax law.

Gains from property held for more than one year generally will be eligible for favorable tax treatment. As of the date of this PPM, the maximum Federal income tax rate applicable to a non-corporate taxpayer's net capital gain (the excess of net long-term capital gain over net short-term capital loss) recognized on the sale or exchange of capital assets held for more than one year is 20 percent. Capital gains tax rates are subject to change.

Taxable income earned from property not classified as a dividend will generally be taxed at ordinary income tax rates. As of the date of this PPM, the maximum Federal income tax rate applicable to a non-corporate taxpayer's net income is 39.6 percent. Ordinary, income tax rates are subject to change.

Tax Elections

The Code generally provides for optional adjustments to the basis of Fund property upon distributions of Fund property to a member and transfers of Units (including by reason of death) provided that a partnership election has been made pursuant to Section 754. Under the Operating Agreement, the Manager, in its sole discretion, may cause the Fund to make such an election. Any such election, once made, cannot be revoked without the IRS's consent. As a result of the complexity and added expense of the tax accounting required to implement such an election, the Manager presently does not intend to make such election.

Mandatory Basis Adjustments

The Fund is generally required to adjust its tax basis in its assets in respect of all Members in cases of Fund distributions that result in a "substantial basis reduction" (*i.e.*, in excess of \$250,000.00) in respect of the Fund's property. The Fund is also required to adjust its tax basis in its assets in respect of a transferee, in the case of a sale or exchange of an interest, or a transfer upon death, when there exists a "substantial built-in loss" (*i.e.*, in excess of \$250,000.00) in respect of Fund property immediately after the transfer. For this reason, the Fund will require: (i) a Partner who receives a distribution from the Fund in connection with a complete withdrawal; (ii) a transferee of an Interest (including a transferee in case of death); and (iii) any other Partner in appropriate circumstances to provide the Fund with information regarding its adjusted tax basis in its Interest.

Alternative Minimum Tax

The extent, if any, to which the federal alternative minimum tax will be imposed on any Member, will depend on the Member's overall tax situation for the taxable year. Prospective investors should consult with their tax advisers regarding the alternative minimum tax consequences of an investment in the Fund.

Tax Rates

The maximum ordinary income tax rate for individuals is 37% and, in general, the maximum individual income tax rate for long-term capital gains is currently 20% (unless the taxpayer elects to be taxed at ordinary rates, although in all cases the actual rates may be higher due to the phase out of certain tax deductions, exemptions and credits). In addition, as described below at "Unearned Income Medicare Tax," an additional 3.8% tax may apply to the net investment income of certain individual Members. The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of \$3,000. Dividends received from real estate investment trusts and regulated investment companies are taxed at ordinary income tax rates (with some limited exceptions). The excess of capital losses over capital gains may be offset against the ordinary income of an individual taxpayer, subject to an annual deduction limitation of \$3,000. For corporate taxpayers, the maximum income tax rate is 21%. Capital losses of a corporate taxpayer may be offset only against capital gains, but, in general, unused capital losses may be carried back three years (subject to certain limitations) and carried forward five years.

Unearned Income Medicare Tax

Certain net investment income received by an individual having modified adjusted gross income in excess of \$200,000 (or \$250,000 for married individuals filing jointly) will be subject to a tax of 3.8 percent. Certain income and gain resulting from the Fund's investments, when allocated to individual investors, may constitute investment income of the type subject to this tax.

General Rules Applicable to Tax-Exempt Organizations

A tax-exempt organization generally is exempt from Federal income tax on its passive investment income, such as dividends, interest, and capital gains, whether realized by the organization directly or indirectly through a limited liability company in which it is a member. (Tax-exempt organizations which are private foundations currently are subject to a 2 percent tax on their "net investment income.")

The general exemption from tax afforded to tax-exempt organizations does not apply to their "unrelated business taxable income" ("UBTI"). A type of UBTI is income or gain derived directly or through a limited liability company from "debt-financed property", which is any income-producing property with respect to which there is "acquisition indebtedness" at any time during the taxable year. Gain from the sale or exchange of, and derived from, debt-financed property generally is taxable in the proportion in which the property is financed by "acquisition indebtedness." The Operating Agreement allows the Fund to incur indebtedness (through the purchase of securities on margin and otherwise). Tax-exempt organizations which are Members will be subject to Federal income tax on such portion of their income from the Fund that is considered to be UBTI.

