No. _____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Up to $1,200,000

Preferred Membership Interests

in

VENTURE AT VILLA HERMOSA LLC
an Arizona limited liability company

RELATED TO A RESIDENTIAL APARTMENT PROJECT LOCATED AT:

5740 North 10th Street
Phoenix, Arizona 85014

January 2020

In making an investment decision, investors shall rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted by 17 Code of Federal Regulations section 230.147 or 230.147A and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors shall be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

VENTURE AT VILLA HERMOSA LLC

$1,200,000

Preferred Membership Interests

Venture At Villa Hermosa LLC (the "**Company**") is a recently formed Arizona limited liability company with a principal office location at 5227 N. 7th St., Phoenix, AZ 85014, that intends to acquire, in the form of equity ("**Company Investment**"), own and develop a residential project ("**Project**") located in Phoenix, AZ (the "**Property**"). The Company is offering to sell ***Preferred Membership Interests*** (the "**Interests**") in the Company to residents of Arizona who are accredited investors, as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and non-accredited investors (provided, however, that such non-accredited investor's investment may not exceed the amount of $10,000.00 pursuant to Section 44-1844(D)(5) of the Statutes), pursuant to this Confidential Private Placement Memorandum (including the exhibits attached hereto, the **"Memorandum"**) pursuant to an exemption from registration Section 44-1844 of the Arizona Revised Statutes (the "**Statutes**"). Information regarding the Project, acquisition cost of the Property and development budget for the Project as well as other information regarding the Project are set forth herein in the section titled "THE PROJECT*"*.

The Company is seeking to raise up to $1,200,000 in gross proceeds ("**Offering Amount**") in this offering through the sale of the Interests in the Company pursuant to an exemption from registration under Section 44-1844 of the Statutes. Investors will be required to pay a purchase price in the minimum amount of $1,000 ("**Minimum Investment Amount**") by depositing with the Company, cash, check or wire in the amount of the purchase price. The purchase price will only be refunded by the Company under certain circumstances.

This is a "minimum" offering. If the Company cannot sell Interests in an amount equal to the $500,000 ("**Minimum Offering Amount**"), the Company will terminate the offering and return the purchase price to the investors.

The Interests offered hereby are highly speculative. An investment in an Interest involves substantial risks. Investors must read and carefully consider the discussion set forth under "RISK FACTORS" for a complete discussion of risks.

The Interests are being offered pursuant to and from registration under Section 44-1844 of the Statutes on the website platform operated by the Company and located at www.ventureatvillahermosa.com (the "**Website**").

Neighborhood Management, LLC, an Arizona limited liability company, is the manager of the Company (the "**Manager**") and the Manager will receive a share of the net profits of the Company. See "THE MANAGER".

These securities have not been recommended, approved or disapproved by any federal or state securities commission or division or regulatory authority, including the U.S. Securities and Exchange Commission ("SEC") or the securities regulatory authority of any state, nor have the foregoing authorities or any securities regulatory authority of any state confirmed or passed upon the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

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NOTICE TO INVESTORS

Purchase of the Interests is suitable only for persons of substantial means who have no need for liquidity in their investment. Investors should carefully consider the following:

1. Prospective investors are not to construe the contents of this Memorandum as legal or tax advice to them. Each investor should consult his own independent legal counsel, accountant and/or business advisor as to legal, tax and related matters concerning this investment.

2. The securities offered hereby may be offered and sold only to persons or entities who meet the investor suitability requirements set forth under "WHO MAY INVEST" in this Memorandum.

3. No person has been authorized by the Company or the Manager to make any representations or furnish any information with respect to the Company and/or the Interests other than as set forth in this Memorandum or other documents or information furnished by the Company or the Manager upon request. However, authorized representatives of the Company will, if such information is reasonably available, provide additional information that a prospective investor (or his representatives) requests for the purpose of evaluating the merits and risks of the offering.

4. This Memorandum has been prepared solely for the benefit of persons interested in the proposed private placement of the Interests offered hereby. Any reproduction or distribution of this Memorandum, in whole or in part, or the disclosure of any of its contents without the prior written consent of the Company is expressly prohibited. The recipient, by accepting delivery of this Memorandum, agrees to return this Memorandum and all documents furnished herewith to the Company or its representatives immediately upon request if the recipient does not purchase any of the Interests, or if the offering of the Interests is withdrawn or terminated.

5. The Company, in its sole discretion, may reject the Subscription Agreement (as defined below) of a prospective investor for any reason or no reason. The Subscription Agreement will be rejected for failure to conform to the requirements of the offering of the Interests or such other reasons as the Company, in its sole discretion, may determine. The Subscription Agreement may not be revoked, canceled, or terminated by the investor for any reason, except as expressly set forth herein.

6. The offering of the Interests is made exclusively by this Memorandum. This Memorandum contains a summary of certain provisions of various documents, including the Subscription Agreement and the Operating Agreement (as defined below), but only the full text of such documents contains complete information concerning the rights and obligations of the parties thereto. This Memorandum contains summaries of certain other documents, which summaries are believed to be accurate, but reference is hereby made to the full text of the actual documents for complete information concerning the rights and obligations of the parties thereto. Such information necessarily incorporates significant assumptions, as well as factual matters. All documents relating to this investment and related documents and agreements will be made available to a prospective investor or his advisors upon request.

7. Because the Interests are not registered under the Act or the securities laws of any state, investors must hold them indefinitely unless: (i) they are registered under the Act and any applicable state securities acts, which registration the Manager does not expect to occur, or (ii) the Manager, with the advice of counsel, concludes that registration is not required under the Act and applicable state laws. No public market currently exists for the Interests. In addition, investors will be required to make certain representations regarding the Employee Retirement Income Security Act of 1974, as amended (**"ERISA"**). Investors will be required to provide a properly executed Internal Revenue Service Form W-9, W-8BEN, W-8ECI, or W-8IMY, as applicable.

The securities offered hereby have not been registered under the Act or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of the Act and such laws. The securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Act and such laws pursuant to registration or exemption therefrom.

In making an investment decision, prospective investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved.

The Act and the securities laws of certain jurisdictions grant purchasers of securities sold in violation of the registration or qualification provisions of such laws the right to rescind their purchase of such securities and to receive back their consideration paid. The Manager believes that the offering described in this Memorandum is not required to be registered or qualified. Many of these laws granting the right of rescission also provide that suits for such violations must be brought within a specified time, usually one year from discovery of facts constituting such violation. Should any investor institute such an action on the theory that the offering conducted as described herein was required to be registered or qualified, the Manager contends that the contents of this Memorandum constituted notice of the facts constituting such violation.

This Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized, or in which the person making such an offer is not qualified to do so, or to any person to whom it is unlawful to make an offer or solicitation.

CIRCULAR 230 DISCLOSURE

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, WE INFORM YOU THAT (A) ANY UNITED STATES FEDERAL TAX ADVICE CONTAINED HEREIN (INCLUDING ANY ATTACHMENTS OR ENCLOSURES) WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES, (B) ANY SUCH ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION OR MATTER ADDRESSED HEREIN AND (C) ANY TAXPAYER TO WHOM THE TRANSACTIONS OR MATTERS ARE BEING PROMOTED, MARKETED OR RECOMMENDED SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

WHO MAY INVEST

The offer and sale of the Interests is being made in reliance on an exemption from the registration requirements of the Act. Accordingly, distribution of this Memorandum has been strictly limited to Arizona residents and persons who meet the requirements and make the representations set forth below. The Company reserves the right, in its sole discretion, to declare any prospective investor ineligible to purchase Interests for any reason.

INVESTOR SUITABILITY REQUIREMENTS

Investment in the Interests involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. The Interests will be sold to persons who (i) are "accredited investors" as such term is defined in Rule 501(A) of Regulation D of the Securities Act, and, in the discretion of the Manager, a limited number of non-Accredited Investors; provided, however that pursuant to Section 44-1844(D)(5) of the Statutes, the Company will not accept any more than $10,000.00 from any person that is not an Accredited Investor, (ii) make the applicable minimum investment, and (iii) represent in writing that they meet the investor suitability requirements established by the Company and as may be required under federal or state law. The Company retains the right to accept smaller purchases in its sole discretion.

Each prospective investor must represent in writing that he meets, among others, **ALL** of the following requirements:

(a) He is a resident of the State of Arizona; and

(b) He has received, read, and fully understands this Memorandum and all exhibits hereto. He is basing his decision to invest on this Memorandum and all exhibits hereto. He has relied only on the information contained in said materials and has not relied upon any representations made by any other person; and

(c) He understands that an investment in the Interests involves substantial risk and he is fully cognizant of and understands all of the risk factors relating to a purchase of the Interests, including, without limitation, those risks set forth below in the section entitled "RISK FACTORS;" and

(d) His overall commitment to investments that are not readily marketable is not disproportionate to his individual net worth, and his investment in the Interests will not cause such overall commitment to become excessive; and

(e) He has adequate means of providing for his financial requirements, both current and anticipated, and has no need for liquidity in this investment; and

(f) He can bear and is willing to accept the economic risk of losing his entire investment in the Interests; and

(g) He is acquiring the Interest for his own account and for investment purposes only and has no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Interests; and

Representations with respect to the foregoing and certain other matters will be made by each investor in the Subscription Agreement in the form attached to this Memorandum as Exhibit B (the **"Subscription Agreement"**). The Company will rely on the accuracy of each person's or entity's representations set forth therein and may require additional evidence that any such person or entity meets the applicable standards at any time prior to the Company's acceptance of the Subscription Agreement. An investor is not obligated to supply any information so requested by the Company, but the Company may reject any investor who fails to supply any information so requested.

If you do not meet the requirements described above, do not read further and immediately return this Memorandum to the Company. In the event you do not meet such requirements, this Memorandum does not constitute an offer to sell the Interests to you.

Tax-exempt entities, such as individual retirement accounts ("**IRAs**") or other plans subject to Code Section 4975 and plans subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") ("ERISA Plans"), may be investors provided they meet the suitability requirements stated above. However, certain tax-exempt investors, including IRAs, are subject to tax on their "unrelated business taxable income." In addition, ERISA Plans are subject to certain fiduciary responsibility provisions of ERISA, and ERISA Plans and plans subject to Code Section 4975 are subject to the prohibited transaction provisions of ERISA and the Code. Finally, "Benefit Plan Investors" (as defined in "ERISA CONSIDERATIONS") will be limited to less than 25% of the outstanding Interests at any time, and investors may not assign or transfer Interests to Benefit Plan Investors. See "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES" and "ERISA CONSIDERATIONS."

The investor suitability requirements stated above represent minimum suitability requirements, as established by the Company, for investors. However, satisfaction of these requirements by any such person or entity will not necessarily mean that an Interest is a suitable investment for such person or entity, or that the Company will accept such person or entity as an investor. Furthermore, the Company, as appropriate, may modify such requirements in its sole discretion, and such modification may raise the suitability requirements for investors.

The written representations made by the prospective investors will be reviewed to determine the suitability of each such person or entity. The Company will have the right, in its sole discretion, to refuse an offer to purchase the Interests if the Company believes that such person or entity does not meet the applicable investor suitability requirements, the Interests otherwise constitute an unsuitable investment for such person or entity, for any other reason, or for no reason.

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NOTICES TO PROSPECTIVE INVESTORS

THE PREFERRED MEMBERSHIP INTERESTS OFFERED HEREBY (THE "INTERESTS") HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO "U.S. PERSONS" (AS DEFINED IN REGULATION S UNDER THE 1933 ACT) UNLESS REGISTERED UNDER THE 1933 ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT IS AVAILABLE.

THE INTERESTS HAVE NOT BEEN REGISTERED WITH OR APPROVED OR IS APPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), THE REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES (ANY "STATE") OR THE REGULATORY AUTHORITY OF ANY OTHER COUNTRY, NOR HAS THE SEC OR ANY SUCH OTHER REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE INTERESTS AS TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. WITHIN THE UNITED STATES, THIS OFFERING IS MADE AS A PRIVATE PLACEMENT PURSUANT TO 44-1844.

THIS MEMORANDUM IS NOT A PROSPECTUS OR AN ADVERTISEMENT, AND THE OFFERING IS NOT BEING MADE TO THE PUBLIC.

THIS OFFERING IS MADE IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT. THE COMPANY WILL NOT BE OBLIGATED TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT OR ANY FOREIGN SECURITIES LAWS IN THE FUTURE. THERE CURRENTLY IS NO PUBLIC OR OTHER MARKET FOR THE INTERESTS AND THE MANAGER DOES NOT EXPECT THAT ANY SUCH MARKET WILL DEVELOP. ALL OF THE INTERESTS, WHETHER ACQUIRED WITHIN THE UNITED STATES OR OUTSIDE THE UNITED STATES, WILL BE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 UNDER THE SECURITIES ACT AND THEREFORE MAY NOT BE TRANSFERRED BY A HOLDER THEREOF WITHIN THE UNITED STATES OR TO A "U.S. PERSON" UNLESS SUCH TRANSFER IS MADE PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT, PURSUANT TO AN EXEMPTION THEREFROM. MOREOVER, THE INTERESTS MAY BE TRANSFERRED ONLY WITH THE CONSENT OF THE MANAGER AND THE SATISFACTION OF CERTAIN OTHER CONDITIONS. THE INTERESTS ARE SPECULATIVE AND PRESENT A HIGH DEGREE OF RISK. SEE "RISK FACTORS." INVESTORS MUST BE PREPARED TO BEAR SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND BE ABLE TO WITHSTAND A TOTAL LOSS OF THE AMOUNT INVESTED.

THE INTERESTS ARE BEING OFFERED SUBJECT TO VARIOUS CONDITIONS, INCLUDING: (I) WITHDRAWAL, CANCELLATION OR MODIFICATION OF THE OFFER WITHOUT NOTICE; (II) THE RIGHT OF THE MANAGER TO REJECT ANY SUBSCRIPTION FOR AN INTEREST, IN WHOLE OR IN PART, FOR ANY REASON; AND (III) THE APPROVAL OF CERTAIN MATTERS BY LEGAL COUNSEL. EACH PROSPECTIVE INVESTOR IS RESPONSIBLE FOR ITS OWN COSTS IN CONSIDERING AN INVESTMENT IN AN INTEREST. NEITHER THE MANAGER NOR THE COMPANY SHALL HAVE ANY LIABILITY TO A PROSPECTIVE INVESTOR WHOSE SUBSCRIPTION IS REJECTED OR PREEMPTED.

THE INFORMATION SET FORTH IN THIS MEMORANDUM IS CONFIDENTIAL. RECEIPT AND ACCEPTANCE OF THIS MEMORANDUM SHALL CONSTITUTE AN AGREEMENT BY THE RECIPIENT THAT THIS MEMORANDUM SHALL NOT BE REPRODUCED OR USED FOR ANY

PURPOSE OTHER THAN IN CONNECTION WITH THE RECIPIENTS EVALUATION OF AN INVESTMENT IN AN INTEREST.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OR TO GIVE ANY INFORMATION WITH RESPECT TO THE COMPANY, THE MANAGER, OR THE INTERESTS, OTHER THAN AS CONTAINED IN THIS MEMORANDUM, THE COMPANY'S OPERATING AGREEMENT, THE SUBSCRIPTION AGREEMENT TO BE EXECUTED BY EACH INVESTOR, OR AN OFFICIAL WRITTEN SUPPLEMENT TO THIS MEMORANDUM APPROVED BY THE MANAGER. PROSPECTIVE INVESTORS ARE CAUTIONED AGAINST RELYING UPON INFORMATION OR REPRESENTATIONS FROM ANY OTHER SOURCE.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THIS MEMORANDUM AS INVESTMENT, LEGAL OR TAX ADVICE AND THIS MEMORANDUM IS NOT INTENDED TO PROVIDE THE SOLE BASIS FOR ANY EVALUATION OF AN INVESTMENT IN AN INTEREST. PRIOR TO ACQUIRING AN INTEREST, A PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN LEGAL, INVESTMENT, TAX, ACCOUNTING AND OTHER ADVISORS TO DETERMINE THE POTENTIAL BENEFITS, BURDENS AND OTHER CONSEQUENCES OF SUCH INVESTMENT. IN PARTICULAR, IT IS THE RESPONSIBILITY OF EACH INVESTOR TO ENSURE THAT THE LEGAL AND REGULATORY REQUIREMENTS OF ANY RELEVANT JURISDICTION OUTSIDE THE UNITED STATES ARE SATISFIED IN CONNECTION WITH SUCH INVESTOR'S ACQUISITION OF AN INTEREST.

CERTAIN DOCUMENTS RELATING TO THE COMPANY WILL BE COMPLEX OR TECHNICAL IN NATURE, AND PROSPECTIVE INVESTORS MAY REQUIRE THE ASSISTANCE OF LEGAL COUNSEL TO PROPERLY ASSESS THE IMPLICATIONS OF THE TERMS AND CONDITIONS SET FORTH THEREIN. LEGAL COUNSEL TO THE COMPANY AND THE MANAGER WILL REPRESENT THE INTERESTS SOLELY OF THE COMPANY AND THE MANAGER. NO LEGAL COUNSEL HAS BEEN ENGAGED BY THE COMPANY OR THE MANAGER TO REPRESENT THE INTERESTS OF PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR IS URGED TO ENGAGE AND CONSULT WITH ITS OWN LEGAL COUNSEL IN REVIEWING DOCUMENTS RELATING TO THE COMPANY.

