

RISK FACTORS

The purchase of the Units involves a number of risk factors, each of which should be considered a substantial risk. Each Prospective Investor should consider carefully, among other risks, the following risk factors as well as all of the other information included in this Memorandum before investing in the Unit and should consult with his/her own legal, tax and financial advisors with respect thereto. Any of these risks could materially and adversely affect our business, financial condition, and results of operations, which in turn might cause you to lose all or part of your investment.

Risks Relating to the Underlying Business of Goodegg Wealth Fund II, LLC

The Property is subject to risks relating to its local real estate market. The Company shall invest all of the proceeds from this offering to purchase Class CF membership interest units in Goodegg Wealth Fund II, LLC, which in turn owns several real properties (collectively the “Property”). Weakness or declines in the local economy and real estate market could cause vacancy rates at the Property to increase and could adversely affect the Company’s ability to make distributions to its Members. The factors which could affect economic conditions in the market generally includes business layoffs, industry slowdowns, relocations of businesses, changing demographics, infrastructure quality and any oversupply of or reduced demand for real estate. Declines in the condition of the market could diminish the value of a Member’s investment.

Leases for the Property generally have short terms, and the Property Manager may be unable to renew leases or re-let units as leases expire. Most of the existing leases for the apartment units at the Property have lease terms of 12 months. Consequently, the Property’s performance may in large measure depend upon the effectiveness of the Property Manager’s marketing efforts to attract replacement tenants and to maintain the occupancy rate for the Property, which may require significant time and money. If tenants decide not to renew their leases upon expiration or decide to terminate their leases, the Property Manager may not be able to re-let their units. Even if the tenants do renew or their units are re-let, the terms of renewal or re-leasing may be less favorable than current lease terms. If the Property Manager cannot promptly renew the leases or re-let the units, or if the rental rates upon renewal or re-leasing are significantly lower than expected rates, then the Property’s financial operations and condition will be adversely affected and this, in turn, may adversely affect the Property’s cash flow.

Changes in laws could adversely affect the Property. Various Federal, state, and local regulations affect the Property, such as fire and safety requirements, environmental regulations, the Americans with Disabilities Act of 1990, nondiscrimination and equal housing laws, land use restrictions and taxes. If the Property does not comply with these requirements, the Company may incur governmental fines or private damage awards. New, or amendments to existing, laws, rules, regulations, or ordinances could require significant unanticipated expenditures or impose restrictions on the operation, redevelopment or sale of the Property. Such laws, rules, regulations, or ordinances may adversely affect the ability of the Company to operate or sell the Property.

The Company is subject to all risks of attributable to investments in real estate. The Company will be investing in Goodegg Wealth Fund II, LLC, which in turn will be investing in properties that are subject to all risks inherent in such a business. In general, a downturn in the

national or local economy, changes in zoning or tax laws, or the availability of financing could affect the performance and value of the Property. Also, because real estate is relatively illiquid, Goodegg Wealth Fund II, LLC may not be able to respond promptly to adverse economic or other conditions by disposing of its real estate holdings. Other risks include local market conditions, changes in economic conditions or interest rates, the unavailability or increased costs of financing, changes in real estate expenses, changes in governmental rules and policies (such as zoning), condemnation, casualty, acts of God, competition, the unavailability of funds to meet utility and maintenance costs, insurance costs and real estate taxes, liability under environmental or other laws and other factors which are beyond the control of Goodegg Wealth Fund II, LLC. The Property acquired by Goodegg Wealth Fund II, LLC may not perform to Goodegg Wealth Fund II, LLC's expectations, may not appreciate in value, may depreciate in value, and/or may not ever be sold at a profit. The marketability and value of the Property will depend upon many factors beyond Goodegg Wealth Fund II, LLC's and the Company's control. These risks may in turn have an adverse impact on Goodegg Wealth Fund II, LLC's ability to pay distributions to its members, including not limited to the Company.

The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations, cash flows and financial condition. The impact of the COVID-19 pandemic and measures to prevent its spread could, and likely will negatively impact our businesses in a number of ways. As real estate operators have responded to the ongoing pandemic, operating costs have risen. If this trend continues, Goodegg Wealth Fund II, LLC's operating results could be adversely affected. Its rental revenue and operating results also depend significantly on the occupancy levels at its properties.