There are special considerations which should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Fund. Charitable remainder trusts should

consult their own tax advisers concerning the tax consequences of such an investment on their beneficiaries. In particular, a charitable remainder trust will not be exempt from federal income tax under Code Section 664(c) for any year in which it has UBTI. Moreover, the charitable contribution deduction for a trust under Code Section 642(c) may be limited for any year in which the trust has UBTI.

Passive Activity Losses

The Code restricts the deductibility of losses from a "passive activity" against certain income which is not derived from a passive activity. This restriction applies to individuals, estates or trusts, personal service corporations and certain closely-held corporations. Pursuant to Temp. Treas. Reg. §1.469-1T(e)(6)(i), however, the activity of trading personal property for the account of owners of interests in the activity is not a passive activity. Moreover, an example issued pursuant to such regulation expressly provides a limited liability company is not engaged in a passive activity if its activities consist of trading stocks, bonds, and other securities where the capital employed by the Fund consists of amounts contributed by the members in exchange for their Units and funds borrowed by the Fund. Therefore, to the extent the Fund limits its activities to trading stocks, bonds, and other securities, the income or loss allocated to a Member will not constitute passive income or passive loss. Consequently, any income allocated to a Member will be portfolio income which cannot be used to shelter passive losses from a Member's other investments.

Distributions

A distribution by a limited liability company to a Member generally is not taxable to the Member except to the extent the distribution consists of cash (and, in certain circumstances, marketable securities) and exceeds the partner's adjusted basis of its interest in the partnership immediately before the distribution. A Member who receives a distribution of property other than cash may recognize gain if such Member contributed appreciated property (other than the property being distributed) to the partnership within seven years before the distribution. In addition, a Member who has contributed appreciated property to a limited liability company may recognize gain if such property is distributed to another Partner within seven years after the property was contributed. Ordinarily, any such excess will be treated as gain from a sale or exchange of the Partner's Interest. However, the Fund does not generally intend to make distributions of non-cash appreciated property to its Members.

Sale of Interest

A Member receiving a cash liquidating distribution from the Fund, in connection with a complete withdrawal from the Fund generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such Member and such Member's adjusted tax basis in its Units. Such capital gain or loss will be short-term or long-term depending upon the Member's holding period for its interest in the Fund. However, a withdrawing Member will recognize ordinary income to the extent such Member's allocable share of the Fund's "unrealized receivables" exceeds the Member's basis in such unrealized receivables, as determined pursuant to the Regulations. For these purposes, accrued but untaxed market discount, if any, on securities held by the Fund will be treated as an unrealized receivable with respect to the withdrawing Member.

As discussed above, the Operating Agreement provides that the Manager may specially allocate items of Partnership capital gain or loss, including short-term capital gain or loss, to a withdrawing Member to the extent its liquidating distribution would otherwise exceed its

adjusted tax basis in its Units. Such a special allocation may result in the withdrawing Partner recognizing capital gain or loss, which may include short-term gain or loss, in the Partner's last taxable year in the Fund, thereby reducing the amount of long-term capital gain or capital loss recognized during the tax year in which it receives its liquidating distribution upon withdrawal.

Except as provided below, distributions of property other than cash, whether in complete or partial liquidation of a Member's interest in the Fund, generally will not result in the recognition of taxable income or loss to the Member, except to the extent such distribution is treated as made in exchange for such Member's share of the Fund's unrealized receivables. Gain generally must be recognized where the distribution consists of marketable securities unless the distributing partnership is an "investment partnership" and the recipient is an "eligible partner" as defined in Code Section 731(c). While there can be no assurance, it is anticipated that the Fund will qualify as an "investment partnership." Thus, if a Member is an "eligible partner," which term should include a Member whose sole contributions to the Fund consisted of cash, the non-recognition rule described above should apply.