EXCEPT WHERE OTHERWISE SPECIFICALLY INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE SUBSEQUENT DELIVERY OF THIS MEMORANDUM NOR ANY SALE OF INTERESTS SHALL BE DEEMED A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS, PROSPECTS OR ATTRIBUTES OF THE COMPANY SINCE THE DATE HEREOF.

THIS MEMORANDUM SUPERSEDES ALL PRIOR VERSIONS. FROM AND AFTER THE DATE OF THIS MEMORANDUM, PRIOR VERSIONS OF THIS MEMORANDUM MAY NOT BE RELIED UPON.

NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED UPON AS, A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE COMPANY OR ITS ASSETS. STATEMENTS, ESTIMATES AND PROJECTIONS WITH RESPECT TO SUCH FUTURE PERFORMANCE SET FORTH IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS MADE BY THE MANAGER WHICH MAY OR MAY NOT PROVE TO BE CORRECT. NO REPRESENTATION IS MADE AS TO THE ACCURACY OF SUCH STATEMENTS, ESTIMATES AND PROJECTIONS.

CERTAIN OF THE FACTUAL STATEMENTS MADE IN THIS MEMORANDUM ARE BASED UPON INFORMATION FROM VARIOUS SOURCES BELIEVED BY THE MANAGER TO BE RELIABLE. THE MANAGER AND THE COMPANY HAVE NOT INDEPENDENTLY VERIFIED ANY OF SUCH INFORMATION AND SHALL HAVE NO LIABILITY ASSOCIATED WITH THE INACCURACY OR INADEQUACY THEREOF.

EACH INVESTOR THAT ACQUIRES AN INTEREST WILL BECOME SUBJECT TO THE OPERATING AGREEMENT. IN THE EVENT ANY TERMS OR PROVISIONS OF SUCH OPERATING AGREEMENT CONFLICT WITH THE INFORMATION CONTAINED IN THIS MEMORANDUM, THE TERMS OF THE

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HOW TO SUBSCRIBE

The Interests may be purchased by Arizona residents as described above in "WHO MAY INVEST". Prospective investors who would like to purchase an Interest must read carefully this Memorandum and the exhibits hereto. Prospective investors must initially complete, execute, and deliver the Subscription Agreement on the website located at www.ventureatvillahermosa.com (the "**Website**"), and provide funds via wire, ACH or check to the Company. Upon acceptance of the prospective investor's Subscription Agreement by the Company, the Company will direct investors to provide additional information and execute various additional documents on the website.

Pursuant to Section 44-1844(D)(14) of the Statutes, each Subscription will require the Investor to make the following certification, either in writing or electronically:

> "I understand and acknowledge that I am investing in a high-risk, speculative business venture. I may lose all of my investment, or under some circumstances more than my investment, and I can afford this loss. This offering has not been reviewed or approved by any state or federal securities commission or division or other regulatory authority and no such person or authority has confirmed the accuracy or determined the adequacy of any disclosure made to me relating to this offering. The securities I am acquiring in this offering are illiquid, there is no ready market for the sale of such securities, it may be difficult or impossible for me to sell or otherwise dispose of this investment and, accordingly, I may be required to hold this investment indefinitely. I may be subject to tax on my share of the taxable income and losses of the company, whether or not I have sold or otherwise disposed of my investment or received any dividends or other distributions from the company."

Upon receipt of the signed Subscription Agreement and verification of the prospective investor's investment qualification, the Company, in its sole discretion, will decide whether to accept the prospective investor's investment. Upon the Company's acceptance of a prospective investor for the purchase of the Interests, the Company will so notify the prospective investor.

Investors who wish to become Members and purchase Interests in the Company must make an initial investment in the Company of at least the Minimum Investment Amount. An Investor's "**Subscription Amount**" is equal to the dollar amount of Interests for which it is subscribing.

The Offering will have an offering period ("**Offering Period**") which will begin on the date of this Memorandum and end on the earlier of (a) the Company has received capital contributions in an amount equal to the Minimum Offering Amount or (b) January 10, 2021. The Manager shall have the right to close a particular Offering Period at any time, provided the Offering Amount has been received; provided, however, that Pursuant to Section 44-1844(D)(8) of the Statutes, the Offering Period will not be less than twenty-one (21) days.

The purchase price will only be refunded by the Company (a) if a prospective investor is not accepted by the Company, (b) to any investor who is not then in default upon written request from such investor until the close of business on the third day following the date upon which the Manager notifies the investor that his/her subscription has been accepted and his/her payment has been received by the Company, (c) if the acquisition of the Company Investment is not completed by the Company for any reason on or before the Acquisition Date (unless such date is extended in the Manager's sole discretion), (d) if the Offering Amount is not reached, (e) at the end of the Offering Period or (f) if the property condition assessment for the Company Investment differ materially and adversely from the preliminary findings, representations and conclusions of such assessments set forth herein and the investor elects on that basis not to complete the purchase of the Interest, Otherwise, the purchase price will be nonrefundable.

Notwithstanding anything else to the contrary in this Memorandum, and pursuant to Section 44-1844(D)(10) of the Statutes, an Investor is permitted to cancel the Investor's Subscription at any time before forty-eight (48) hours before expiration of the Offering Period if notice of cancellation is delivered electronically or physically in writing to the individual at the address as set forth immediately below. If an Investor is given notice of an early closing of the Offering Period, the Investor may cancel the Subscription within seventy-two (72) hours of delivery of the notice of such change.

John Kobierowski
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Email: info@neighborhood.ventures

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements under "SUMMARY," "RISK FACTORS," "ESTIMATED SOURCES AND USES" and other statements included elsewhere in this Memorandum constitute forward-looking statements. These forward-looking statements are subject to risks and uncertainties and include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words "believe," "expect," "anticipate," "estimate," "intend," "should," "may" or similar expressions, we intend to identify forward-looking statements. Statements regarding the following subjects are forward-looking by their nature:

- our expected operating results;
- our ability to make distributions to our investors in the future;
- our understanding of the Company Investment;
- our assessment of relevant competition;
- market trends;
- expected capital expenditures;
- the status and condition of the Company Investment; and
- the tax consequences of an investment in the Company.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. We are not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

When considering forward-looking statements, you should keep in mind the risks and other cautionary statements set forth in this Memorandum. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management's views as of the date of this Memorandum. The risks and other cautionary statements noted throughout this Memorandum could cause our actual results to differ significantly from those contained in any forward-looking statement.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this Memorandum.

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SUMMARY

Because it is a summary, this portion of the Memorandum may not contain all of the information that is important to you. For a more complete understanding of the offering, we urge you to read this entire Memorandum, including each of the exhibits hereto, carefully. When we refer in this Memorandum to "we," "our," "us," we are referring to the Company. When we refer to our "Manager," we are referring to Neighborhood Management, LLC. When we refer to "you," "your" and "investors," we are referring to each prospective investor reading this Memorandum and, following completion of this offering, each investor that purchases Interests in this offering, as the context requires.

Offering

Preferred Membership Interests (the "**Interests**") in the Company. The Manager or one or more of its officers, directors or affiliates, or one or more may acquire Interests on the same terms and conditions as the other investors.

Any deposits or other payments made by any prospective investor will be retained by the Company in escrow pending closing on the purchase of the Interest.

The offering of the Interests is being conducted by the Company and the Sponsor through a website platform operated by the Company and located at www.ventureatvillahermosa.com. The Company does not make any representations or warranties regarding the offering of the Interests. See "ESTIMATED SOURCES AND USE OF FUNDS" and "COMPENSATION OF THE MANAGER AND SPONSOR."

Company

Venture At Villa Hermosa LLC, an Arizona limited liability company. The Company was formed on January 11, 2020.

Target Offering Amount

$750,000

Maximum Offering Amount

$1,200,000

Minimum Offering Amount

$500,000

Offering Period

January 11, 2020 to January 10, 2021

Minimum Investment Amount

$1,000

Loan

The purchase of the property and the completion of the Project will be financed in part by a loan in the amount of approximately $2,228,571 (65%) to $2,400,000 (70%) from a private lender.

Funding Stack:

65-70% ($2,228,571-$2,400,000) Loan
20-35% ($500,000-1,200,000) Preferred Equity Capital from Offering
1-5% ($34,285-$171,429) Common Equity Capital from 7th Street Capital LLC

Use of Proceeds

Purchase Price	$2,450,000
Renovations	$ 650,000
Furnishings	$ 150,000
Closing Costs and Reserves	$ 275,000
Total	$3,525,000

Company Distributions

The Preferred Members shall be entitled to regular distributions of distributable cash. Upon liquidation of the Company, the Preferred Members shall be entitled to a return of capital, plus an annual preferred return of 12% (Preferred Members

	shall receive estimated annual cash distributions of approx. 4% until the liquidation of the Property, at which time the Company shall provide a true-up to the Preferred Investors to bring returns up to 12%). Thereafter, the Common Members shall share pro-rata in all of the remaining profits. Villa Hermosa Capital LLC, an Arizona limited liability company is the sole holder of the Common Interests.
Sponsor	Neighborhood Management, LLC, an Arizona limited liability company
Project	Residential apartment project with 14 units, located at 5740 North 10th Street, Phoenix, Arizona 85014. After renovation, it is anticipated that the property will be used for short term rentals and vacation rentals. Additional information regarding the Project is set forth in the section entitled "PROJECT"
Manager	Neighborhood Management, LLC
Fees	Neighborhood Ventures, LLC, an affiliate of the Manager is entitled to receive an acquisition fee equal to the greater of 6% of the amount raised in this offering or $50,000 and an investor relations & technology fee equal to the greater of $25,000 or three percent 3% of the amount raised in this offering payable upon the disposition of the Property.

Summary Risks

The Interests offered hereby are highly speculative. An investment in an Interest involves substantial risks. Investors must read and carefully consider the discussion set forth under "RISK FACTORS" for a complete discussion of risks. Following is a summary of some of the material risks of an investment in the Interests:

- the Company Investment consists of equity interests in real property and therefore is subject to risks associated with real estate, real estate development and real estate investment (including market risks, geographic risks, market supply and demand, volatility, and regulatory changes);
- the risks of the Company Investment vary by asset class;
- the Interests are subject to restrictions on transfer and, therefore, lack liquidity;
- holders of Interests in the Company will have essentially no voting rights;
- the Company's only asset will be the Company Investment, so we lack diversity of investment; and
- we are subject to various risks associated with the ownership of real estate generally and specifically with ownership and operation of the Company Investment.

Tax Considerations

It is the intention of the Manager that the Company should be classified as a partnership for federal income tax purposes. All prospective investors must consult their own independent legal, tax, accounting and financial advisors and must acknowledge that they have done so as an investment requirement. See "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES."

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THE OFFERING

We are offering Interests in the Company up to the Offering Amount of $1,200,000. A minimum investment amount of $1,000 is required, except that we and the Manager reserve the right in our sole discretion to waive the minimum investment requirement. The Manager or its affiliates may acquire an Interest in the Company on the same terms and conditions as other investors, except that the Company may waive certain fees for such acquisitions.

In accordance with Section 44-1844(D)(6) of the Statutes, not less than ten (10) days before the commencement of the Offering Period, the Company will submit all of the following to the Commission: (a) a notice filing on a form prescribed by the Commission; (b) a copy of this Memorandum; (c) a copy of the escrow agreement entered into; and (d) any other documents or information the Commission may require to administer and enforce the exemption as provided for in Section 44-1844.

We intend to continue the offering until the earlier of (i) the sale of Interests in the Offering Amount has been sold, or (ii) until the end of the Offering Period, which date may be extended in the sole and absolute discretion of the Sponsor. If we cannot sell the Offering Amount, we will terminate this offering and return the purchase price to the investors. Pursuant to Section 44-1844(D)(11) of the Statutes, if we close the Offering before the end of the Offering Period, the Company will deliver notice of the closing to each Investor pursuant to the notice provisions as set forth herein and will post the notice conspicuously on each internet website on which the Offering was posted, at least five (5) days before the early closing.

If all of the Offering Amount is sold, the purchasers of the Interests will hold all of the issued and outstanding Preferred Membership Interests, the Sponsor will hold the Class A Common Membership Interests.

The Interests may be purchased only by prospective investors who satisfy certain additional suitability requirements. See "WHO MAY INVEST."

THE COMPANY INVESTMENT AND ESTIMATED USE OF PROCEEDS

The proceeds from this offering will be used to acquire the Project ("**Company Investment**"). The Project will be the only investment held by the Company.

The following table sets forth the estimated uses of up to $1,200,000 in proceeds from this offering together with a loan in the amount of $2,228,571-$2,400,000 and the investment of the common equity. The table reflects the present intentions of the Sponsor and an unforeseen change of circumstances may require the Sponsor to modify the information set forth below. The Sponsor and its affiliates will receive substantial compensation and fees in connection with the offering and the operation and management of the Property, as described in this Memorandum.

Expense	**Amount**
Acquisition Costs	$2,450,000
Renovation	$ 650,000
Furnishings	$ 150,000
Closing Costs and Reserves	$ 275,000
Total	$3,524,253

PROJECT

The Project consists of a residential apartment development which will include 14 apartment units located at 5740 North 10th Street, Phoenix, Arizona 85014. The property was originally built in 1966 with 14 units, all 2-bedroom and 1 bathroom.

The property is located right off Bethany Home Dr. and North 7th Street. This property creates a scenic neighborhood feel just steps away from the busy streets of Phoenix.

It is the intention of the Sponsor to renovate the interior of each unit with new cabinetry, new fixtures, updated painting and appliances. On the exterior we plan to enhance the building's curb appeal by new trim painting and updating the roof. We also plan to replacing the facia and do an update the landscaping.

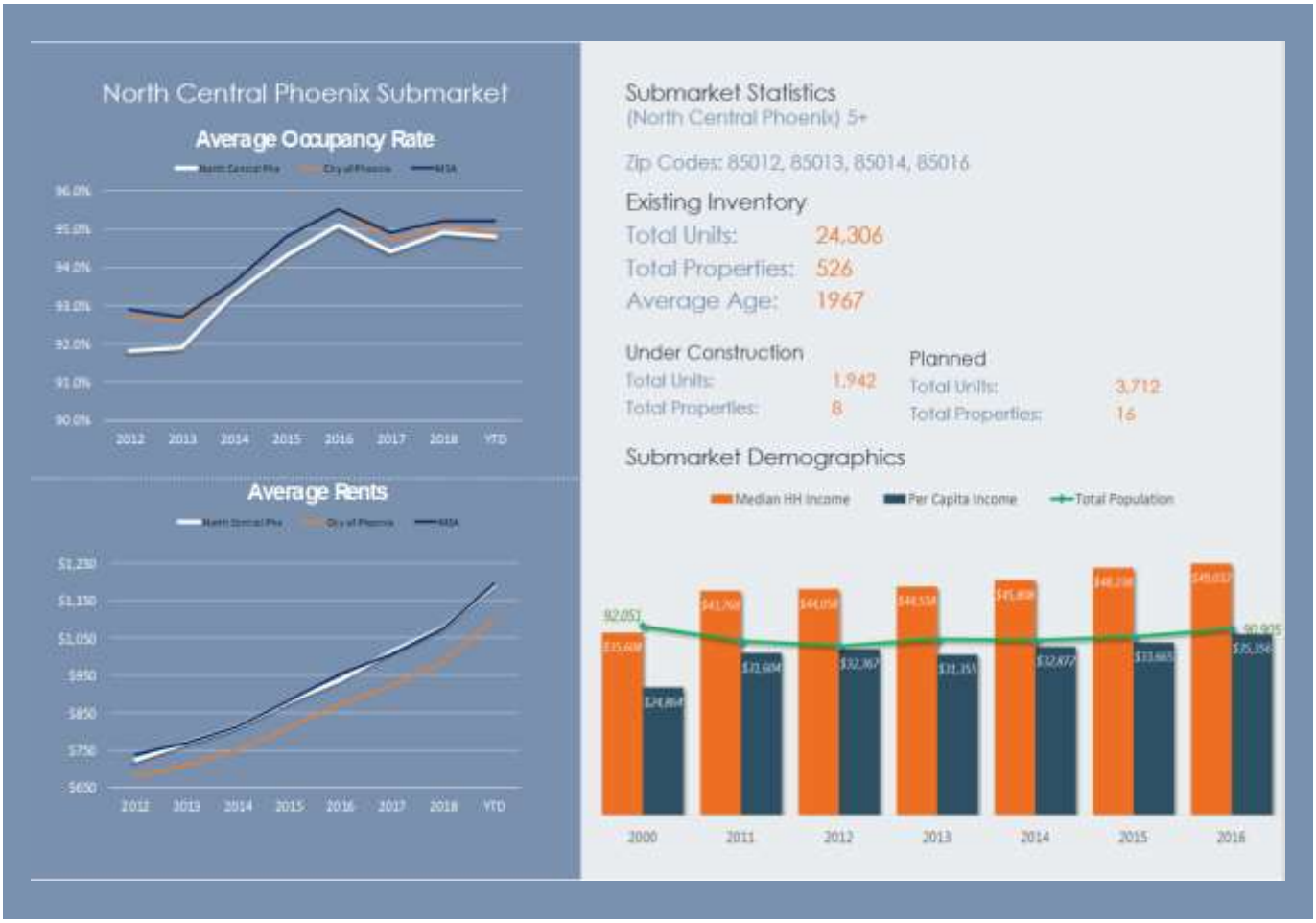
Rendering/Pictures


Glendale
Paradise Valley
Scottsdale
Phoenix
Tempe
Venture at
Villa Hermosa
RESTAURANT CORRIDOR
BEVVY
MORA ITALIAN
THE VIG
CULINARY DROPOUT
SPINATO'S
STOCK & STABLE
PITA JUNGLE

Planned Improvements

It is the intention of the Sponsor to renovate the interior of each unit with new cabinetry, new fixtures, updated painting and appliances. On the exterior we plan to enhance the building's curb appeal by new trim painting and updating the roof. We also plan to replace the facia and do an update the landscaping.