Tenants that experience deteriorating financial conditions as a result of the COVID-19 pandemic may be unwilling or unable to pay rent in full on a timely basis. In some cases, Goodegg Wealth Fund II, LLC may have to restructure tenants' long-term rent obligations and may not be able to do so on terms that are as favorable to it as those currently in place. Numerous state, local, federal and industry-initiated efforts may also affect landlords' ability to collect rent or enforce remedies for the failure to pay rent. Some of Goodegg Wealth Fund II, LLC's tenants, managers and operators may incur significant costs or losses responding to the COVID-19 pandemic, lose business due to any interruption in the operations of its properties, or incur other liabilities related to mask mandates, shelter-in-place orders, quarantines, infection or other related factors.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide. We cannot assure you that conditions in the bank lending, capital, and other financial markets will not continue to deteriorate as a result of the pandemic, or that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings. In addition, the deterioration of global economic conditions as a result of the pandemic may ultimately decrease occupancy levels and pricing across Goodegg Wealth Fund II, LLC's portfolio as tenants reduce or defer their spending.

Variable development costs may affect anticipated project costs and overall value of the

Property. As we have seen in the past five years, development and construction costs are not stagnant and have been extremely variable. Additionally, construction material costs are at record highs. It is possible that construction costs could continue to increase or remain inflated, causing a decrease in value of the Property or requiring additional funding. We have underwritten infrastructure costs using current pricing and included traditional contingencies. We believe in the near term, the COVID-19 pandemic could increase construction costs because of decreased commodity availability and the decreased availability of labor.

Rising interest rates may inhibit the Company's ability to make distributions to Members. Interest rates are projected to continue to rise for at least the next two years. If this is the case, this may limit Goodegg Wealth Fund II, LLC's ability to obtain favorable refinance terms if it chooses to do so and the debt service on such a loan may be higher than anticipated in the current underwriting model, which may reduce the amount of cash available to distribute to Members on an ongoing basis, including but not limited to the Company.

The ongoing crisis in the Ukraine may have unforeseen effects on the global, national, and local economy. Russia's invasion of Ukraine and the ongoing situation there is projected to have global economic effects, such as increased oil prices, a severely deflated stock market, inability to obtain certain rare earth materials and fertilizer of which Russia is a major exporter, disruptions caused by Russia interference in U.S. infrastructure, social media campaigns, among other foreseen and unforeseen impacts. While U.S. real estate may still be a strong investment, it is impossible to know the full ripple effects a land war with Russia may produce.

Goodegg Wealth Fund II, LLC's Manager will be co-investing in Properties with other Co-Sponsors. Goodegg Wealth Fund II, LLC's Manager will likely be co-investing in the Properties with other Co-Sponsors whom the Manager has vetted and with whom the Manager has a prior professional working relationship. The Manager will rely on the Co-Sponsors to source the Properties, conduct due diligence, negotiate the purchase and sale agreement, negotiate the loan agreement, and manage the overall asset. The Manager will also participate in these activities, but primarily through providing oversight. The Manager feels strongly about its selection of Co-Sponsors and has an extensive vetting process for them, but if any of the Co-Sponsors were to fail to effectively carry out their assigned duties, the Property for which they are responsible could fail to perform to the Manager's expectations, and thus returns to Members, including but not limited to the Company, could be diminished. Further, if any of the Co-Sponsors were to commit fraud or any illegal act, this could negatively impact Goodegg Wealth Fund II, LLC and the Company.

The Co-Sponsors may raise capital to co-invest in the Properties. The Co-Sponsors may, and most likely will raise capital through a Regulation D private equity offering to provide the necessary capital to co-invest in the Properties. If a Co-Sponsor is unable to raise their portion of the capital required, the Company may be unable to obtain a particular Property, or it may provide the remainder of the required capital, which could result in less capital available to purchase future Properties. Further, if any Co-Sponsor violates any provision of the Securities Act, whether inadvertently or otherwise, in raising its capital, this would result in that Co-Sponsor having to unwind its offering and give all its investors their money back, which would place the Company in the position of either having to liquidate a Property sooner than anticipated or buying out the Co-Sponsor, which would limit the Company's ability to diversify.

Property tax increases. Real property is at all times subject to property tax increases, particularly at the time of a purchase and increase in the County Assessor's valuation. A significant property tax increase in the Property may affect Goodegg Wealth Fund II, LLC's ability to meet projections.