Audit of Tax Returns

The IRS is applying greater scrutiny to a proper application of the tax laws to partnerships. An audit of the Fund's information returns may precipitate an audit of the income tax returns of the Members. Any expense involved in an audit of a Member's return must be borne by the Member. If the IRS successfully asserts an adjustment of any item of income, gain, loss, deduction, or credit reported on a Fund information return, corresponding adjustments will be made to the income tax returns of the Members. Further, any audit might result in the IRS making adjustments to items of non-Fund income or loss. If a tax deficiency is determined, the taxpayer is liable for interest on the deficiency from the due date of the return and possible penalties.

In general, the tax treatment of items of Fund income, gain, loss, deduction, or credit is to be determined at the Fund level in a unified partnership proceeding, rather than in separate proceedings with the Members. Generally, the "partnership representative" (the "Partnership Representative"), would represent the Fund before the IRS and may enter into a settlement with the IRS as to the partnership tax issues, which generally will be binding on all the Members. Similarly, only one judicial proceeding contesting an IRS determination may be filed on behalf of the Fund and all Members. The Partnership Representative may consent to an extension of the statute of limitations for all members with respect to partnership items. The Fund has designated the Manager as the Partnership Representative.

For taxable years beginning after December 31, 2017, the Fund may be liable for U.S. federal income tax on any "imputed understatement" of tax resulting from an adjustment as a result of an IRS audit. The amount of the imputed understatement generally includes increases in allocations of items of income or gains to any Partner and decreases in allocations of items of deduction, loss, or credit to any Partner without any offset for any corresponding reductions in allocations of items of income or gain to any Investor increases in allocations of items of deduction, loss, or credit to any Investor. If the Fund is required to pay any U.S. federal income taxes on any imputed understatement, the amount of such tax liability will be allocated among the Members by the Manager. The amount of such liability allocated to a Member will be treated as a distribution to the Member or will be treated as a loan on behalf of such Member, which loan must be repaid by the Member with interest. Under certain circumstances, the Fund may be eligible to make an election to cause the Members to take into account the amount of any imputed understatement, including any interest and penalties. The ability of the Fund to make this election is uncertain. If the election is made, the Fund would be required to provide Members who owned beneficial

interests in the Fund in the year to which the adjusted allocations relate with a statement setting forth their proportionate shares of the adjustment ("Adjusted K-1s"). The Members would be required to take the adjustment into account in the taxable year in which the Adjusted K-1s are issued. Other elections or actions may be available to the Manager to reduce or eliminate its liability for tax on any imputed understatement. Members agree to cooperate with the Manager in these matters, including filing amended U.S. federal income tax returns if requested by the General Partner. The Partnership Representative has sole authority to act on behalf of the Fund in any IRS audit and any subsequent litigation related to any imputed understatement.

Tax Shelter Disclosure

Certain rules require taxpayers to disclose -- on their Federal income tax returns and, under certain circumstances, separately to the Office of Tax Shelter Analysis -- their participation in "reportable transactions" and require "material advisors" to maintain investor lists with respect thereto. These rules apply to a broad range of transactions, including transactions that would not ordinarily be viewed as tax shelters, and to indirect participation in a reportable transaction (such as through a limited liability company). For example, a Member that is an individual will be required to disclose a tax loss resulting from the sale or exchange of its Interest under Code Section 741 if the loss exceeds \$2 million in any single taxable year or \$4 million in the taxable year in which the transaction is entered into and the five succeeding taxable years -- those thresholds are \$10 and \$20 million, respectively, for Members that are C corporations and \$50,000.00 in any single taxable year for individuals and trusts, either directly or through a pass-through entity, such as the Fund, from foreign currency transactions. Losses are adjusted for any insurance or other compensation received but determined without taking into account offsetting gains or other income or limitations on deductibility. Prospective investors are urged to consult with their own tax advisers with respect to the regulations' effect on an investment in the Fund.