Rents and Occupancy



Average Rents

<u>Two-bedroom units</u>

Neighborhood/Zip Code Average $1,212/month

<u>Three-bedroom units</u>

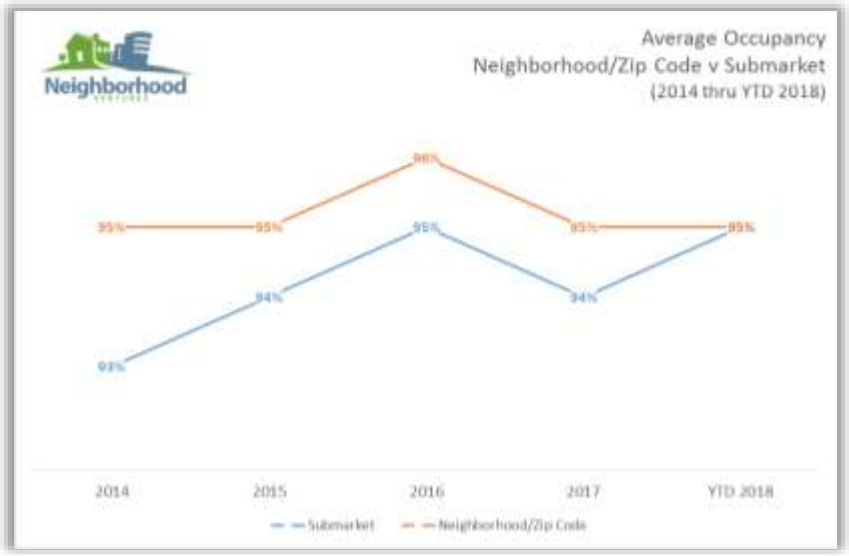
Neighborhood/Zip Code Average $1,416/month

Occupancy

For a growing MSA, much like the Phoenix MSA, a general rule-of-thumb is that occupancy should trend between 94 to 96% for equilibrium.

Average occupancy for both the submarket and neighborhood/zip code has been trending in the 95% range for the last several years.

With little in the construction pipeline, and the area's continued population growth, occupancy rates should increase with rental rates correspondingly rising in both the near-to-mid term.



Location

Venture at Villa Hermosa is located at the north-end of Phoenix's North Central Submarket, often referred to as Phoenix Midtown. The submarket is comprised of four major neighborhood/districts:

1) Phoenix College/Melrose (85013 zip code)

2) The Yard/Cheery Lynn (85014 zip code)

3) Christown (85015 zip code)

4) North Central (85012 zip code)

Existing Housing

In the 85014-zip code there are 130 properties (10+ units in size) containing 6,788 units (or 31% of the entire multifamily housing stock for the submarket) with an average year built of 1968.

Under Construction

85012	**85013**	**85014**	**85016**
11 Projects	12 Projects	7 Projects	16 Projects
$1.3 Billion (Total)	$404 Million (Total)*	$206 Million (Total)	$511 Million (Total)*
$122 Million (Avg)	$34 Million (Avg)	$29 Million (Avg)	$32 Million (Avg)

Of the 46 total projects noted above, 23 are multifamily or have a multifamily component as part of a larger mixed-use or master planned development. These projects total more than $2 Billion. Total estimated construction and development costs for the 10 North Central Phoenix projects identified exclusively as apartment/condo, senior housing or student housing amount to $428 Million.

New Completed Developments

Crown on 7th

The $7.8 million Crown on 7th project was built at the former Crown Imports building between Missouri Avenue and Bethany Home Road.

Venture REI principal Dan Noma Jr. and real estate executives Buzz Gosnell and Niels Kreipke purchased the building in 2014 for $1.8 million and have spent $6 million on its redevelopment which opened at the end of 2015.

The Colony

The Colony, an adaptive reuse project by Western Vertical Holdings, several restaurants, a gastro pub among other tenants. It is currently finishing construction near 7th Street and Missouri Avenue, just south of the popular eatery venue The Yard.

Western Vertical Holdings, led by Bob Agahi and David Sellers, is redeveloping a vacant 1950s building and constructing a smaller new one next to it to create 22,467 square feet of space at The Colony.

The Yard

What was once a motorcycle garage and dealership on 7th Street and Montebello Avenue is now a restaurant cluster known as the Yard. The concept from restauranteur Sam Fox, the Yard opened on February 11, 2013 in north-central Phoenix. The 53,000-square-foot space is home to the Valley's second Culinary Dropout gastropub; the other location is in Scottsdale.

The Yard boasts an open gathering space outside as well as $8 million courtyard was a product of Fox Restaurant Concepts and WDP Partners.

Pomo Pizzeria Napoletana | Cold Beer & Cheeseburgers | Pita Jungle

Across the street from Fox Restaurant Concepts, The Yard, and just a block northeast of Western Vertical Holding's, The Colony, Western Vertical is developing another restaurant space in the Restaurant Row District, Pomo Pizzeria,

To Pomo's south, Cold Beer & Cheeseburgers 7th Street location completed construction in March 2017 and just south of Cold Beer, Pita Jungle opened their largest restaurant to date at the NEC of 7th St and Missouri.

240 Missouri

K Hovnanian Homes acquired this 2.47-acre property in 2015 for $5.51M with plans to develop 29 high-end townhomes on the site which was completed by 2017. Featuring a highly desirable location within midtown Phoenix, AZ, 240 Missouri will offer three new home designs of 2- and 3-bedroom townhomes.

This upscale gated community will put you within minutes of excellent restaurants, shopping and public transportation. All units have been sold starting in the mid $400's.

200 East

Is an under construction residential subdivision consisting of 10-luxury, single family homes by Porchlight Homes at 2nd Street and Georgia Avenue in Phoenix.

Uptown Plaza Shopping Center Redevelopment

The center, built in 1955 by Del Webb on the northeast corner of Camelback Road and Central Avenue, is being revamped by Phoenix-based Vintage Partners. Uptown Plaza is undergoing a wall-to-wall renovation dedicated to restoring this Mid-Century Modern gem to its former glory. Originally located just outside the city limits, this once distant shopping center is now considered part of Phoenix's urban core, with the surrounding Windsor Square neighborhood recently ranked as one of the "best big city neighborhoods in America" by Money magazine.

With completion expected in late 2016, the restored Uptown Plaza will once again serve as a bustling, brick-lined heartbeat for all of north-central Phoenix, and featuring the same vibrant mix of local, regional and national tenants that helped make this historic development such a success in previous decades.

Creighton University to build $150M Phoenix medical school next to Park Central Mall

Creighton University plans to build a $150 million medical school at Park Central Mall next to St. Joseph's Hospital and Medical Center in Phoenix. Plans call for training 700 medical students in what will be two buildings totaling 300,000 square feet on the southeast corner of the mall property at Central Avenue and Catalina Drive.

Phase I will be a 150,000-square-foot building that will cost between $75 million and $100 million to develop, followed by a mirror image of a second 150,000-square-foot building at a later time as the school grows. Creighton

expects to break ground in spring 2019, said Dale Davenport, senior associate dean for Creighton University School of Medicine. He said the Phoenix campus is expected to welcome students beginning in July 2021. Phase I of the project will include the construction of a 2,000-space parking structure that will cost $25 million to build and will be funded by bonds, said Christine Mackay, economic development director for the city of Phoenix.

Creighton University Medical School has been growing its presence in partnership with Dignity Health's St. Joseph's Hospital and Medical Center for more than a decade. Creighton's third- and fourth-year medical students do clinical rotations at the Phoenix hospital. By 2016, the Jesuit Catholic medical school — based in Omaha, Nebraska — signed an affiliation agreement with Maricopa Integrated Health System and Dignity Health. That relationship solidified further when the three organizations created the Creighton University-Arizona Health Education Alliance to oversee graduate medical education programs for MIHS and St. Joseph's, as well as the program for District Medical Group, the physician partnership that works at MIHS.

Now 325 graduate medical education residents are under the alliance's umbrella, with 204 residents coming from MIHS and 111 from St. Joseph's. The goal is to have 700 to 800 students on campus. Creighton currently has 100 medical students in Phoenix.

Planned Developments

There are currently only three (3) projects currently in the planning review process representing a total of 349 units.

The largest of these planned new projects is Deco Communities, Cabana on 12th. Under current entitlements, Deco could build up to 311 units.

Exit Analysis

Pro Forma

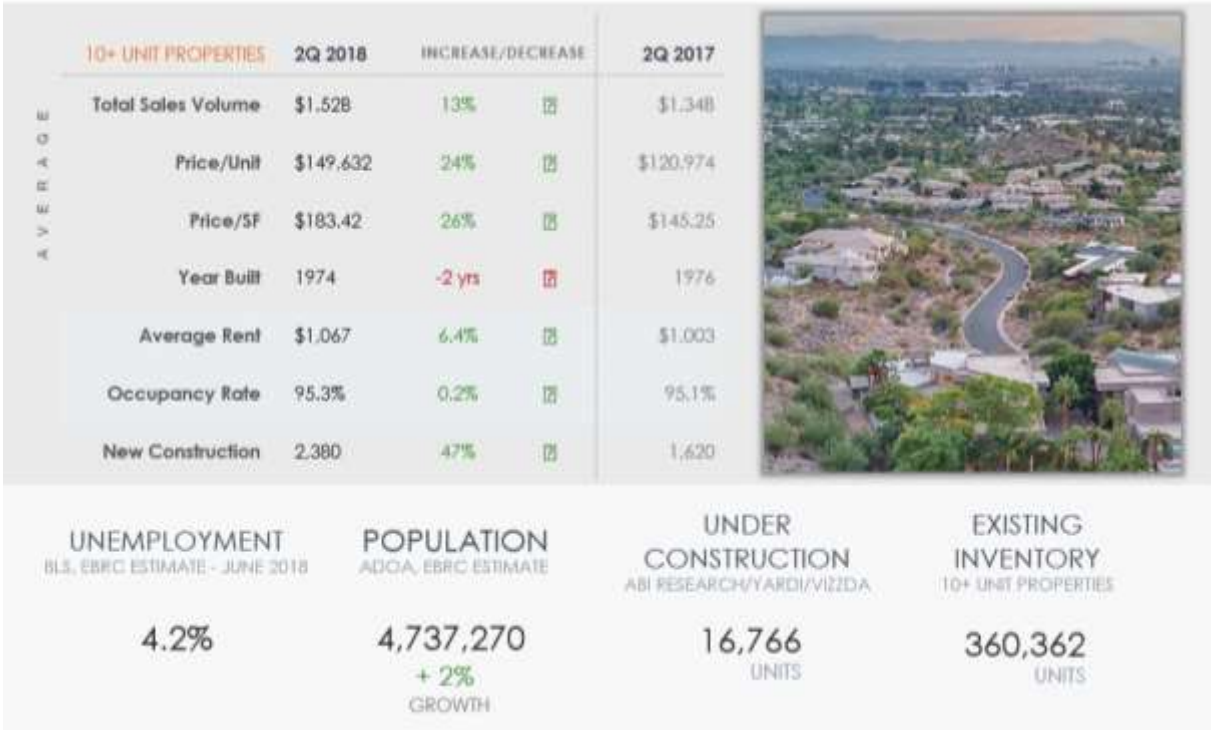
Target Hold Period----------2 Years

Minimum Investment ----------$1,000

Cash on Cash Return ----------4%

Preferred Return (IRR) ----------12%

Market Information



The greater Phoenix metropolitan area consists of over 4 million residents. 1.8 million persons live in multifamily housing similar to the project. There are currently 345,000 apartment units in the Phoenix market.

Phoenix's economy is moving beyond its traditional reliance on single-family construction and retirees. It has become a magnet for the relocation of financial, professional services, and manufacturing firms. As a result, the surge of new residents is providing a boost to jobs in the retail, hospitality, construction, and healthcare sectors. This trend is likely to continue for the next couple of years. Moody's Analytics estimates healthy job growth of 2.4 percent, resulting in just under 100,000 jobs added through year-end 2019[1]. The cost of doing business in Phoenix is slightly lower than the national average, which should continue to attract businesses relocating from high-cost California. The well-paying, high-tech sector here – dubbed the Silicon Desert – now accounts for about 5.4 percent of employment, well above the national average of 4.8 percent. Intel is investing $7 billion to complete the Fab42 microprocessor plant in Chandler and will hire 3,000 employees. Meanwhile, the West Valley is home to mid-wage jobs in distribution for E-commerce, and UPS is building a new facility that will create an estimated 1,500 jobs.

Continued solid economic growth is reflected in the multifamily market. The average vacancy rate remains low by historical standards at an estimated 5.5 percent as of Q3 2017, and concessions of 0.8 percent of asking rents are well below the 6.2 percent long-term average. Phoenix has also maintained its excellent demographic profile. The metro's population of 4.7 million is projected to increase 2.3 percent per year on average annually through 2021, amounting to more than 100,000 people per year, nearly triple the national rate. This population growth should provide stable ongoing demand for housing. Also, Millennials are about 21 percent of the population, and they are expected to grow locally at five times the national rate. Even so, although the economy has transitioned to now include higher-paying sectors, tourism is the fifth-largest sector by employment at 11 percent and has a below-average annual income of just $28,000. Also, while the construction sector represents about 5.5 percent of employment and provides better-paying jobs, it is often volatile and can result in sudden layoffs.

[1] https://www.fanniemae.com/content/fact_sheet/multifamily-metro-outlook-quarterly-phoenix.pdf

The Greater Phoenix multifamily market recorded a stronger second quarter than usual in 2018[2]. Apartment vacancy typically edges higher in the second quarter in Phoenix, as seasonal residents move to cooler climates. This trend repeated in 2018[3], with the rate creeping up 50 basis points, but absorption was fairly strong. Net absorption during the second quarter topped 700 units, up more than 35 percent from the same period in 2017[4]. This proved to be the strongest second quarter for net absorption since 2010.

With renter demand for units present in the market, the factor that drove vacancy higher during the second quarter was new development. More than 2,300 units were delivered during the second quarter, and year-to-date completions are up 18 percent from the first half of 2017. Despite the recent deliveries, the development pipeline is quite full, with more than 11,000 units currently under construction across 19 submarkets. New development will be a significant force in the market for at least the next 24 months.

Investment in the Greater Phoenix multifamily market was very strong during the second quarter, with activity surging and prices recording a steep rise. Some of the boost in pricing was due to the mix of properties that changed hands, particularly with some of the market's newest complexes trading.

More than 20 percent of the properties that sold during the past three months were complexes that had been built since 2015. These projects traded at a median price of more than $230,000 per unit during the second quarter, compared to a median price of approximately $126,000 per unit for all other buildings sold during the quarter.

Key Takeaways:

- The Greater Phoenix multifamily market had a mixed second quarter, but the overall trajectory is favorable. Vacancy ticked up in the summer months, but absorption was positive, rents spiked, and the investment market was quite active.

- Vacancy rose 50 basis points during the second quarter, ending the period at 5.9 percent[5]. The rate is unchanged from one year ago. While net absorption was positive during the second quarter, vacancy crept higher as new units came online.

- Asking rents posted a second consecutive quarterly rent increase of more than 2 percent, reaching $1,046 per month. Year over year, asking rents to have increased by 7.1 percent[6].