Real property may be subject to eminent domain proceedings. Real property is at all times subject to eminent domain legal doctrine. City, County, State and Federal policies may spur eminent domain proceedings to secure the Property.

The Company's success is subject to the fluctuations of the real estate market. The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Company's control.

Goodegg Wealth Fund II, LLC will be subject to the risk of liability and casualty loss as the owner of the Property. Goodegg Wealth Fund II, LLC expects to maintain insurance against certain liabilities and losses on the Property, but the insurance obtained may not cover all amounts or types of liability and loss. There is no assurance that any liability or loss that may occur will be insured or that, if insured, the insurance proceeds will be sufficient to cover the liability or loss. There are certain categories of risk of loss that may be or may become uninsurable or not economically insurable, such as earthquakes, floods and hazardous waste.

Environmental liabilities are possible and can be costly. Federal, state, and local laws impose liability on a landowner for releases or the otherwise improper presence on the premises of hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such substances. A property owner may be held liable for hazardous materials brought onto the property before it acquired title and for hazardous materials that are not discovered until after it sells the property. Similar liability may occur under applicable state law. If any hazardous materials are found within the Property in violation of law at any time, Goodegg Wealth Fund II, LLC may be liable for all cleanup costs, fines, penalties, and other costs. This potential liability could continue after Goodegg Wealth Fund II, LLC sells the Property and may apply to hazardous materials present within the Property before the Company acquired the Property. If losses arise from hazardous substance contamination that cannot be recovered from a responsible party, the financial viability of the Property could be substantially affected. It is possible Goodegg Wealth Fund II, LLC will acquire the Property with known or unknown environmental problems that may adversely affect Goodegg Wealth Fund II, LLC's business and financial viability and thus may adversely affect Goodegg Wealth Fund II, LLC's ability to make distributions to its Members, including but not limited to the Company.

A general economic downturn and regional and national economic weakness could adversely affect the rental performance and resale viability of Property. Prospective Investors should be aware that periods of weak economic performance could adversely affect the Property owned by Goodegg Wealth Fund II, LLC. In addition, weakness in the regional and national economies could materially and adversely impact the tenants in the Property and their business operations. If tenants were to suffer economically and be unable to pay the rent, Goodegg Wealth

Fund II, LLC may not receive the anticipated amount of income from the Property. Likewise, a downturn in the real estate market could affect the value of the Property and the ability of Goodegg Wealth Fund II, LLC to sell the Property at a profit, or at all, thus adversely affecting Goodegg Wealth Fund II, LLC's ability to make distributions to its Members, including but not limited to the Company.

The real estate market is very competitive. Numerous properties will compete with the Property in attracting renters and buyers. Additional properties may be built in the markets in which the Property is located. The number and quality of competitive properties in a particular area will have a material effect on Goodegg Wealth Fund II, LLC's ability to rent space at the Property and on the rents charged. Some of these competing properties may be newer or better located than the Property. There are a significant number of properties that may be available for sale in the market in which the Property is located. The number of properties offered at the time Goodegg Wealth Fund II, LLC decides to sell any Property could impact the number and quality of offers Goodegg Wealth Fund II, LLC gets for the Property as well as the time in which it may take to sell the Property, if at all.

Government regulation may affect the operation, cost and value of the Property. The operation of commercial real property is subject, both directly and indirectly, to federal, state, and local governmental regulation, including environmental, sewer, water, zoning and similar regulations. It is possible that (i) the enactment of new laws, (ii) changes in the interpretation or enforcement of applicable codes, rules and regulations, or (iii) the decision of any authority to change the current zoning classification or requirements, may have a substantial adverse effect on the operations and/or value of the Property.

Cost of renovations are unpredictable. During the development of the Property, there is no guarantee that the ability to develop the Property will meet with expectations and such development can be more expensive and time-consuming than expected. The cost and availability of labor, materials and other items may change, causing the cost of development of the Property to be more expensive and to take longer than anticipated. These changes could delay completion of the project and subsequent collection of rental income and/or resale of the Property. As such, Goodegg Wealth Fund II, LLC may not be able to take advantage of certain market conditions for rental and resale which could result in the Property losing value or garnering less income than needed.