ALTHOUGH THE FUND DOES NOT INTEND TO INVEST IN A LISTED TRANSACTION OR A REPORTABLE TRANSACTION, IT SHOULD BE EMPHASIZED THAT THE FUND COULD INVEST IN A TRANSACTION THAT LATER BECOMES A LISTED TRANSACTION, CAUSING THIS EXCISE TAX PROVISION TO APPLY TO THE FUND'S INVESTORS. IN ADDITION, "PROHIBITED REPORTABLE TRANSACTIONS" COULD INCLUDE TRANSACTIONS THAT ARE NOT TYPICALLY VIEWED AS TAX SHELTERS OR TAX AVOIDANCE TRANSACTIONS, AND WHILE THE FUND DOES NOT INTEND TO INVEST IN SUCH TRANSACTIONS, THERE CAN BE NO ASSURANCE THAT THE FUND MIGHT NOT INADVERTENTLY INVEST IN A TRANSACTION THAT IS DETERMINED TO BE A "PROHIBITED REPORTABLE TRANSACTION."

Tax Shelter Reporting Rules

A participant in a "reportable transaction" is required to disclose its participation in such transaction by filing Form 8886 ("Reportable Transaction Disclosure Statement"), with its tax return for each taxable year in which the Fund participates in a "reportable transaction." In addition, the Manager and other material advisors to the Fund may be required to file Form 8264 ("Application for Registration of a Tax Shelter"), containing certain information about the reportable transaction and comply with detailed list-maintenance requirements specified in the Code and Regulations. Additionally, each Partner treated as participating in a reportable transaction of the Fund is required to file Form 8886 with its tax return. The Fund and any such Partner, respectively, must also submit a copy of the completed form with the IRS's Office of Tax Shelter Analysis. The Fund intends to notify the members that it believes (based on information available to the Fund) are required to report a transaction of

the Fund, and intends to provide such Members with any available information needed to complete and submit Form 8886 with respect to the transactions of the Fund.

While the Manager does not intend for the Fund to engage in a "reportable transaction," the Manager cannot predict whether any of the Fund's transactions will subject it, the Fund, or any of the Members to the aforementioned requirements. However, if the Manager (or any other material advisor) determines that any such transaction causes it or the Fund to be subject to the aforementioned requirements, the Manager (or any other material advisor) will, and will cause the Fund to, fully comply with such requirements.

POTENTIAL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS ABOUT THEIR OBLIGATION TO REPORT OR DISCLOSE TO THE IRS INFORMATION ABOUT THEIR INVESTMENT IN THE FUND AND PARTICIPATION IN THE FUND'S ITEMS OF INCOME, GAIN, LOSS OR DEDUCTION WITH RESPECT TO TRANSACTIONS OR INVESTMENTS SUBJECT TO THESE RULES.

In addition, pursuant to these rules, the Fund may provide to its advisers identifying information about the Members and their participation in the Fund and the Fund's items of income, gain, loss or deduction from those transactions or investments, and the Fund or its advisers may disclose this information to the IRS upon its request.

Other Reporting Rules

A U.S. person (within the meaning of the Code) owning 10% or more (taking into account certain attribution rules, including the attribution to the Members of shares owned by the Fund) of either the total combined voting power or total value of all classes of the shares of a non-U.S. corporation, will in certain circumstances be required to file an information return with the IRS disclosing certain information. The Fund has not committed to provide all of the information needed to complete the return. In addition, a U.S. person (within the meaning of the Code) who transfers cash to a non-U.S. corporation directly, or through a limited liability company such as the Fund, may be required to report the transfer to the IRS if: (i) immediately after the transfer, such person holds (directly, indirectly through a limited liability company such as the Fund, or by attribution) at least 10% of the total voting power or total value of such corporation; or (ii) the amount of cash transferred by such person (or any related person, including through a limited liability company such as the Fund) to such corporation during the twelve-month period ending on the date of the transfer exceeds \$100,000. Investors are urged to consult their own tax advisers concerning this and any other reporting requirement. Further, a U.S. person that holds a direct, and in some circumstances an indirect, financial interest in, or has signature authority over, a "foreign financial account" having an aggregate value in excess of \$10,000 at any point during the taxable year is required to file a Report of Foreign Bank and Financial Accounts (an "FBAR"), with the IRS. As of the date of this PPM, it remains unclear whether a foreign hedge fund constitutes a "foreign financial account" for this purpose. An Investor of the Fund should consult with its own tax advisers with respect to any obligations that may be imposed upon such Member under the above mentioned U.S. reporting rules.