- Sales of multifamily buildings picked up during the second quarter and prices recorded strong gains. Fueled by the sale of several newer complexes, the median price spiked to nearly $164,000 per unit in the second quarter. Cap rates averaged approximately 5.1 percent.[7]

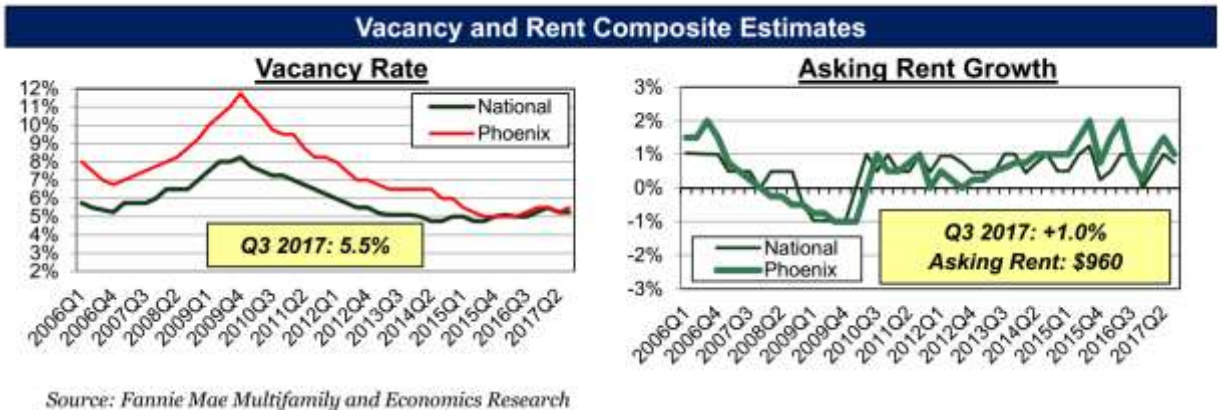
Development

Since 2012, approximately 29,000 apartment units were delivered, mostly in the East Valley neighborhoods of Chandler, Gilbert, Tempe, and Mesa[8]. There are an additional 14,500 units underway, representing an estimated 4.2 percent increase in inventory, which, although elevated, is needed due to robust net migration trends[9]. The largest of these is the Pacific Proving Grounds Master Planned Community, which will deliver an estimated 3,500 units in 2019.

[2] https://www2.colliers.com/en/Research/Phoenix/2018-Q2-Greater-Phoenix-Multifamily-Market-Report
[3] Id
[4] Id
[5] Id
[6] Id
[7] Id
[8] https://www.fanniemae.com/content/fact_sheet/multifamily-metro-outlook-quarterly-phoenix.pdf
[9] Id

Outlook

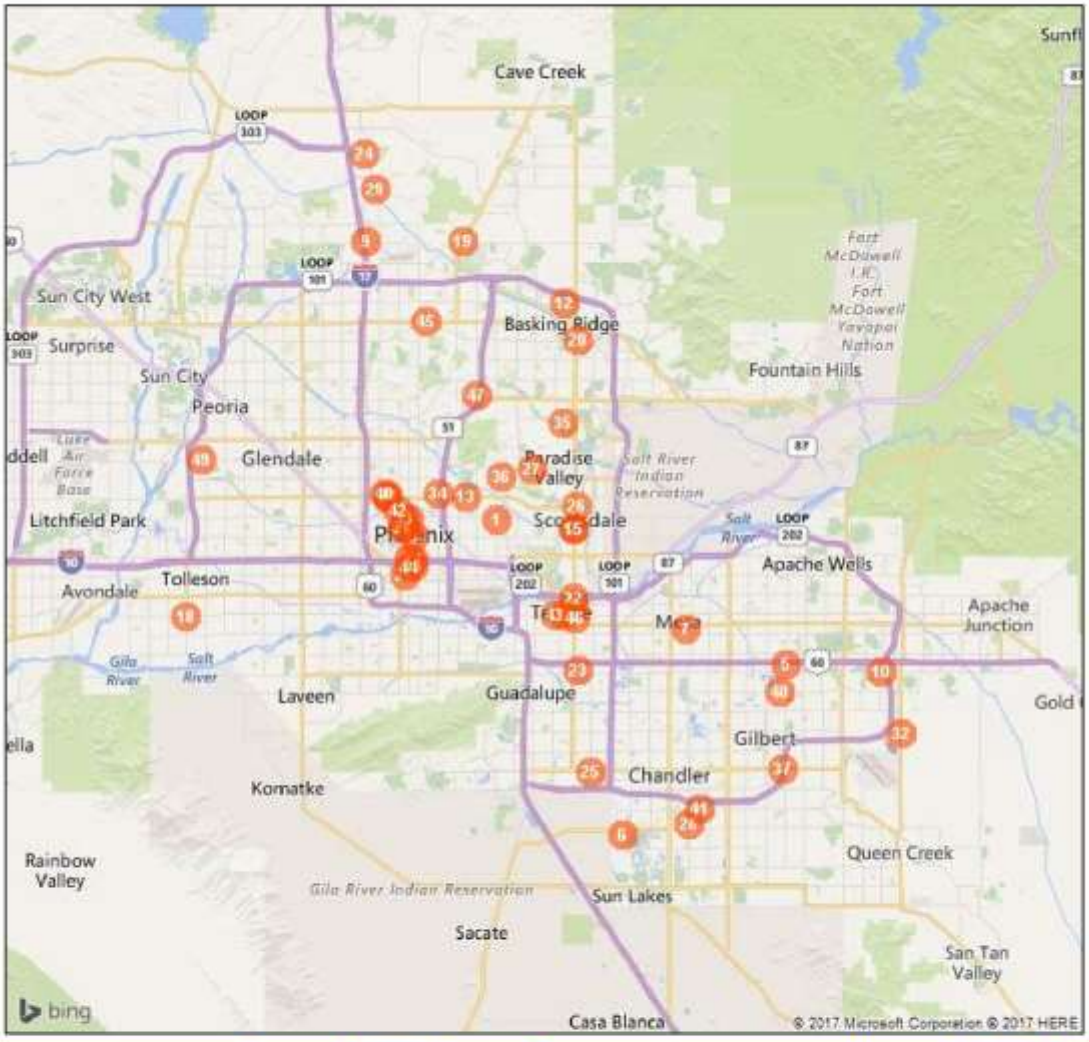
While slowing, Phoenix should see some of the best job growth in the country in 2018[10]. As a result, enough new multifamily rental households should be formed to keep net absorption positive, thereby moderating any increases in vacancy rates due to the ongoing delivery of new supply. Still, over the next 18 months, rent growth is likely to slow to about 3.0 percent on average annually, returning to a more normalized level. Above average job and population growth bode well over the longer-term, five-year forecast. With the metro's 20-to-34 year-old population cohort expected to expand, the multifamily sector seems well positioned to meet future demand.



Source: Fannie Mae Multifamily and Economics Research

[10] Id

Construction Bidding/Underway
(49 projects/14,800 Units/14.4 M Sq. Feet)



CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
East Mesa	3	1721	4171
North Scottsdale/Fountain Hills	6	2309	2015
Central Phoenix South	6	2304	1673
North Tempe	5	2154	1561
Chandler/Gilbert	5	1500	1397
Central Phoenix North	8	1561	1292
South Scottsdale	6	935	711

CBRE-EA Submarket	Number of Projects	Total Sq Ft (000's)	Total Units
South Tempe/Ahwatukee	2	425	653
Northeast Phoenix	3	651	494
Deer Valley	1	327	306
Glendale South	1	214	230
Goodyear/Avondale/Tolleson	1	127	154
Paradise Valley	1	101	135

Phoenix Multi-Family Statistics

Source: http://www.kiddermathews.com/downloads/research/multifamily-market-research-phoenix-2018-1q.pdf

Economic Profile - Workers

Due in large part to the climate, tourism is one of Phoenix's top industries. Roughly 43 million people fly through Sky Harbor Airport each year, making the Valley of the Sun the starting point for many travelers' Arizona vacations and providing a need for workers in the leisure and hospitality sectors.

Phoenix is also developing into a technology hub, with many web-based companies like GoDaddy and InfusionSoft finding a home here. Residents also find work in the financial services industries, with Wells Fargo, Bank of America, American Express and JPMorgan Chase & Co. employing large numbers of locals.

The unemployment rate in Phoenix is slightly below the national average.

Job Market Index Score: **6.6 /10**

Average Annual Salary
Phoenix- $47,540
USA- $49,630

Unemployment Rate this Year- 4.2% of people are without a job (*0.2% lower than national average)*

Top Industries in Phoenix

Health Care and Social Assistance- Total Employment 255,600 *(*Nursing Aid Salary: $22k - $31k)

Administrative and Support and Waste Management and Remediation Services- Total Employment 195,700

Accommodation and Food Services- Total Employment 194,000

OWNERSHIP AND MANAGEMENT STRUCTURE

Manager

The Company is managed by Neighborhood Management, LLC, (the "Manager") an Arizona limited liability company. The Manager of Neighborhood Management, LLC is Neighborhood Ventures Inc. The principals and executives of Neighborhood Ventures Inc. are John Kobierowski and Jamison Manwaring.

John Kobierowski, Co-Founder, President of Real Estate

John has over 25 years of commercial real estate experience. During his career he has personally closed over 1,200 multifamily transactions, developed over 800 condominium units and has owned of over 1,000 apartment units, homes and condos. He is currently Senior Managing Partner and Co-Founder of ABI Multifamily. Previously, he was a founding advisor of Hendricks & Partners (Berkadia.) John graduated from Arizona State University.

Jamison Manwaring, Co-Founder, CEO

Prior to Neighborhood Ventures, Jamison served as the Vice President of Investor Relations at LifeLock and assisted the company in its successful sell to Symantec in February of 2017. Prior to LifeLock, Jamison was a technology analyst at Goldman Sachs where he participated in over a dozen software IPOs including Tableau, Alarm.com and LifeLock. Jamison graduated from the University of Utah with a BS in Finance.

COMPENSATION OF MANAGER AND AFFILIATES

The Manager is not entitled to receive any compensation in connection with the Management of the Company. Neighborhood Ventures, LLC, an affiliate of the Manager is entitled to (i) a Funding Fee payable upon reaching the target fundraise amount of the crowdfunding offering equal to the greater of $50,000 or six percent (6%) of the amount raised in connection with this offering and (ii) an Investor Relations & Technology fee equal to the greater of $25,000 or three percent (3%) of the amount raised in connection with this offering payable upon the disposition of the Property.

FIDUCIARY DUTIES OF THE MANAGER

Under applicable law, the Manager, manager of the Company is generally accountable to the Company as a fiduciary, which means that the Manager is required to exercise good faith and integrity with respect to Company affairs and sound business judgment. This is a rapidly developing and changing area of the law, and investors should consult with their own legal counsel in this regard. The fiduciary duty of the Manager is in addition to the other duties and obligations of, and limitations on, the Manager as set forth in the Operating Agreement of the Company. Investors should consult with their own independent counsel in this regard.

The Operating Agreement provides that the Manager will not have any liability to the Company for losses resulting from errors in judgment or other acts or omissions unless the Manager is guilty of fraud, bad faith or willful misconduct. The Operating Agreement also provides that the Company will indemnify the Manager against liability and related expenses (including, without limitation, legal fees and costs) incurred in dealing with the Company, Members, or third parties as long as no fraud, bad faith, or willful misconduct on the part of the Manager is involved. Therefore, Members may have a more limited right of action than they would have absent these provisions in the Operating Agreement. A successful indemnification of the Manager or any litigation that may arise in connection with the Manager's indemnification could deplete the assets of the Company. Members who believe that a breach of the Manager's fiduciary duty has occurred should consult with their own legal counsel in the event of fraud, willful misconduct or bad faith.

CONFLICTS OF INTEREST

The Manager, the Sponsor and their respective affiliates may act as managers, advisors, and/or controlling parties of other limited liability companies, partnerships, trusts and other entities or arrangements from time to time. Such parties may presently or in the future own properties similar to the Property, which may compete with the Property, and may acquire additional properties in the future that may also compete with the Property. Such parties also have existing responsibilities and, in the future, may have additional responsibilities, to provide management and services to a number of other entities. The investors will not have any interests in any such future entities or properties. The investment in the Company Investment and the Property could be adversely affected by these conflicts of interests. The Members must rely on the general fiduciary standards and other duties which may apply to a manager of a limited liability company to prevent unfairness by any of the aforementioned in a transaction with the Company.

The principal areas in which conflicts may be anticipated to occur are as follows:

Obligations to Other Entities

The Manager, Sponsor and their affiliates may engage, for their own account or for the account of others, in other business ventures similar to that of the Company or otherwise, and neither the Company nor any Members shall be entitled to any interest therein. As such, there exists a conflict of interest on the part of the Manager, Sponsor and their members, and principals because there may be a financial incentive for such parties to arrange or originate transactions for private investors and other funds.

The Company will not have independent management and it will rely on the Manager and its managers, principals, directors, officers and/or affiliates for the operation of the Company. The Manager's individuals/entities will devote only so much time to the business of the Company as is reasonably required. The Manager and its principals, directors, managers, officers and/or affiliates may have conflicts of interest in allocating management time, services and functions between various existing companies, the Company and any future companies which it may organize as well as other business ventures in which they may be or become involved. The Manager believes it has sufficient staff to be fully capable of discharging its responsibilities.

Interest in Other Activities

The Manager, the Sponsor, and their respective owners, principals and executive officers and affiliates may engage for their own account, or for the account of others, in other business ventures. Investors will not be entitled to any interests in such other activities. Neither the Manager nor the Sponsor is required to devote its capacities full-time to the Company's affairs, but only such time as may be reasonably required.

Resolution of Conflicts of Interest

Neither the Manager nor the Sponsor has not developed, nor does it expect to develop, any formal process for resolving conflicts of interest.

Lack of Independent Investigation by Broker-Dealer

Under federal securities laws, an independent broker-dealer may be expected to take such steps as may be necessary to ensure that the information contained in this Memorandum is accurate and complete. These steps are typically taken by the "Managing Underwriter" or "Dealer Manager" who participates in the preparation of an offering memorandum or private placement memorandum. However, no such broker-dealer is involved in this offering. Therefore, no such independent review and investigation will be conducted.

THE LOAN

To fund the purchase and rehabilitation of the Project, the Company is obtaining a loan in the approximate amount of $2,228,571-$2,400,000 from a lender. The Loan will require monthly payments of interest and a balloon payment of the unpaid principal and interest upon maturity.

SUMMARY OF THE OPERATING AGREEMENT

The Company Investment will be subject to the Operating Agreement, in the form attached as an exhibit to this Memorandum. The rights and obligations of the Investors as Members in the Company and with respect to the Company Investment are governed by the Operating Agreement. The following is a summary of some of the significant provisions of the Operating Agreement, and is qualified in its entirety by reference to the full Operating Agreement.

Purposes of the Company

The purposes of the Company are (a) to acquire or invest in the Company Investment, (b) to generate revenue from the operations on or by Company Investment, (c) to hold and dispose of the Company Investment, and (d) to take those actions that the Manager determines are necessary or advisable to carry out such purposes.

Term of the Company

The Company will terminate on the sale or other disposition of the Company Investment.

Membership Interests

The Company has one (1) class of common membership interests and one (1) class of preferred membership interests. The common membership interests consist of the Class A Common Membership Interests which are being purchased by Neighborhood Ventures Fund. The preferred membership interests are being offered hereunder to investors.

The Preferred Membership Interests entitle the holders to receive regular distributions of income equal to approximately 4% per annum and, upon liquidation, a return of capital and an annual preferred return of 12% on their capital contributions, with the remaining amounts being shared pro-rata between the Common Interests holders and holders of the Preferred Membership Interests.

The Preferred Members will have limited voting rights with respect to matters affecting the Company, which include certain amendments to the Operating Agreement. No Members, individually or collectively, shall have any right, power or authority to remove or expel the Manager of the Company, to cause the Manager to withdraw from the Company, to appoint a successor Manager in the event of the withdrawal or bankruptcy of the Manager or otherwise, or to terminate the Company, unless such right, power or authority is conferred on it or them by law.

Accounting and Reports

Each Member will receive his, her, or its respective K-1 Form as required by applicable law. Annual financial statements prepared by independent CPAs are made available to Members who request them in writing, within a reasonable time after year-end (not to exceed 180 days), which shall be certified by the principal executive officer that such financial statement is true and complete in all material respects. The Manager may, at its sole and absolute discretion, designate any Person to provide tax and accounting advice to the Company, at any time and for any reason.

Manager presently intends to maintain the Company's books and records on a cash basis for bookkeeping and accounting purposes, and also intends to use a cash basis method of reporting income and losses for federal income tax purposes. The Manager reserves the right to change such methods of accounting. Any Member may inspect the books and records of the Company at reasonable times.

In accordance with Section 44-1844(D)(20) of the Statutes, the Company will make and keep all accounts, correspondence, memoranda, papers, books and other records that the Commission prescribes by rule or order. All required records shall be: (a) preserved for three (3) years unless the Commission prescribes otherwise for particular types of records, by administrative rule or order; and (b) maintained within the State of Arizona, or at the request of the Commission be made available at any time for examination by the Commission in the Company's principal office or by product of exact copies in the State of Arizona.