Goodegg Wealth Fund II, LLC may invest alongside other persons or entities in a Property as tenants-in-common ("TIC"), and if so, it would be subject to risks that could arise as a result of being held as a TIC. If a Property is held as a tenancy in common, each owner holds a separate percentage interest in the Property. While the TIC owners will have entered into a tenants in common agreement ("TIC Agreement"), risks may still arise if the TIC owners are unable to agree upon how the Property will be managed, converted, and held or ultimately sold. A TIC owner has the right to sell their share of the Property to anyone, as well as pass their share of the Property to their heirs upon death. While a TIC Agreement would set forth provisions that address these potential circumstances, there is no guarantee that the other TIC owners will have the ability to purchase the interest and that such interest may not be sold to an outside third party. In addition, TIC owners are responsible for their share of the mortgage and taxes on the Property and if one

party ceases to pay their share, the other parties may will have to pay that portion in order to prevent a foreclosure proceeding and seek restitution from the defaulting party.

Compliance with Americans with Disabilities Act. Under the Americans with Disabilities Act of 1990 (the ADA), all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. A determination that the Property is not in compliance with the ADA could result in imposition of fines or an award of damages to private litigants. If substantial modifications are made to comply with the ADA, which may have a substantial adverse effect on the operations and/or value of the Property.

Goodegg Wealth Fund II, LLC has limited capitalization and may be dependent on raising funds to grow and expand its business. Goodegg Wealth Fund II, LLC has limited capitalization and may be dependent on raising funds to continue its business. Goodegg Wealth Fund II, LLC will endeavor to finance its need for additional working capital through equity financing. Additional debt financing would be sought only in the event that equity financing failed to provide Goodegg Wealth Fund II, LLC necessary working capital. Debt financing may require Goodegg Wealth Fund II, LLC to mortgage, pledge or hypothecate its assets, and would reduce cash flow otherwise available to pay operating expenses. There are no other current agreements or understandings with regard to the form, time or amount of any financing and there is no assurance that any financing can be obtained or that Goodegg Wealth Fund II, LLC can continue as a going concern. Some risks associated with debt financing are as follows:

- *Mortgages.* The financing obtained by Goodegg Wealth Fund II, LLC would most likely involve a mortgage on the underlying Property. If Goodegg Wealth Fund II, LLC was unable to make payments on the loan or refinance the loan for any reason, the Company's continued ownership of the underlying Property would be jeopardized, and Goodegg Wealth Fund II, LLC may lose funds that it expended for down payments and other deposits on the Property.
- *Variable Rates of Interest.* Goodegg Wealth Fund II, LLC may obtain financing that provides for a variable rate of interest. As a result, in the event that interest rates increase, Goodegg Wealth Fund II, LLC will have to pay a greater amount for interest payments. Based on historical interest rates, current interest rates are low and it is likely that interest rates will rise in the future.
- *Fixed Rates of Interest.* Goodegg Wealth Fund II, LLC may obtain fixed rate financing. As a result, if interest rates decrease and Goodegg Wealth Fund II, LLC's financing is a fixed rate, the return on the Property could be lower than necessary to continue to repay the fixed rate obligation.
- *Control of Lenders.* It is possible the lender may require certain conditions or a certain amount of control in Goodegg Wealth Fund II, LLC. These rights may be exercised such the results are in the best interest of the lender and not in the best interest of Goodegg Wealth Fund II, LLC.
- *Balloon Payments.* The financing obtained by Goodegg Wealth Fund II, LLC may have short terms. Consequently, Goodegg Wealth Fund II, LLC may be required to make a large balloon payment on the maturity date of a loan. In the event Goodegg Wealth Fund II, LLC is unable to make the balloon payment or to refinance the

loan for any reason, the Company's continued ownership of the underlying Property would be jeopardized.

Risks Relating to The Formation and Internal Operation of the Company

The Company has limited operating history which makes it difficult to evaluate the Company and lessens the probability of success. The Company was organized on March 14, 2024. Consequently, the Company has only a limited operating history and has not produced any revenue. The Company must be considered in the developmental stage. Prospective investors should be aware of the difficulties encountered by such enterprises, as the Company faces all the risks inherent in any new business, including the absence of any prior operating history, need for working capital and intense competition. The Company cannot assure that it will be profitable or when it may be profitable, or that the Company Manager will be able to perform its duties successfully. The likelihood of success of the Company must be considered in light of such problems, expenses and delays frequently encountered in connection with the operation of a new business and the competitive environment in which the Company will be operating.