State and Local Taxation

In addition to the Federal income tax considerations summarized above, prospective investors should consider potential state and local tax consequences of an investment in Interests. A Member's distributive share of the Fund's taxable income or loss generally will be required to be included in determining the Member's taxable income for state and local tax purposes in the jurisdiction in which it is resident. However, state and local laws may

differ from the Federal income tax law with respect to the treatment of specific items of income, gain, loss, and deduction.

ANTI-MONEY LAUNDERING PROCEDURES

The Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), signed into law on and effective as of October 26, 2001, requires that financial institutions establish and maintain compliance programs to guard against money laundering activities. The USA PATRIOT Act requires the Secretary of the Treasury ("Treasury"), to prescribe regulations in connection with anti-money laundering policies of financial institutions. The Financial Crimes Enforcement Network ("FinCEN"), an agency of the Treasury, has announced that it is likely that such regulations would subject pooled investment vehicles such as the Fund to enact anti-money laundering policies. It is possible that there could be promulgated legislation or regulations that would require the Manager or other service providers to the Fund, in connection with the establishment of anti-money laundering procedures, to share information with governmental authorities with respect to Partners. Such legislation and/or regulations could require the Fund to implement additional restrictions on the transfer of the Interests. The Manager reserves the right to request such information as is necessary to verify the identity of a Partner and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by FinCEN and/or the SEC. The Fund may, in the event of delay or failure by the applicant to produce any information required for verification purposes, or for any other reason, in its sole and absolute discretion, refuse an investment in or transfer of Interests by any person or entity.

The Manager on behalf of the Fund, its affiliates, subsidiaries or associates will require a detailed verification of each Investor's identity and the source of subscription funds. The Fund may also require that this information be supplied by an Investor that did not supply such information when it subscribed for Interests. This information, and any other information supplied by an Investor, may be transmitted to any governmental agency that the Fund reasonably believes has jurisdiction (each, a "Governmental Authority"), without prior notice to the Investor, in order to satisfy any applicable anti-money laundering laws, rules or regulations to which the Fund is or may become subject, notwithstanding any confidentiality agreement to the contrary.

Depending on the circumstances of each Subscriber, a detailed verification might not be required where:

- the applicant is a recognized financial institution which is regulated by a recognized regulatory authority and carries on business in a recognized jurisdiction; or
- the application is made through a recognized intermediary which is regulated by a recognized regulatory authority and carries on business in a recognized jurisdiction. In this situation the Fund may rely on a written assurance from the intermediary that the requisite identification procedures on the applicant for business have been carried out.

These exceptions only apply if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations.

In attempting to verify a Subscriber's identity, the Manager may request any information it deems necessary including, but not limited to, the Investor's legal name, current address,

date of birth or date of formation (as applicable), information regarding the nature of the Investor's business, the locations in which the Investor transacts its business, proof as to the current good standing of the Investor in its jurisdiction of formation (if an entity), proof of identity (e.g., a driver's license, social security number or taxpayer identification number), and any other information the Manager believes is reasonably necessary to verify the identity of the Investor. The Manager may also request information regarding the source of the subscription amount including, but not limited to, letters from financial institutions, bank statements, tax records, audited financial statements and any other information the Manager believes is reasonably necessary to verify the source of the subscription amount.

The Fund may request that a Subscriber supply updated information regarding its identity or business at any time. The Fund may also request additional information regarding the source of any funds used to make additional Capital Contributions. In the event of delay or failure by a Subscriber to produce any information required for verification purposes, the Manager may refuse to accept a new or additional Capital Contribution. The Manager may refuse a redemption request of a Member's Interest in the Fund or other transfer of funds if it believes such action is necessary in order to comply with its responsibilities under applicable law.