In accordance with Section 44-1844(D)(21) of the Statutes, the Company will provide, free of charge, a quarterly report to the Company's purchasers until no securities issued under the exemption as provided for in Section 44-1844 are outstanding. The Company may satisfy this reporting requirement by making the information available on an internet website if the information is made available within forty-five (45) days after the end of each fiscal quarter and remains available until the succeeding quarterly report is issued. The Company shall also provide a written copy of the report to any purchaser upon request. The report shall contain all of the following: (a) any compensation received by each director or executive officer, including cash compensation earned since the previous report and on an annual basis, any bonuses, stock options or other rights to receive securities of the Company or any affiliate of the Company and payments that reduce personal living expenses such as a company vehicle, free housing, meals or club dues; and (b) an analysis by the Company's management of the business operations and financial conditions of the Company.

Authority and Duties of the Manager

Under applicable law, the Manager, as the manager of the Company is generally accountable to the Company as a fiduciary, which means that the Manager is required to exercise good faith and integrity with respect to Company affairs and sound business judgment.

The Manager has the sole authority to hold, control, dispose of or otherwise deal with the Company Investment in a manner that is consistent with its duty to conserve and protect the Company Investment. The Operating Agreement provides that the Manager will not have any fiduciary duties or liability to the Company for losses resulting from errors in judgment or other acts or omissions unless the Manager is guilty of fraud, bad faith or willful misconduct. The Company will indemnify the Manager against liability and related expenses (including, without limitation, legal fees and costs) incurred in dealing with the Company, Members, or third parties as long as no fraud, bad faith, or willful misconduct on the part of the Manager is involved. Therefore, Members may have a more limited right of action than they would have absent these provisions in the Operating Agreement. A successful indemnification of the Manager or any litigation that may arise in connection with the Manager's indemnification could deplete the assets of the Company. Members who believe that a breach of the Manager's fiduciary duty has occurred should consult with their own legal counsel in the event of fraud, willful misconduct or bad faith.

Subject to the right of the Members to vote on specific matters, the Manager will have complete charge of the business of the Company. The Manager is not required to devote itself full-time to Company affairs but only such time as is required for the conduct of the Company's business. The Manager has the power and authority to act for and bind the Company. The Manager is granted the special power of attorney of each Member for the purpose of executing any document which the Members have agreed to execute and deliver.

Communications with Members

The Manager intends to furnish Members with ongoing information about the performance of the Company and to use electronic mail (e-mail) as the primary method of communication. Each Member must have an e-mail account or must agree to establish an e-mail account.

Rights and Liabilities of Members

The rights, duties and powers of Members are governed by the Operating Agreement and applicable Arizona corporate and business law, and the discussion herein of such rights, duties and powers is qualified in its entirety by reference to them.

Investors who become Members in the manner set forth herein will not be responsible for the obligations of the Company. They may be liable to repay capital returned to them plus interest if necessary to discharge liabilities existing at the time of such return. Any cash distributed to Members may constitute, wholly or in part, return of capital.

Cash Flow

The investors, as holders of the Preferred Membership Interests, will be entitled to receive from the cash flows of the Company, and upon dissolution their capital contribution plus a preferred return of 12% per annum. The remaining amounts will be shared pro rata by the holders of the Common Interests in accordance with their pro-rata percentage interests.

Restrictions on Transfer

The Operating Agreement places substantial limitations upon transferability of Membership Interests. Any transferee must be a person that would have been qualified to purchase a Membership Interest in this offering. No Membership Interest may be transferred if, in the sole judgment of the Manager, a transfer would jeopardize the availability of exemptions from the registration requirements of federal securities laws, jeopardize the tax status of the Company as a limited liability company taxed as a partnership, or cause a termination of the Company for federal income tax purposes.

A transferee may not become a substitute Member without the consent of the Manager. Such consent may not be unreasonably withheld if the transferor and the transferee comply with all the provisions of the Operating Agreement and applicable law. A transferee who does not become a substitute Member has no right to vote in matters brought to a vote of the Members, or to receive any information regarding the Company or to inspect the Company books, but is entitled only to the share of income or return of capital to which the transferor would be entitled.

Profits and Losses

The Company's profit or loss for any taxable year, including the taxable year in which the Company is dissolved, will be allocated among the Members in proportion to their capital account balances that they held during the applicable tax reporting period.

Ownership

The Company, and not the investors, will hold legal title to the Company Investment. The investors will not be entitled to share in the use of the Company Investment or to any in-kind distribution of the Company Investment.

Withdrawal

Members who invest in the Company may not withdraw their capital except upon special approval of the Manager (in its sole and absolute discretion).

The Manager is not under any circumstances obligated to liquidate any assets, or the Company Investment in any efforts to accommodate or facilitate any Member(s)' request for withdrawal or redemption from the Company. Multiple withdrawal requests will be processed by the Company on a pro-rata basis and not on a first-come, first-served basis.

The Manager may, in its sole and absolute discretion, waive such withdrawal requirements if a Member is experiencing undue hardship; acceptability of the Member's hardship will be determined by the Manager in its sole and absolute discretion.

Redemption Policy and Other Events of Disassociation

The Manager may, at its sole and absolute discretion, cause the Company to repurchase or redeem Preferred Membership Interests from Members desiring to resign from membership or as a part of a plan to reduce the outstanding capital of the Company. There is no guarantee that the Company will have sufficient funds to cause the redemption of any Membership Interests. Therefore, any investment in the Company should be considered illiquid.

The Company may also compulsorily redeem a Member for any reason in the sole discretion of the Manager or may expel a Member for cause if the Member has materially breached or is unable to perform the Member's material

obligations under the Operating Agreement, a proceeding is commenced or threated against the Company arising out of a Member's investment in the Company, or such ownership has resulted in an adverse effect. A Member's expulsion from the Company will be effective upon the Member's receipt of written notice of the expulsion by the Company.

Upon any redemption, expulsion, transfer of all of Membership Interests, withdrawal or resignation of any Member, an event of disassociation shall have occurred and (a) the Member's right to participate in the Company's governance, receive information concerning the Company's affairs and inspect the Company's books and records will terminate and (b) unless such disassociation resulted from the transfer of the Member's Preferred Membership Interests, the Member will be entitled to receive the distributions to which the Member would have been entitled as of the effective date of the dissociation had the dissociation not occurred. The Member will remain liable for any obligation to the Company that existed prior to the effective date of the dissociation, including, without limitation, any costs or damages resulting from the Member's breach of the Operating Agreement. Under most circumstances, the Member will have no right to any return of his or her capital prior to the termination of the Company unless the Manager elects, at its sole and absolute discretion, to return capital to a Member.

The effect of redemption or disassociation on Members who do not sell or return their Preferred Membership Interests will be an increase in each Member's respective percentage interest in the Company and therefore an increase in each Member's respective proportionate interest in the future earnings, losses and distributions of the Company and an increase in the respective relative voting power of each remaining Member. Notwithstanding anything to the contrary herein, redemption shall be at the sole and absolute discretion of the Manager and the Manager shall not be compelled to redeem or repurchase Preferred Membership Interests at any time or for any reason.

The redemption of Preferred Membership Interests shall be subject to the Company's availability of sufficient cash to pay the expenses of the Company, maintain any loan loss reserve and pay the redemption or withdrawal amounts to other Members who requested withdrawal or redemption in the order of the request. No redemption may be made that would render the Company unable to pay its obligations as they become due. The Company shall not be required to sell its assets to raise cash to effectuate any redemption.

A redeeming Member shall have the rights of a transferee until such time as the Company has actually redeemed those Preferred Membership Interests, that is, the Member shall be entitled to receive distributions, but shall not be entitled to vote. Redeemed Preferred Membership Interests revert to authorized but unissued Interests and the former holder retains no interest of any kind in such Interests.

Bankruptcy; Termination upon Risk of Default

Investors will not have liability for the debts or obligations of any other investor, whether with respect to the Company Investment or otherwise, and the Operating Agreement cannot be terminated by reason of the bankruptcy or insolvency of any investor.

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DESCRIPTION OF THE MEMBERSHIP INTERESTS

General Description

The Company has one (1) class of common membership interests and one (1) class of preferred membership interests. The common membership interests consist of the Class A Common Membership Interests which are being purchased by the Sponsor. The preferred membership interests are being offered hereunder to investors.

The Preferred Membership Interests entitle the holders to receive regular distributions of income equal to approximately 4% per annum and, upon liquidation, a return of capital and an annual preferred return of 12% on their capital contributions, with the remaining amounts being shared pro-rata by the Common Interests holders.

The Preferred Members will have limited voting rights with respect to matters affecting the Company, which include certain amendments to the Operating Agreement. No Members, individually or collectively, shall have any right, power or authority to remove or expel the Manager of the Company, to cause the Manager to withdraw from the Company, to appoint a successor Manager in the event of the withdrawal or bankruptcy of the Manager or otherwise, or to terminate the Company, unless such right, power or authority is conferred on it or them by law.

Upon acceptance by the Company, the Preferred Members who subscribe for Preferred Membership Interests will become Members of the Company (as defined in the Operating Agreement) upon payment in full of the purchase price. The price of each Preferred Membership Interest is $1,000.00. Minimum Investment Amount is $1,000, although the Company may waive or lower the minimum purchase requirement for certain prospective Investors in the sole discretion of the Manager.

The proceeds of this Offering in excess of funds used to purchase the Company Investment will be used by the Company to pay commissions, costs, fees and expenses relating to the acquisition of the Company Investment.

RESTRICTIONS ON TRANSFERABILITY

The Operating Agreement places substantial limitations upon transferability of Membership Interests. Any transferee must be a person that would have been qualified to purchase a Membership Interest in this offering. No Membership Interest may be transferred if, in the sole judgment of the Manager, a transfer would jeopardize the availability of exemptions from the registration requirements of federal securities laws, jeopardize the tax status of the Company as a limited liability company taxed as a partnership, or cause a termination of the Company for federal income tax purposes.

A transferee may not become a substitute Member without the consent of the Manager. Such consent may not be unreasonably withheld if the transferor and the transferee comply with all the provisions of the Operating Agreement and applicable law. A transferee who does not become a substitute Member has no right to vote in matters brought to a vote of the Members, or to receive any information regarding the Company or to inspect the Company books, but is entitled only to the share of income or return of capital to which the transferor would be entitled.

PLAN OF DISTRIBUTION

Qualifications of Investors

The Interests may be purchased only by prospective investors who satisfy suitability requirements. See "WHO MAY INVEST."

Sale of Interests

Prospective investors must adhere to the escrow arrangements summarized in the section entitled "HOW TO SUBSCRIBE" in this Memorandum and in the following paragraphs of this section and as set forth in full in the Subscription Agreement, attached to this Memorandum as an exhibit. All proceeds for the purchase of Interests will be directly deposited into the escrow with the Company which will hold the funds until the closing of escrow for the

purchase of the investor's Interests. There is no assurance that all of the Interests will be sold, and the Company reserves the right to refuse to sell the Interests to any person, in its sole discretion, and may terminate this offering at any time.

Pursuant to Section 44-1844(D)(7) of the Statutes, all cash and other consideration paid for the Interests will be directed and deposited into a single escrow account maintained by a bank, a credit union or another depository financial institution in the State of Arizona that is authorized to do business in the State of Arizona and that maintains deposit or share insurance on its deposits or shares or by an escrow agent that is licensed by the Department of Financial Institutions. The escrow agent for the escrow account shall maintain the records shall maintain the records necessary to obtain pass-through insurance for the escrowed funds. The Arizona Corporation Commission (the "**Commission**") may request information from the escrow agent or financial institution necessary to ensure compliance with this Section. Any information received by the Commission is confidential and not subject to disclosure, unless the director authorizes the disclosure of the information as not contrary to the public interest. The bank, regulated trust company or corporate fiduciary, savings bank, savings and loan association or credit union in which the Investor monies are deposited is only responsible to act at the direction of the party establishing the escrow agreement and does not have any duty or liability, contractual or otherwise, to any investor or other person.

Pursuant to Section 44-1844(D)(9) of the Statutes, the Company will not maintain less than eighty percent (80%) of the Target Offering Amount on the expiration of the Offering Period (or the early closing of the Offering Period) of the sum of all cash and other consideration received by the Company from Investors pursuant to the terms herein. Subject to the foregoing, the Company will hold all funds until either the Target Offering Amount is received or until the end of the Offering Period. Upon receipt of the Target Offering Amount and securing of the financing for the purchase of the Company Investment, at the direction of the Manager, the Company will transfer a portion of the funds to the Closing Agent to consummate the closing of the purchase of the Company Investment. Additional amounts may be retained by the Company to cover additional advances and interest expenses.

Inquiries regarding purchases of Interests should be directed to info@neighborhood.ventures.

No persons have been retained by the Company to assist the Company in conducting the offering and no consideration is being paid to any such individual.

Neither the Company, the Manager nor any of its principals are disqualified persons pursuant to 44-1844(D)(17).

THE INTERESTS ARE BEING OFFERED ONLY TO PERSONS WHO MEET THE INVESTOR SUITABILITY STANDARDS (SEE "WHO MAY INVEST").

Limitation of Offering; Exemption from Registration

The offer and sale of the Interests is not being registered under the Securities Act of 1933, as amended (the "**Act**"), but rather is being privately placed by us pursuant to an Arizona intrastate exemption under Section 44-1844 of the Statutes on the basis of this Memorandum. Accordingly, distribution of this Memorandum for purposes of the sale of Interests has been limited to qualified investors within the State of Arizona and does not constitute an offer to sell any Interests or a solicitation of an offer to buy any Interests with respect to any person not satisfying those qualifications.

Acceptance of Investors

The Company has the right, to be exercised in its sole discretion, to accept or reject the Subscription Agreement of any prospective investor, for any reason or no reason, for a period of 30 days after receipt of the Subscription Agreement and Purchaser Questionnaire. Any proposed purchase of Interests not accepted within 30 days of receipt will be deemed rejected.

SUMMARY OF THE SUBSCRIPTION AGREEMENT

General

Each investor will be required to execute a Subscription Agreement in the form attached to this Memorandum as Exhibit C. Prospective investors should review the entire Subscription Agreement with their own independent legal counsel before submitting an offer to purchase an Interest. The following is merely a summary of some of the significant provisions of the Subscription Agreement and is qualified in its entirety by reference thereto.

Submission of Offer to Purchase

A summary of the procedures for the offer and purchase of an Interest is set forth in the section of this Memorandum entitled "HOW TO SUBSCRIBE." Investors should read that section in its entirety.

Closing

Each investor will receive an Interest in the Company upon his delivery to the Company and the Company's acceptance of (i) the completed and executed Subscription Agreement, (ii) the purchase price for the investors Interest, and (iii) such other documents as may reasonably be requested by the Company.

No Tax Advice

The investors will acquire their Interests without any representations from the Company or the Manager regarding the tax implications of the transaction. Each investor must consult his own independent attorneys and other tax advisors regarding the tax implications of the investor's acquisition of the Interests in the context of his or her own particular circumstances. See "CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES."

Termination of the Subscription Agreement

The Subscription Agreement may be terminated if the conditions to the Closing are not satisfied as set forth in the Subscription Agreement or if the terms of the financing on the Company Investment differ materially from those described herein. If the Subscription Agreement is terminated, the investor will have no right to acquire any portion of the Company Investment and will have no claims against the Company for damages, expenses, lost profits or otherwise. The purchase price will be fully refunded by the Company (a) if a prospective investor is not accepted by the Company, (b) to any investor who is not then in default upon written request from such investor until the close of business on the third day following the date upon which the Manager notifies the investor that his/her subscription has been accepted and his/her payment has been received, (c) if the acquisition of the Company Investment is not completed by the Company for any reason on or before the Acquisition Date (unless such date is extended in the Manager's sole discretion), (d) if the Offering Amount is not reached, (e) at the end of the Offering Period or (f) if the property condition assessment for the Company Investment differ materially and adversely from the preliminary findings, representations and conclusions of such assessments set forth herein and the investor elects on that basis not to complete the purchase of the Interest, Otherwise, the purchase price will be nonrefundable..

Indemnity

The Subscription Agreement contains an indemnity provision whereby each investor will be required to indemnify, defend and hold harmless the Company, Manager and certain other parties from any and all damages, losses, liabilities, costs and expenses (including reasonable attorneys' fees and costs) that they may incur by reason of the investor's failure to fulfill all of the terms and conditions of the Subscription Agreement or untruth or inaccuracy of any of the representations, warranties, covenants or agreements contained therein.

Arbitration

Each investor voluntarily waives the right to have any dispute arising out of the Subscription Agreement litigated in a court or decided by jury trial. Any dispute or controversy arising out of, or relating to, the Subscription Agreement will be resolved by final and binding arbitration brought in Phoenix, Arizona.

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RISK FACTORS

THE PURCHASE OF THE INTERESTS IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT IT IS IMPOSSIBLE TO PREDICT THE RESULTS FROM AN INVESTMENT IN THE INTERESTS. EACH PROSPECTIVE INVESTOR MUST CAREFULLY READ THIS MEMORANDUM PRIOR TO MAKING AN INVESTMENT AND SHOULD BE ABLE TO BEAR THE COMPLETE LOSS OF THIS INVESTMENT.