Investors will rely on the Manager to identify, acquire, administer, collect, and liquidate the Company's investments. All decisions regarding management of the Company's business affairs and the management of the Company's investments will be made by the Manager with the support of various principals, affiliates, advisors, and future employees. The Members, other than the principals, will not participate in any decision-making on behalf of the Company. Accordingly, no person should purchase Units unless that person is willing to entrust all aspects of management of the Company and the Company assets to the Manager. Prospective investors should carefully evaluate the personal experience and business performance of the Manager and its principals. The Manager may not be removed from its respective position, except under limited circumstances, if at all.

The loss of key personnel could adversely impact our business. The Company's success is highly dependent upon the continued services of key personnel, as described under "Management." The loss of a member of the Management team or any of the Company's key principals, affiliates, employees, agents, or associates could have a material adverse impact on our business. We believe that the Company's future success depends, in large part, upon the ability of the Manager and its affiliates to hire and retain or contract with highly-skilled managerial and operational personnel. There is significant competition for such personnel, and we cannot assure you that the Manager will be successful in attracting and retaining such skilled personnel.

The Manager may be entitled to indemnification by the Company and Members. The Manager, its officers, directors, managers, members, partners, employees, agents, attorneys and certain other parties may not be liable to the Company and Members for errors of judgment or other acts or omissions not constituting bad faith, gross negligence or willful malfeasance as a result of certain indemnification provisions in the Company Operating Agreement. A successful claim for such indemnification would deplete the Company's assets by the amount paid.

There may not be any current income to distribute to the Members. The Company

anticipates that the majority, if not all, of the Company's cash available for distribution will arise out of the cash flow generated from distributions made by Goodegg Wealth Fund II, LLC, and such distributions will be dependent upon the successful development and subsequent rental of all aspects of the Property owned and managed by Goodegg Wealth Fund II, LLC once fully built and rented to capacity. As described herein, the acquisition, development, and ownership of the Property involves great risk and those activities may not generate sufficient cash for distribution to Members.

Risks Relating to Private Offerings

The Offering is not registered with the Securities and Exchange Commission or any state securities authorities and they have not made any determination that this Memorandum is adequate or accurate. The Offering of the Units will not be registered with the Securities and Exchange Commission under the Act or the securities agency of any state and are 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 Prospective Investors meeting the suitability requirements set forth herein. Since this is a nonpublic offering and, as such, is not registered under federal or state securities laws, Prospective Investors will not have the benefit of review by the Securities and Exchange Commission or any state securities regulatory authority. The Units are being offered, and will be sold, to Prospective Investors in reliance upon a private offering exemption from registration provided in the Act and state securities laws. If the Company should fail to comply with the requirements of such exemption, the Prospective Investors may have the right, if they so desired, to rescind their purchase of the Units. It is possible that one or more Prospective Investors seeking rescission would succeed. This might also occur under the applicable state securities or "Blue Sky" laws and regulations in states where the Units will be offered without registration or qualification pursuant to a private offering or other exemption. If a number of Members were successful in seeking rescission, the Company would face severe financial demands that could adversely affect the Company as a whole and thus, the investment in the Units by the remaining Members.

The Company is not registered with the Securities and Exchange Commission as an investment company under the Investment Company Act of 1940, as amended. The Company does not intend to register under the Investment Company Act of 1940, as amended, in reliance upon one or more exemptions from its registration provisions. If the Securities and Exchange Commission determined that the exemption(s) relied upon by the Company were incorrect or unsupportable, such a determination could adversely affect the Company as a whole and, thus, the investment in the Units by the Members.

The Manager is not registered with the Securities and Exchange Commission as Investment Advisor under the Investment Advisor Act of 1940, as amended. To the Manager's knowledge, the intended business of the Company does not subject either the Manager or any affiliate of the Manager to the Investment Advisers Act of 1940, as amended (the "Advisers Act"), or equivalent state laws. Specifically, to the Manager's knowledge, the intended business of the Company would not implicate the definition of "investment adviser" under Section 202(a)(11) of the Advisers Act. Accordingly, the Manager is not registered, and does not intend to register, as an investment adviser, and to the Company's knowledge, no affiliate of the Manager is registered, and none

intend to register, as investment an adviser. Investors will not be afforded any protections otherwise available under the Advisers Act.