A Subscriber may be asked to indemnify and hold harmless the Fund, the Manager and their respective affiliates, including their officers, directors, members, partners, shareholders, managers, employees and agents (collectively, the "Partnership and its Affiliates"), from and against any loss, liability, cost or expense (including, but not limited to, attorneys' fees, taxes and penalties) which may result, directly or indirectly, from any misrepresentation or breach of any warranty, condition, covenant or agreement set forth in the Subscription Documents or any other document delivered by the Investor to the Fund or as a result of any violations of law committed by the Investor. Such Subscription Documents further provide that the Fund and its Affiliates are not and shall not be liable for any loss, liability, cost or expense to the Investor resulting, directly or indirectly, from any action taken by the Fund and its Affiliates in making a good faith attempt to comply with the laws of any jurisdiction to which the Fund and its Affiliates are or become subject, including loss resulting from a failure to process any application for redemption if such information that has been required by the Fund and its Affiliates has not been provided by the Investor or if the Fund and its Affiliates believe in good faith that the processing thereof would violate applicable law. This indemnification provision shall be in addition to, and not in limitation of, any other indemnification provision applicable to the Fund and its Affiliates.

The Fund and its Affiliates hereby disclaim any and all responsibility for any action taken by them in a good faith attempt to comply with the applicable laws of any jurisdiction or at the direction of any Governmental Authority. Any and all losses incurred by a Subscriber as a direct or indirect result of any action taken by the Fund and its Affiliates in a good faith attempt to comply with the applicable laws of any jurisdiction or at the direction of any Governmental Authority shall be the sole responsibility of the Partner without recourse to the Fund and its Affiliates.

OTHER MATTERS

Governing Law

The Fund has been organized pursuant to the provisions of the Delaware Revised Uniform Limited Liability Company Act, and the Operating Agreement provides that it shall be governed by the laws of Delaware.

Electronic Delivery of Documents

In order to improve timeliness of delivery and promote cost savings, for the Investors who consent, the Fund may deliver its financial statements, investor newsletters, offering document supplements, revised Fund governing documents, annual privacy notices and other investor notices and materials by email to the address in the Fund's records or by posting them on any password protected webpage that the Fund may establish in the future. When delivering documents by email, the Fund will generally distribute them as attachments to emails in Adobe Acrobat Document Format (PDF). The Adobe Acrobat Reader software is available free of charge from Adobe's website at www.adobe.com. The Adobe Acrobat Reader software must be installed correctly on the Investor's system before the Investor will be able to view the documents in PDF format. By acquiring Units or being issued Notes in the Fund, the Investors are consenting to electronic delivery of documents. Investors who do not wish to receive documents and notices electronically, or wish to change the method or address of notice, must so elect by notifying the Manager.

Books and Records

Each Member has the right during normal business hours to request access to certain of the Fund's books and records upon prior written notice to the Manager. All requests must be for a purpose reasonably related to the Fund's business (as determined by the Manager) and may not be for any commercial purpose. Before a Member will be permitted access to the specified books and records, such Member must agree (in form and substance satisfactory to the Manager) to use such information only for Partnership purposes and to maintain such information in confidence.

Bad Actor Provision

Rule 506(d) of Regulation D of the Securities Act provides for disqualification of a Rule 506 offering in the event a beneficial owner of 20% or more of any of the Fund's Units are owned by a Member involved in a "disqualifying event" such as in connection with the sale of securities, within the securities industry or with the SEC (a "Bad Actor Event"). An Investor subject to a Bad Actor Event may be denied admittance to the Fund in the Manager's sole discretion. An existing Member must inform the Manager immediately upon being subject to a Bad Actor Event. The Manager may redeem such Member from the Fund at its sole discretion. As of the date of this PPM, the Manager and its principal are not subject to a Bad Actor Event.

Additional Information

This PPM is not intended to provide a complete description of the Offering, Operating Agreement or Notes. Investors are encouraged to ask the Manager for any information they consider relevant prior to an investment in the Fund. Upon request, the Manager will provide Investors with any information it can reasonably supply. Notwithstanding such inquiries or responses, each Investor will be required to represent in the Subscription Booklets that it has subscribed for Units or Notes solely on the basis of the information set forth in this PPM. No representative of the Fund or the Manager is authorized to give information or make representations other than those contained in this PPM and Investors may not rely on any such information or representations.