All prospective investors should consider carefully, among other risks, the following risks, and should consult with their own legal, tax, and financial advisors with respect thereto prior to investing in the Interests.

Real Estate Risks

General Risks of Investment in Real Estate. The economic success of an investment in the Company will depend upon the appreciation of the value of the Property and its timely liquidation. An investment in the Company is also subject to other risks typically associated with investments in real estate. Fluctuations in market conditions, operating expenses and tax rates can adversely affect operating results or render the liquidation of the Property difficult or unattractive and cause an inability to achieve a reasonable return. No assurance can be given as to the Property or the accuracy of the Company's assumption of the future costs of operating the Property since such matters will depend on events and factors beyond the Company's control. These factors include, among others:

- changes in national, regional or local economic conditions;

- changes in market conditions or characteristics and declines in real estate values;

- overbuilding and other trends and developments in the real estate markets;

- environmental risks;

- extended vacancies of properties and fluctuations in occupancy rates;

- changes in interest rates and in the availability, costs and terms of borrowings, which may make the Disposition or refinancing of the Property difficult;

- changes in federal, state or local regulations and controls affecting zoning, development, entitlement, fuel and energy consumption, environmental restrictions, real estate taxes and other factors affecting real property;

- changes in zoning laws, unforeseen delays in entitlement, limitations on and variations in rents, fluctuations in interest rates; and

- acts of nature, such as earthquakes, tornadoes and floods.

Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements. Unexpected volatility or illiquidity in the markets in which the Company holds positions could impair its ability to achieve its objectives and cause it to incur losses.

Environmental Liability. Federal, state and local laws may impose liability on a property owner for releases or the otherwise improper presence on the premises of hazardous substances without regard to fault or knowledge of the presence of such substances. A property owner may be held liable for environmental releases of such substances that occurred before it acquired title and that are not discovered until after it sells the property. If any hazardous substances are found at any time on the Property, the Owners may be held jointly and severally liable for all cleanup costs, fines, penalties and other costs regardless of whether they owned their Interests when the releases occurred or the hazardous substances were discovered. Under one such law, the Comprehensive Environmental Response, Compensation, and Liability Act ("**CERCLA**"), a purchaser of property may qualify for certain defenses to and

exemptions from liability under CERCLA by obtaining a new or updated Phase I Environmental Site Assessment that qualifies as an "All Appropriate Inquiry" under CERCLA within 180 days before acquiring the property.

Unfavorable Changes in Market and Economic Conditions Could Hurt Appreciation Rates. The value and demand for properties where the Property is located have historically been positively and negatively affected by the market and economic conditions, any decrease in such could adversely affect the market for the Property.

Natural Disasters. The Property may be susceptible to various natural disasters including, without limitation, windstorms, floods, earthquakes, droughts and other natural disasters.

Potential Liability for Environmental Contamination Could Result in Substantial Costs. Under various federal, state and local laws, ordinances and regulations, the Company could be liable for the costs to investigate and remove or remediate hazardous or toxic substances on or in the Property, often regardless of whether the Company knew of, or were responsible for, the presence of these substances. These costs may be substantial. If hazardous or toxic substances are present on the Property or if the Company fails to properly remediate such substances, the Company's ability to sell or rent the Property or to borrow or establish credit using the Property as collateral may be adversely affected.

Uninsured Losses/Unlimited Liability. Although the Manager will obtain hazard insurance covering the Property, there can be no assurance that such policy will completely cover a loss. As a result, the Investors may lose all or a part of their investment in the Interests. Liability in such cases may be unlimited.

No Guaranteed Cash Flow. There can be no assurance that cash flow or profits will be generated by the Property.

Competition. Numerous other properties comparable to those of the Property are located within the vicinity of the Property. These competitive properties may reduce demand for the Property. It is possible that a developer will acquire another property in the surrounding area, which could adversely affect the financial performance of the Property. Competition from nearby properties could make it more difficult to attract acquirers. Other properties may be more attractive than the Property.

Real Estate Investments are Illiquid. Real estate property generally cannot be sold quickly. The Company may not be able to dispose of the Property as required under the Operating Agreement due to unfavorable economic or other conditions. In addition, provisions in the Operating Agreement severely limit situations in which the Manager is permitted to sell the Property, which could adversely affect returns to the Investors.

Easements. Various utility and other easements in favor of third parties may exist on the Property. These easements provide encumbrances against the Property. Although the Manager does not believe the easements will inhibit the Company's ability to meet its obligations, no assurance of this can be provided.

Risks Relating to Title. The Property will be subject to various matters affecting title. Such matters will be set forth on title commitments and surveys that will be obtained by the Manager as part of its due diligence before it acquired the Property. The Manager will make the title commitments and surveys available to Investors upon request. Although the Company will receive owner's title insurance policies insuring its interest in the Property, there is no guarantee that the title insurance will cover all title issues affecting the Property, that the title company will pay any claim, that the title insurance will be sufficient to cover any damages, or that the Company will not incur costs in making a title insurance claim. If an uninsured title issue arose or if the title company refused to pay any claim, the return to the Investors might be reduced and, in an extreme case, the value of the Property might be substantially lowered.

Energy Shortages and Allocations. There may be shortages or increased costs of fuel, natural gas or electric power or allocations thereof by suppliers or governmental regulatory bodies in the area where the Property are located. It is not possible to predict the extent, if any, to which such shortages, increased prices or allocations will occur or the degree to which such events might influence developers.

Limited Representations and Warranties. The Company is acquiring the Property with only limited representations and warranties from the Sellers regarding the Property. Further, these representations and warranties only survive the close of the Property escrow with the Sponsor for a limited period of time. As a result, if defects in the Property or other matters adversely affecting the Property are discovered, the Company may not be able to pursue a claim for damages against Sellers. The extent of damages that the Company may incur as a result of such matters cannot be predicted, but potentially could have a significant adverse effect on the Property and the return to the Investors.

Uncertain Economic Conditions. The United States economy experienced a significant downturn beginning in 2008. While there has been a recovery in the real estate sector, it is still unclear how stable the real estate markets currently are or will be once the government pulls back from its unprecedented participation in the bond market to keep interest rates low. As a result, there can be no assurance that the Property will achieve anticipated cash flow levels. Further, recent world events evolving out of increased terrorist activities and the political and military responses of the targeted countries have created an air of uncertainty concerning security and the stability of world and United States economies. Historically, successful terrorist attacks have resulted in decreased travel and tourism to the affected areas, increased security measures and disturbances in financial markets. It is impossible to determine the likelihood of any future terrorist attacks on United States targets, the nature of any United States response to such attacks or the social and economic results of such events. However, any negative change in the general economic conditions in the United States could adversely affect the financial condition and operating results of the Property. In addition, the Property's revenues and operating results may be affected by uncertain or changing economic and market conditions. If global economic and market conditions, or economic conditions in the United States or other key markets, remain uncertain or persist, spread, or deteriorate further, developers may experience material impacts in their financial condition, which may affect the Property's operating results.

Condemnation of the Land. The Property, or a portion of the Property, could become subject to an eminent domain action by government or regulatory authorities. Such an action could have a material adverse effect on the marketability of the Property or the amount of return on investment for the Investors or result in a premature Disposition of the Property.

Mechanics' Liens. Any person who supplies services or materials to a real estate project may have a lien against the project securing any amounts owed to such person under state law. Although the Sponsor intends to use procedures to prevent the occurrence of mechanics' liens, no assurance can be given that mechanic liens will not appear against the Property. If a mechanics' lien does appear, the Sponsor must negotiate to obtain its release or the person holding such lien will have the right to bring an action to foreclose on the Property to satisfy amounts due under the lien. It is anticipated that the Lender will require the Company to cause the Property to remain lien free.

Regulatory Matters. Future changes in land use and environmental laws and regulations, whether federal, state or local, may impose new restrictions on the development, construction or disposition of the Property. The ability of the Company to sell the Property or to operate the Property as currently intended may be adversely affected by such regulations.

Failure to Close Acquisition of the Property. There is no guarantee that the purchase of the Property will ultimately be consummated. The purchase of the Property may not be consummated if the minimum sales of Interests is not achieved, or if the Company discovers an issue with the Property prior to closing which makes financing difficult or impossible to obtain, or for some other, unforeseen reason. In such event, the investor will be entitled to receive a refund of his/her purchase price.

General Risk of Investment in the Property. The results of the operations are subject to those risks typically associated with investments in real estate. No assurance can be given that the Property will appreciate in value or that there will be demand for this Property or this type of property in the future. Such matters will depend on events and factors beyond the control of the Company and the investors. Such factors include adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for property similar to the Property, competition from similar properties, interest rates and real estate tax rates, governmental rules, regulations, and fiscal policies, the enactment of unfavorable real estate, environmental, zoning or hazardous material laws, uninsured losses, effects of inflation, and other risks.

Acts of Terrorism. In light of the threat of terrorist actions against the United States, certain lenders have required additional insurance covering acts of terrorism without regard to the reasonableness of any related premiums or the likelihood that a particular property will be a terrorist target. Terrorist attacks against the United States, or United States interests generally, may negatively affect the Company's operations and its ability to make distributions to the Investors. Attacks or armed conflicts could have a direct adverse impact on the Property and operations through damage, destruction, loss or increased security costs. Any terrorist attacks or armed conflicts could result in increased volatility in or damage to the United States and worldwide financial markets and economy. Terrorism insurance coverage will be obtained for the Property, however, there is no assurance that such insurance will be adequate or will continue to be available at affordable rates.

Company Investment Not a Diversified Investment. Because an investment in the Interests represents an investment in one property, it is not a diversified investment. Accordingly, the poor performance of the Company Investment would adversely affect the profitability of the Interests.

Speculative Investment. No assurance can be given that the investors will satisfy their investment objectives. No assurance can be given that the investors will realize a substantial return (if any) on their investment or that they will not lose their entire investment in the Company Investment. For this reason, prospective investors should carefully read this Memorandum. **All such persons or entities should consult with their attorney or business or tax advisors prior to making an investment.**

Lack of Audited Income Statements. The Company did not obtain any audited income statements regarding the Company Investment, Property, or Sponsor.

Risk related to Multifamily Investments. The Company's operations are subject to adverse factors generally encountered in the multifamily industry. These adverse factors include:

- cyclical downturns arising from changes in economic conditions and general business activities in the United States and other countries,
- less disposable income of consumers,
- competition from other apartment complexes,
- increases in operating costs due to inflation and other factors which may not be offset by increased revenues,
- restrictive changes in laws and regulations applicable to zoning and land use, labor and employment, health, safety and the environment, and related governmental and regulatory action,
- costs and administrative burdens associated with compliance with applicable laws and regulations relating to privacy and resident and employee personal data protection, licensing, labor and employment, and other operating matters, and
- availability and cost of capital to fund construction

Any one or more of these factors could limit or reduce overall demand for multifamily apartment units or could negatively affect the Company's revenues, which could adversely affect its business, financial condition and results of operations.

Multifamily industry is highly competitive. The Project will compete for customers with other multifamily properties, ranging from national multifamily brands to independent, local and regional multifamily operators. There are numerous competitors seeking to attract customers, particularly in city center locations. Competitive factors in the hospitality industry include:

- convenience of location,
- the quality of the physical property,
- unit rates, and
- services and amenities offered

New or existing competitors could significantly lower rates or offer greater services or amenities, or significantly expand, improve or introduce new facilities and amenities in the Fort Worth market, thereby adversely affecting profitability. Also, demographic, geographic or other changes in the Fort Worth market could impact the convenience or desirability of the Project and so could adversely affect its operations and local market share. Finally, some of the competitors may have substantially greater marketing and financial resources than the Property

Owner does, and if it is unable to compete successfully in these areas, its operating results could be adversely affected.

Development Risks. The success of the Project will depend on timely completion within budget and on satisfactory market conditions. Risks that could affect a development project include:

- construction delays or cost overruns that may increase project costs,
- delay or denial of zoning, occupancy and other required government permits and authorizations,
- write-off of development costs incurred for projects that are not pursued to completion,
- natural disasters such as earthquakes, hurricanes, floods or fires,
- defects in design or construction that may result in additional costs to remedy,
- claims and disputes between the Property Owner and other contracting parties resulting in delay, monetary loss or project termination,
- governmental restrictions on the nature or size of a project or timing of completion,
- changes in market conditions such as oversupply that may affect a project's profitability, and
- discovery or identification of environmental conditions that could require unanticipated studies, cleanups, approvals, increased costs, time delays or even project termination.

The success of developing the Project will depend upon obtaining necessary construction permits, approvals or zoning variances from local authorities. Failure to obtain or delay in obtaining these permits could adversely affect the Company's operations and profitability.

We cannot assure you that the Project will in fact be developed, and, if developed, the time period or the budget of such development may be greater than initially contemplated and the actual number of rooms constructed may be less than initially contemplated. Further, we may underestimate the costs necessary to bring the development project up to the standards established for its intended market position. Significant costs of developing the Project could materially impact the operating results.

Risks Relating to Leverage

Loan Payments. The Company will be required to service the Loan on the Project and the failure to make any loan servicing payments will result in a default under the terms of the Loan. As secured debt, the Loan will have a priority security interest in the Property, and, in the event of a liquidation, the holders of such debt would have a priority interest in such assets and would be entitled to a liquidation preference. In an event of default, the Members could lose all or part of their interest in the Property and the value of their underlying investment.

Leverage generally magnifies both the Company's opportunities for gain and its risk of loss. The use of leverage may increase the exposure to adverse economic factors such as rising interest rates and severe economic downturns. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Company. Payments under mortgage notes will be due regardless of whether there is any income from the properties. There can be no assurance that the Company or its subsidiaries will always be able to meet their debt service obligations. If required payments of principal and interest are not made on the mortgage notes and the holders of the mortgage notes foreclose, the Company may sustain a loss on its investments, including the loss of the Project. The Members may be subject to adverse tax consequences as a result of foreclosures.

The Collateral for the Loan May Decline in Value. The value of the Property will be subject to the risks generally incident to the ownership of improved and unimproved real estate, including changes in general or local economic conditions, increases in interest rates for real estate financing, physical damage that is not covered by insurance, zoning, entitlements, and other risks.

Risks Relating to the Company

Risk of litigation against the Company or its Manager. Although neither the Company nor the Manager are subject to any litigation or claims, there is no assurance that such parties will not be subject to litigation in the future. Any litigation could have an adverse effect on the Company and its members.

Investors Have Limited Control over the Company. The Manager is solely responsible for the operation and management of the Company. The investors have no right to participate in the management of the Company or in the decisions made by the Manager, except as specifically set forth in the Operating Agreement. The Manager is under no obligation to make its decision with respect to such prospective sale in accordance with the wishes of the investors. In the event of the dissolution, death, retirement or other incapacity of the Manager or its principals, the business and operations of the Company may be affected. The Members will then elect a new Manager, or the Manager shall elect a new Manager, pursuant to the Operating Agreement.

Conflicts of Interest. Conflicts of interest between the Company and the various roles, activities and duties of the Manager and its principals and executives are likely to occur from time to time. The Manager and Sponsor will each have conflicts of interest in allocating management time, services and functions between the Company and other current and future activities. There is no guarantee that the Manager or Sponsor will have sufficient staff, consultants, independent contractors and business and property managers to adequately perform its duties. The investors will not have any right to any interest in any future entities or business ventures formed or developed by the Manager or any of their Affiliates. Any conflicts of interest may result in the rights of the Company not being adequately protected to the detriment of its investors. None of the agreements or arrangements, including those relating to compensation, between the Company, the Manager, the Sponsor or their affiliate, is the result of arm's-length negotiations.

Investors Do Not Have Legal Title to the Property. The investors will not have legal title to the Company Investment or Property; the investors will only hold membership interests in the Company. The investors will not have any right to seek an in-kind distribution of the Company Investment or divide or partition the Company Investment. Moreover, the investors will not have any decision-making authority or voting rights as to whether or not the Company Investment will be sold.

No Decision Rights regarding Disposition Requirements for the Company Investment; No Guaranteed Return. The investors will not have any vote or decision-making authority with respect to the Disposition of the Company Investment or Property. If the Manager determines, in its sole discretion, that the Disposition of the Property is reasonable, then the Company may sell the Property. The investors will not have any decision or voting rights with respect to when a Disposition is made, even if the Investors believe a different return would be preferable considering market conditions and other factors.

Limited Voting Rights. Members will have limited voting rights with respect to matters affecting the Company, which include certain amendments to the Operating Agreement. No Members shall have any right, power or authority to remove or expel the Manager of the Company, to cause the manager to withdraw from the Company, to appoint a successor Manager in the event of the withdrawal or bankruptcy of the Manager, or to terminate the Company, unless such right, power or authority is conferred on it or them by law.

Limited Duties to the Investors. The Manager will not owe any duties to the investors other than those limited duties set forth in the Operating Agreement. In performing its duties, the Manager will only be liable to the investors for willful misconduct, bad faith, fraud or gross negligence.

New Venture. The Company is a new entity with no operating history, and there is no assurance that the Company will be profitable. The Company's goals are highly speculative and there is no assurance that the Company will be able to meet any of its obligations. If you purchase Interests, you should be aware that you may not earn a substantial return on your investment, if at all, and you may lose your entire investment.

Subordinated Rights. The rights of the Class A Common Membership Interest holders to receive regular distributions, return of their capital contributions and a share of the profits upon liquidation are subordinate to the Preferred Membership Interest Holders.

Lack of Diversification. The Company may only own and liquidate the Company Investment. The Company generally cannot acquire or develop any property or investments other than the Company Investment. Thus, an investment in the Company will not provide any diversity as to asset type. This lack of diversification substantially increases the risks associated with an investment in the Interests. Adverse market conditions could have a material and adverse impact on your investment in the Company, including any return on your investment.

Loss on Dissolution or Termination. In the event of a Disposition, the ability of an Investor to recover all or any portion of such Investor's investment will depend on the amount of net proceeds realized from the liquidation and the amount of claims to be satisfied therefrom. There can be no assurance that the Company will recognize any gains or realize net proceeds on liquidation, and you may not recover any portion of your investment.

Risks Relating to Private Offering and Lack of Liquidity

Limited Transferability of Interests. Each investor will be required to represent that he is acquiring an Interest for investment and not with a view to distribution or resale, that such investor understands that an Interest is not freely transferable and that such investor must bear the economic risk of investment in the Company Investment for an indefinite period of time because: (i) the Interest has not been registered under the Act or applicable state "Blue Sky" or securities laws; and (ii) the Interest cannot be sold unless it is subsequently registered or an exemption from such registration is available. There currently is no market for an Interest nor is one expected in the future and investors may not be able to liquidate their investment in case of an emergency. Investors may not assign or transfer Interests to any "Benefit Plan Investor" (as defined herein).

Offering Not Registered With Securities and Exchange Commission or State Securities Authorities. The offering of an Interest will not be registered with the SEC under the Act or the securities agency of any state, and is being offered in reliance upon an exemption from the registration provisions of the Act and state securities laws applicable only to offers and sales to investors meeting the suitability requirements set forth herein. Since this is a nonpublic offering, prospective investors will not have the benefit of review by the SEC or any state securities regulatory authority. The terms and conditions of the offering may not comply with the guidelines and regulations established for real estate programs that are required to be registered and qualified with those agencies.

Private Offering Exemption – Compliance with Requirements. An Interest is being offered, and will be sold, to persons or entities in reliance upon an Arizona intrastate private offering exemption from registration provided in the Statutes. If the Company should fail to comply with the requirements of such exemption, investors may have the right, if they so desired, to rescind their purchase of an Interest. This might also occur under the applicable state securities or "Blue Sky" laws and regulations in states where an Interest will be offered without registration or qualification pursuant to a private offering or other exemption. If such were the case and a number of investors were successful in seeking rescission, the Company would face severe financial demands that would adversely affect them as a whole and, thus, the investment in an Interest by the remaining investors.

Minimum Offering. This is a "minimum" offering. The Company will not close on the sale of an Interest unless at least the Minimum Offering Amount has been received from Investors. If the Company cannot sell at least the Minimum Offering Amount, the Company will terminate the offering and return the purchase price to the investors.

Lack of Secondary Market. There can be no assurance (and it is very unlikely) that a secondary resale market for the Interests will develop or, if it does develop, that it will provide the Investors with liquidity for their investments or that it will continue for as long as the Interests remain outstanding. The Interests will not be listed on any securities exchange.

Lack of Regulatory Review. Since the Offering is nonpublic and, as such, not registered under federal or state securities laws, you will not have the benefit of a review of this Memorandum by the SEC or any state securities commissions or other regulatory authorities prior to your investment. The terms and conditions of the Offering will

not comply with the guidelines and regulations established for securities offerings that are required to be registered and qualified with those authorities.

Availability of Exemptions for Other Offerings. Other offerings by affiliates of the Manager and Sponsor have been made in reliance on exemptions from the registration provisions of federal and state securities laws. No assurance, however, can be given that such exemptions were available or that the compliance requirements were met. If exemptions were not available for those offerings, the Company, as well as the partners and principals involved in such other offerings, could incur significant liability, including return of amounts paid to investors.

Prohibition on Bad Actors. This Offering is intended to be made in compliance with Section 44-1844 of the Statutes, which prohibits certain issuers from making offerings such as this. Neither the Company nor its Manager or the Sponsor are subject to disqualification.

Pro Forma Budgets/Projected Aggregate Cash Flows. Any pro forma budgets or projected cash flows included in this Memorandum are forward-looking statements that involve significant risk and uncertainty. All materials or documents supplied by the Company, the Manager, the Sponsor or their affiliates, including any such pro forma budgets or cash flows, should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. The assumptions and facts upon which such projections are based are subject to variations that may arise as future events actually occur and to a complex series of events, many of which are outside the control of the Company and the Manager. The projections included herein are based on assumptions regarding future events. There is no assurance that actual events will correspond with these assumptions. Actual results for any period may or may not approximate projections and may differ significantly. You should consult with your tax and business advisors about the validity and reasonableness of the factual, accounting and tax assumptions. Neither the Company nor any other person or entity makes any representation or warranty as to the future profitability of the Company or of an investment in the Interests.

No Representation of Investors. Each of the Investors acknowledges and agrees that counsel, the Manager, the Company and their Affiliates do not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Investors in any respect.

No Independent Review/No Managing Dealer. Currently the Manager has not engaged the services of a managing dealer and it is uncertain whether a managing dealer will be used for this Offering. Under federal securities laws, an independent broker-dealer is expected to take steps to ensure that the information contained in this Memorandum is accurate and complete. The steps are typically taken by the "Managing Underwriter" or "Managing Dealer" who participates in the preparation of an offering memorandum. In addition, the Managing Dealer has certain duties related to an offering, including a duty to a prospective investor to ensure that an investment in a security is suitable for that prospective investor, a duty to conduct adequate due diligence with respect to the offering and a duty to comply with federal and state securities laws. If a Managing Dealer is not engaged for this Offering, this independent review and analysis of the Memorandum and this Offering will not be conducted

Dilution. Although the Company is only seeking the Offering Amount, there is no assurance that the Company will not need additional financing and will not seek to raise additional capital through the sale of additional Membership Interests. Any sale of Membership Interests will have the effect of diluting current Class A Members and their pro rata share of the net profits.

Forward-Looking Statements. Some of the information you will find in this Memorandum may contain forward-looking statements. Such "forward-looking" statements are based on various assumptions of the Manager, which assumptions may not prove to be correct. For example, such assumptions include, but are not limited to, the continued growth and expansion of the local and regional economies, the initial terms of the Loan (including the principal payments required by Lender), anticipated leasing schedules and budgeted capital improvement expenditures. Accordingly, there can be no assurance that such projections, assumptions and statements will accurately predict future events or the actual performance of the Company Investment. In addition, any projections and statements, written or oral, which do not conform to those contained in this Memorandum, should be disregarded, and their use is a violation of law. The projections contained in this Memorandum are based upon specified assumptions. If these assumptions are incorrect, the projections likewise would be incorrect. No representation or warranty can be given that the estimates, opinions or assumptions made herein or therein will prove to be accurate.

Prospective investors should closely review the assumptions set forth in the projections. Any projected cash flow included in this Memorandum and all other materials or documents supplied by the Manager, Sponsor or its affiliates should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. There is no assurance that actual events will correspond with these assumptions.

The Manager intends to identify forward-looking statements in this Memorandum by using words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "maybe," "objective," "plan," "predict," "project" and "will be" and similar words or phrases, or the negative thereof or other variations thereof or comparable terminology. These types of statements discuss future expectations or contain projections or estimates. When considering such forward-looking statements, you should keep in mind the risk factors outlined herein. These risk factors, or other events, could cause actual results to differ materially from those contained in any forward-looking statement.

Tax Risks

Classification. Under current law, the Company is initially classified as a partnership, and not as an association taxable as a corporation, for federal income tax purposes.

Taxation of Members. As a limited liability company, the Company is not itself subject to U.S. federal income tax but will file an annual company information return with the IRS. Each Member is required to report separately on his or her income tax return his or her distributive share of the Company's net long-term capital gain or loss, net short-term capital gain or loss, net ordinary income, deductions and credits. The Company may utilize a variety of investment and trading strategies which produce both short-term and long-term capital gain (or loss), as well as ordinary income (or loss). The Company will send annually to each Member a Schedule K-1 showing his or her distributive share of the Company items of income, gain, loss deduction or credit.

Each Member that is subject to U.S. federal income taxes (a "**U.S. Member**") will be liable for taxes on its distributive share of Company income regardless of whether the Company has made any distributions to the Member.

Allocations of the items of income, gain, loss, deductions and credits of the Company will be made in accordance with the Operating Agreement of the Company. Such allocations are intended to have "substantial economic effect." If an allocation to a Member does not have substantial economic effect, such Member's distributive share of profit or loss for tax purposes will be determined in accordance with such Member's interest in the Company, taking into account all facts and circumstances. Consequently, if the IRS were to successfully challenge the allocations set forth in the Operating Agreement, the Member may be allocated different amounts of income, gain, loss, deductions or credits than initially reported to such Member.

Upon any redemption of the Interest of a U.S. Member, the Company may specially allocate separate Company items of income, gain, loss and deduction to a redeeming U.S. Member to the extent necessary such that the U.S. Member would have an adjusted tax basis in its Interest equal to the redemption payment. The Manager generally retains sole discretion in determining the character of any such items specially allocated to a particular redeeming U.S. Member. Although the Manager believes that these special allocations will be respected for federal income tax purposes, there are no assurances that such allocations could not be successfully challenged. If successfully challenged, a Member's allocable share of Company taxable income and loss may be affected.

To the extent that these special allocations are not made, or are made but successfully challenged, for U.S. federal income tax purposes, the U.S. Member would not have an adjusted tax basis in its Interest equal to the redemption payment. In that case, cash paid as part of a redemption to a U.S. Member in excess of the adjusted tax basis of its Interest will be treated as an amount received on the sale or exchange of its Interest and will generally be taxable as capital gain. Further, in that case, a U.S. Member may not recognize a loss upon a partial redemption of its Interest or partial withdrawal of its capital in the Company, and may only recognize a loss upon a complete withdrawal or the redemption or termination of its entire Interest in the Company after the U.S. Member has received all distributions and payments in respect of such complete withdrawal, redemption, or termination. In such case, the Member generally would recognize a capital loss to the extent of any remaining tax basis in its Interest.

Any capital gain or loss so recognized by a U.S. Member upon redemption (or upon a distribution, withdrawal, termination or other disposition) of its Interest generally would be long-term capital gain or loss to the extent of the portion of the Member's Interest that is held for more than twelve months, and short-term capital gain or loss to the extent of the portion of the Member's Interest that is held for twelve months or less. For this purpose, a Member would begin a new holding period in a portion of its Interests each time it makes an additional investment in the Company. Cash distributed (including with respect to partial withdrawals and partial redemption payments) to a U.S. Member in excess of the adjusted tax basis of its Interest will be treated as an amount received on the sale or exchange of its Interest and will generally be taxable as capital gain. An in-kind distribution of property other than cash generally will not result in taxable income or loss to any Member.

Where the Company makes a distribution that constitutes a "substantial basis reduction" distribution (e.g., the complete redemption of a Member's Interest where the Member recognizes a tax loss in excess of $250,000), the Company is generally required to adjust its tax basis in its assets in respect of all Members. (The Company also is required to adjust its tax basis in its assets in respect of a transferee Member in the case of a sale or exchange of an Interest, or a transfer upon death, when there exists "substantial built-in loss" (i.e., in excess of $250,000) in respect of Company property immediately after the transfer.) For this reason, the Company will require (i) a Member who receives a distribution from the Company in connection with a complete withdrawal, (ii) a transferee of an Interest (including a transferee in case of death), and (iii) any other Member in appropriate circumstances to provide the Company with information regarding its adjusted tax basis in its Interest.

Unrelated Business Taxable Income. An organization that is otherwise exempt from U.S. federal income tax is nonetheless subject to taxation with respect to its "unrelated business taxable income" ("**UBTI**"). Tax-exempt investors may recognize a significant amount of UBTI as a result of the indebtedness the Company will incur with respect to the Company Investment. For certain types of tax-exempt organizations, the receipt of UBTI might have extremely adverse consequences, although a "qualified organization" within the meaning of Code Section 514(c)(9) may be eligible for an exemption provided for debt financed property. Prospective tax-exempt investors are strongly urged to consult their tax advisors regarding the tax consequences of their ownership of Interests.

Other Tax Risks

Limitations on Losses and Credits from Passive Activities. Losses from passive trade or business activities generally may not be used to offset "portfolio income," such as interest, dividends and royalties, or salary or other active business income. Deductions from such passive activities generally may be used to offset only passive income. Interest deductions attributable to passive activities are treated as passive activity losses, and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation rule. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include trade or business activities in which the taxpayer does not materially participate and also generally include rental activities. The Investor's income and loss from the Company will likely constitute income and loss from passive activities. A taxpayer may deduct passive losses from rental real estate activities against other income if: (i) more than half of the personal services performed by the taxpayer in trades or businesses are performed in a real estate trade or business in which the taxpayer materially participates, and (ii) the taxpayer performs more than 750 hours of service during the tax year in real property trades or businesses in which the taxpayer materially participates. See "Certain U.S. Federal Income Tax Consequences."

Limitation on Losses under the At-Risk Rules. An Investor that is an individual or closely held corporation will be unable to deduct losses from the Company, if any, to the extent such losses exceed the amount such Investor is "at risk." Losses not allowed under the at-risk provisions may be carried forward to subsequent taxable years and used when the amount at risk increases. See "Certain U.S. Federal Income Tax Consequences."

Potential Tax Liability in Excess of Cash Distributions. It is possible that an Investor's tax liability resulting from its Interest will exceed its share of cash distributions from the Company. This may occur because (i) cash flow from the Company Investment may be used to fund nondeductible expenses of the Company Investment; (ii) all cash from operations of the Company Investment must be deposited in the Deposit Account (as defined in the Loan Documents) pursuant to the requirements in the Loan Document; or (iii) in an extremely rare circumstance, a substitution of the Company Investment may result in taxable gain without cash proceeds. Thus, there may be years in which an Investor's tax liability exceeds its share of cash distributions from the Company. The same consequences

may result from a sale or transfer of an Interest, whether voluntary or involuntary, that gives rise to ordinary income or capital gain. If any of these circumstances occur, an Investor would have to use funds from other sources to satisfy its tax liability.

Risk of Audit. An audit of an Investor's tax returns by the IRS or any other taxing authority could result in a challenge to, and disallowance of, some of the deductions claimed on such returns. An audit of an Investor's tax returns also could arise as a result of an examination by the IRS or any other taxing authority of tax returns filed by the Manager or its Affiliates, or another Investor, or any information return filed by the Company.

Changes in Federal Income Tax Law. The discussion of tax aspects contained in this Memorandum is based on law presently in effect and certain proposed Treasury Regulations. Nonetheless, prospective Investors should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of an investment in an Interest. Any such change may or may not be retroactive with respect to transactions entered into or contemplated before the effective date of such change and could have a material adverse effect on an investment in an Interest. A taxpayer's ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter is limited. In addition, taxpayers and material advisors are required to comply with disclosure and list maintenance requirements for reportable transactions. Reportable transactions include transactions that generate losses under Code Section 165 and may include certain large like-kind exchanges entered into by corporations. The Company and Tax Counsel believe they are not required to, and do not intend to, make any filings pursuant to these disclosure or list maintenance requirements. There can be no assurances that the IRS will agree with this determination by the Company and Tax Counsel. Significant penalties could apply if a party fails to comply with these rules, and such rules are ultimately determined to be applicable.

State and Local Taxes. In addition to federal income tax consequences, a prospective Investor should consider the state and local tax consequences of an investment in an Interest. Prospective Investors must consult with their own tax advisors concerning the applicability and impact of any state and local tax laws. Investors may be required to file state tax returns in some or all of the states where the Properties are located in connection with the ownership of an Interest. See "Certain U.S. Federal Income Tax Consequences."

Alternative Minimum Tax. The alternative minimum tax applies to taxable income adjusted by designated items of tax preference. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income. Prospective Investors should consult with their own tax advisors concerning the applicability of the alternative minimum tax.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

CIRCULAR 230 DISCLOSURE

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, WE INFORM YOU THAT (A) ANY UNITED STATES FEDERAL TAX ADVICE CONTAINED HEREIN (INCLUDING ANY ATTACHMENTS OR ENCLOSURES) WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES, (B) ANY SUCH ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION OR MATTER ADDRESSED HEREIN AND (C) ANY TAXPAYER TO WHOM THE TRANSACTIONS OR MATTERS ARE BEING PROMOTED, MARKETED OR RECOMMENDED SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

The following discussion is a summary of certain federal income tax consequences of investments in the Interests. This summary discusses only Interests held as capital assets within the meaning of section 1221 of the Code. Except as discussed below, this summary only discusses the federal income tax consequences of an investment in the Interests to a U.S. investor, meaning an investor that, for U.S. federal income tax purposes, is a citizen or resident of the United States, a corporation (including an entity treated as a corporation for U.S. federal income tax purposes)

created or organized under the laws of the United States or of a political subdivision of the United States, an estate whose income is subject to U.S. federal income taxation regardless of its source, or a trust if (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. person (each, a "**U.S. Investor**"). This summary does not purport to deal with the federal income tax consequences to all categories of investors, some of which may be subject to special rules, such as financial institutions, tax-exempt organizations, partnerships, insurance companies, dealers in real property or foreign investors.

This summary is based upon the Code, administrative pronouncements, judicial decisions and current and proposed Treasury regulations ("**Treasury Regulations**") now in effect, changes to any of which subsequent to the date of this Offering Memorandum may affect the tax consequences described herein and may apply retroactively. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "**Service**") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions that would be materially adverse to investors. The statements contained in this section are for general information purposes only and are not tax advice.

Investors also should note that the Code, Treasury Regulations and other administrative guidance currently effective concerning investments such as the Interests do not address directly many of the issues involved with respect to the tax treatment of the Interests. Hence, definitive guidance cannot be provided with respect to many aspects of the tax treatment of investors. Finally, the summary does not purport to address the anticipated state and local income tax consequences to investors of acquiring, owning, holding or disposing of the Interests.

Persons considering the purchase of Interests should consult their own tax advisors with regard to the application of the federal tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Prospective investors who own an interest in an investor that is treated as a pass-through entity under the Code will generally receive the same tax treatment, with respect to the material tax consequences of their indirect ownership of the Interests, as described herein for direct owners of Interests with the same tax status. Nonetheless, such persons should consult their tax advisors with respect to their particular circumstances.

Classification of the Company

Under current law, the Company is initially classified as a partnership, and not as an association taxable as a corporation, for federal income tax purposes.

Net Income and Loss of Each Investor

As a limited liability company, the Company is not itself subject to U.S. federal income tax but will file an annual company information return with the IRS. Each Member is required to report separately on his or her income tax return his or her distributive share of the Company's net long-term capital gain or loss, net short-term capital gain or loss, net ordinary income, deductions and credits. The Company may utilize a variety of investment and trading strategies which produce both short-term and long-term capital gain (or loss), as well as ordinary income (or loss). The Company will send annually to each Member a Schedule K-1 showing his or her distributive share of the Company items of income, gain, loss deduction or credit.

The Manager will keep records and provide information about expenses and income of the Company for each investor. An investor, however, will be required to keep separate records and to report separately its income with respect to its Interest.

Tax Consequences of Distributions

For purposes of distributions from an investor's account in the Company, its Interest is not divided into separate interests. Rather, a Member's Interest is "singular" even if the Member has made capital contributions to the Company at different times, and a distribution from an account is treated for tax purposes as a distribution with respect

to the entire related Interest. Thus, if a Member receives a distribution of some but not all of his or her account, the full amount of each withdrawal or distribution will be taxable to the extent the amount of the withdrawal or distribution exceeds such Member's adjusted tax basis in such Interest. To the extent the amount of a distribution does not exceed a Member's tax basis in an Interest, such distribution generally is not reportable as taxable income but will reduce such tax basis, but not below zero. A Member generally will not recognize losses on distributions.

Because a Member's tax basis in its Interest is not increased by such Member's allocable share of the Company's income from investment activities until the end of the Company's taxable year, distributions during the taxable year could result in taxable gain to the Member even though no gain would result if the same withdrawals or distributions were made at the end of the taxable year. Furthermore, the share of the Company's income allocable to a Member at the end of the Company's taxable year would also be includible in such Member's taxable income and would increase such Member's tax basis in its remaining Interest as of the end of such taxable year.

A Member receiving a cash distribution from the Company in complete liquidation of his Interest generally will recognize capital gain or loss to the extent of the difference (if any) between the proceeds received by him and his adjusted tax basis in such Interest. Such capital gain or loss will be long-term, short-term or some combination of both, depending on the timing of such Member's capital contributions to the Company. Notwithstanding the foregoing, Section 751 of the Code provides that a withdrawing Member will recognize ordinary income to the extent the Company holds certain ordinary income items such as short-term obligations or market discount bonds, the interest on which has not been included in the Company's taxable income, regardless of whether the Member would otherwise recognize a gain on such withdrawal.

Dispositions of Company Investment and Interests

Generally, the gains and losses realized by the Company on the sale of the Company Investment should be characterized primarily as capital gains or losses, except in respect of loans, to the extent of any accrued market discount not previously included in the income of the Company and any amount realized attributable to accrued but unpaid interest. Generally, capital assets must be held for more than twelve months for the gain from the sale of the capital assets to qualify as long-term capital gains. Gains or losses on sales of capital assets that are held for twelve months or less are treated as short-term gains or losses and are taxed at ordinary income rates. Company income may also include ordinary income, including from interest and rental income.

Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 39.6% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, capital gains on certain assets held for more than twelve months) of individuals is 20%. These rates are subject to change by new legislation at any time.

Also, recently enacted legislation imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates for taxable years beginning after December 31, 2012. Among other items, "net investment income" generally includes gross income from interest and dividends and net gain attributable to the disposition of certain property, less certain deductions. Prospective Members should consult their tax advisors concerning the possible implications of this legislation in their particular circumstances.

Deductions of Losses and Expenses

For federal income tax purposes, a Member may deduct losses and expenses allocated to it by the Company only to the extent of its adjusted tax basis in its Interest (or, in the case of individuals, certain non-corporate taxpayers and certain closely-held corporations, the lesser of such Member's adjusted tax basis in its Interest or its "amount at risk" with respect to such Interest) as of the end of the Company's taxable year in which such losses occur or such expenses are incurred.

Generally, a Member's adjusted tax basis in an Interest is the amount paid for such Interest, reduced (but not below zero) by such Member's share of the Company's distributions, losses and expenses, and increased by such Member's share of the Company's liabilities, if any, and income and gain as determined for federal income tax purposes, including capital gains, with such reductions and increases made at the end of the Company's taxable year.

(Tax basis is also important because gain or loss on cash distributions or partial or complete withdrawals from the Company is measured by reference to the adjusted tax basis of the Member's Interest, as discussed below).

Generally, a Member's "amount at risk" with respect to an Interest includes such Member's (1) cash contributions to the Company; (2) the adjusted basis of other property contributed by such Member to the Company; and (3) amounts borrowed for the purchase of an Interest or for use by or in the Company for which such Member is personally liable or which are secured by property of such Member (not otherwise used by the Company) to the extent of the fair market value of the encumbered property. The "amount at risk" is increased by any income and gain (as determined for federal income tax purposes) derived by such Member from the Company, and is decreased by any losses (as determined for federal income tax purposes) derived by such Member from the Company and the amounts of any withdrawals or other distributions received by such Member from the Company. For purposes of the foregoing, "loss" derived by a Member from the Company is defined as the excess of allowable deductions for a taxable year allocated to such Member by the Company over the amount of income actually received or accrued by such Member during that year from the Company. Disallowed loss that is suspended in any taxable year may be deducted in later years to the extent that the Member's amount at risk increases.

It is possible that a Member may be at risk with respect to its Interest in an amount that is less than its tax basis in such Interest.

In addition to the limitations discussed above, net capital losses are deductible by noncorporate taxpayers only to the extent of capital gains for the taxable year plus $3,000. Because of that limitation, a Member's distributive share of the Company's net capital losses is not likely to materially reduce the federal income tax on such Member's ordinary income.

Organizational Costs and Offering Expenses

The investors will incur organizational costs and offering expenses in connection with the offering. See "ESTIMATED SOURCES AND USES." Although the law is unclear, the Company intends to take the position that such expenses are capitalized as an increase in the basis of the Company Investment and other assets that the Interest represents. The Company also intends to take the position that syndication costs are not amortizable or deductible until the investor disposes of his Interest in a taxable transaction.

Backup Withholding

Distributions of proceeds from the sale of properties, may be subject to "backup withholding tax" under Code Section 3406 if recipients of such distributions fail to provide to the payor certain certifications and information, such as through Internal Revenue Service Form W-9, W-8BEN, W-8ECI, or W-8IMY, as applicable, including their taxpayer identification numbers, or otherwise fail to establish an exemption from that tax. Any such amounts deducted and withheld from a distribution to a recipient would be allowable as a credit against the recipient's federal income tax. Certain penalties may be imposed by the Service on a recipient that is required to supply information but does not do so in the proper manner.

Tax-Exempt Investors

Tax-exempt investors may recognize a significant amount of "unrelated business taxable income" ("**UBTI**") as a result of the indebtedness the Company will incur with respect to the Company Investment. An investor that is a tax-exempt organization for federal income tax purposes and, therefore, is generally exempt from U.S. federal income taxation, may nevertheless be subject to "unrelated business income tax" to the extent, if any, that its proportionate share of the Company's income consists of UBTI. A tax-exempt investor that regularly engages in a trade or business that is unrelated to its exempt function must include in computing its UBTI, its gross income derived from such unrelated trade or business. Moreover, such tax-exempt investor could be treated as earning UBTI to the extent that it derives income from "debt-financed property," or if its investment is debt financed. Debt-financed property means property held to produce income with respect to which there is "acquisition indebtedness" (i.e., indebtedness incurred in acquiring or holding property). However, a "qualified organization" within the meaning of Code Section 514(c)(9) (i.e., certain educational organizations and supporting organizations thereof, qualified pension, profit-sharing, and stock bonus plans under Code Section 401(a), and organizations described in Code Section 501(c)(25)), may be

eligible for an exemption provided for debt financed property. Individual retirement accounts and other tax-exempt entities will not be eligible for such exemption.

Tax-exempt investors are strongly urged to consult their tax advisors regarding the tax consequences of their ownership of Interests.

Non-U.S. Investors

Under current U.S. federal income tax law, a Member that is neither a U.S. person nor a partnership for U.S. federal income tax purposes (a "non-U.S. person") will be required to file U.S. income tax returns reporting, and to pay U.S. tax on, its share of any income of the Company that is effective connected with a U.S. trade or business. The Company may have income that is effectively connected with a U.S. trade or business. The Company may also have income that is effectively connected with a U.S. trade or business as a result of holding the mortgage loans. The Company may also have to withhold tax on non-U.S. persons' shares of certain income of the Company, including dividends and certain interest income. Non-U.S. prospective Members should consult their own tax advisors before investing in the Company.

State and Local Laws

Prospective investors may be affected in different ways by state and local taxes that are not discussed in this Memorandum, such as income taxes, franchise taxes, privilege and use taxes, and other taxes and fees. Therefore, each prospective investor is urged and expected to consult with his or her personal tax advisor regarding the state and local tax consequences resulting to such investor from a potential purchase of an Interest.

ERISA CONSIDERATIONS

CIRCULAR 230 DISCLOSURE

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, WE INFORM YOU THAT (A) ANY UNITED STATES FEDERAL TAX ADVICE CONTAINED HEREIN (INCLUDING ANY ATTACHMENTS OR ENCLOSURES) WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES, (B) ANY SUCH ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION OR MATTER ADDRESSED HEREIN AND (C) ANY TAXPAYER TO WHOM THE TRANSACTIONS OR MATTERS ARE BEING PROMOTED, MARKETED OR RECOMMENDED SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

The following is a summary of certain considerations associated with an investment in the Company by a pension, profit sharing or other employee benefit plan that is subject to Title I of ERISA or Section 4975 of the Code. The summary does not purport to deal with all aspects of ERISA or Section 4975 of the Code or, to the extent not preempted by ERISA, any state law that may be relevant to particular plans. The summary is based on the current provisions of ERISA and the Code, existing and currently proposed regulations under ERISA and the Code and existing administrative rulings of the United States Department of Labor ("**DOL**") and reported judicial decisions.

A fiduciary considering investing in the Company with assets of an employee benefit plan that is subject to ERISA ("**ERISA Plan**"), should consult its legal advisor about ERISA's standards of fiduciary conduct and other legal considerations before making such an investment. Specifically, before purchasing an Interest, any such fiduciary should, after considering the ERISA Plan's particular circumstances, determine whether the investment is appropriate under the fiduciary standards of ERISA or other applicable law, including the standards with respect to prudence, diversification and delegation of control. Any such fiduciary, and the fiduciary of any plan that is subject to Section 4975 of the Code also should consider the prohibited transaction provisions of ERISA and the Code. A

fiduciary should also consider ERISA's standards with respect to the liquidity of plan assets, particularly in light of the restrictions on the transfer of Interests and the fact that there is no established trading market for the Interests.

Prohibited Transactions

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions ("prohibited transactions") involving the assets of an ERISA Plan or a plan subject to Section 4975 of the Code and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code) having certain relationships to such plans, unless an exemption is available. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes under Section 4975 of the Code, or, in some cases, a civil penalty under Section 502(i) of ERISA. If the disqualified person who engages in the transaction is the individual on whose behalf an individual retirement account or annuity ("**IRA**") is maintained (or his beneficiary), the IRA will lose its tax-exempt status and its assets will be deemed to have been distributed to such individual in a taxable distribution (and no excise tax will be imposed) on account of the prohibited transaction. In addition, a fiduciary who permits such a plan to engage in a transaction that the fiduciary knows or should know is a prohibited transaction may be liable to the plan for any loss the plan incurs as a result of the transaction or for any profits earned by the fiduciary in the transaction.

Plan Asset Regulation

The DOL has published a regulation (the "Plan Asset Regulation") describing when the underlying assets of an entity constitute assets of an investing ERISA Plan for purposes of ERISA. If the assets of the Company were regarded as "plan assets" of an ERISA Plan that holds an Interest, the Manager would be a "fiduciary" (as defined in ERISA) with respect to such investor and would be subject to the obligations and liabilities imposed on fiduciaries by ERISA.

Under the Plan Asset Regulation, if an ERISA Plan invests in an "equity interest" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the assets of the ERISA Plan include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by Benefit Plan Investors is not "significant." The term "Benefit Plan Investor" means an ERISA Plan (a plan that is subject to Section 4975 of the Code and any entity whose assets are deemed to include plan assets by virtue of a plan's investment in the entity). Equity participation in an entity by Benefit Plan Investors is considered "significant" if 25% or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors. Equity interests held by persons (other than Benefit Plan Investors) who have discretionary authority or control over or provide investment advice for a fee with respect to the entity's assets, and any affiliates of such persons are not treated as outstanding for this purpose.

The Interests will not qualify as a "publicly-offered security" under the Plan Asset Regulation, the Company is not an investment company registered under the Investment Company Act and the Company is not expected to qualify as an "operating company" under the Plan Asset Regulation. In order to avoid having the Company Investments considered to be assets of ERISA Plans that hold Interests, the sale of Interests in the Company will be limited so that the aggregate investment by Benefit Plan Investors does not equal or exceed 25% of the outstanding Interests at any time (disregarding, for this purpose, interests held by persons who have discretionary authority or control over or provide investment advice for a fee with respect to the Company's assets, and any affiliates of such persons). In connection with efforts to limit investment by Benefit Plan Investors, the Company may require certain representations or assurances from investors and the Company shall be entitled to rely on those representations and assurances. The Company reserves the right, however, to waive the 25% limitation and thereafter to comply with ERISA.

Representations by Plans

In addition to the representations discussed in the preceding paragraph, a Benefit Plan Investor proposing to invest in the Company will be required to represent that it, and any fiduciaries responsible for its investments, are aware of and understand the Company's investment objectives, policies and strategies, that the decision to invest in the Company was made with appropriate consideration of relevant investment factors with regard to the Benefit Plan

Investor and is consistent with all applicable duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA, the Code or other similar law.

Each purchaser of an Interest that is a Benefit Plan Investor or is investing assets of a plan shall represent or be deemed to have represented that either the acquisition and holding of the Interest is not a prohibited transaction or that the Plan is eligible for exemptive relief under one or more statutory or administrative exemptions from the prohibited transaction rules of ERISA and the Code.

Review by Plan Fiduciaries

Any plan fiduciary considering whether to purchase an Interest on behalf of a plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code and the availability of any prohibited transaction exemptions. The sale of an Interest to a Plan is in no respect a representation by the Company that this investment meets all relevant requirements with respect to investments by plans generally or any particular plan or that this investment is appropriate for plans generally or any particular plan.

ADDITIONAL INFORMATION

The Manager will answer inquiries from investors concerning the Interests and other matters relating to the offer and sale of the Interests, and they will afford prospective investors the opportunity to obtain any additional information to the extent they possess such information or can acquire such information without unreasonable effort or expense that is necessary to verify the information in this Memorandum.

Prospective investors are entitled to review copies of other material contracts relating to the Interests, the Company, the Company Investment or the Property described in this Memorandum and copies of the various entities' organizational documents.

Copies of all reports and financial statements prepared by third parties in connection with this offering are available upon request to the Manager. To request additional information from the Manager, please contact the Manager at 602-714-1555.