However, the Company cannot guarantee that either the SEC or any state securities regulator will agree with the determination of the Manager and its affiliates that the Company's intended business does not subject them to the Advisers Act. If the Manager was or any of its affiliates were required to register and comply with the obligations applicable to investment advisers, such registration and compliance could adversely affect the Company's business operations and limit its ability to successfully manage and operate the Property.

The Units will be considered "restricted securities" and any resale will be subject to state and federal securities laws and additional restrictions imposed by the Company Operating Agreement. There are substantial restrictions on the transferability of the Units contained in the Operating Agreement and imposed by state and federal securities laws. The Units offered by this Memorandum have not been registered under the Act nor with the securities regulatory authority of any state. The Units may not be resold unless they are registered under the Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available.

Risks Relating to the Company Generally

The Company's business will not be diversified. At this time the Company anticipates that all of the Company's cash available for distribution will come from its investment in Goodegg Wealth Fund II, LLC. If, for any reason, Goodegg Wealth Fund II, LLC is unsuccessful in implementing its business plan or if there is substantially increased competition from new or existing competitors, such changes could substantially, negatively affect the viability of Goodegg Wealth Fund II, LLC and the value of the Class CF Units, which in turn could potentially impact its profitability, its ability to operate, its ability to raise funds, and thus Goodegg Wealth Fund II, LLC's ability to pay any distributions to the members, including but not limited to the Company.

Loss on dissolution and termination. The Proceeds realized from the Company's investment in Goodegg Wealth Fund II, LLC and the sale of the Units will be used to pay all of the accumulated operating expenses of the Company upon dissolution or termination of the Company. Thus, the ability of a Member to recover all or any portion of his, her or its investment under such circumstances will, accordingly, depend materially on the amount of revenue realized from distributions received by the Company from Goodegg Wealth Fund II, LLC, as well as other material factors and events affecting the business of the Company prior to the date of any such dissolution or termination and the amount of claims to be satisfied resulting therefrom.

The condition of the U.S. and global financial markets is volatile and cannot be predicted. Prospective Investors should be aware that the U.S. and global financial markets are currently somewhat volatile and that the condition of the financial markets has been erratic at times in recent years. Any weakening of the markets or instability could adversely affect the Company's ability to conduct its business and make needed purchases and investments. Prospective Investors should be aware that periods of weak economic performance globally, in the United States or regionally could adversely affect the Company's business and any investments or purchases that it has made or

will make. Further, financial market instability could result in significant regulatory changes that could have an unpredictable impact on the Company's business.

Risks Related to Conflicts of Interest

There may be conflicts of interest between the Manager and the Company, which might not be resolved in your favor. The Manager may be involved in other business activities and may get involved in other business activities in the future. The Manager will have to allocate their time between the Company and other activities in which they are involved. If they do not devote sufficient time to the business of the Company, the Company's business and results of operations could be negatively impacted.

The Manager will engage in other activities outside of the Company that could cause conflicts of interest. The principals of the Manager may be engaged in activities other than this Offering and the business of the Company. The Manager may have conflicts of interest in allocating time, services, and functions between various existing and future enterprises. The Manager may organize other business ventures that may compete with the Company.

No arm's-length negotiations of compensation. None of the agreements or arrangements, including those relating to compensation, among the Company and the Company Manager, is the result of arm's-length negotiations.

ERISA Risks

Investment considerations for tax-exempt Prospective Investors. In considering an investment in the Units of a portion of the assets of a trust or a pension or profit-sharing plan qualified under Section 401(a) of the Code and exempt from tax under Section 501(a) (a "Qualified Plan"), a fiduciary should consider the following:

- whether the investment satisfies the diversification requirements of Section 404 of the Employee Retirement Income Security Act of 1974 ("ERISA");
- whether the investment is prudent, since the Units are not freely transferable and there will not be a trading market created in which he/she can sell or otherwise dispose of the Units;
- whether the Units or other assets owed by the Company constitute "Plan Assets" under ERISA; and
- the possibility that, in certain circumstances, pursuant to the terms and conditions of the Subscription Agreement, a portion of the assets may have to be liquidated from the Qualified Plan and invested in the Units in an individual name, subject to the Company's right to seek qualification as a Real Estate Operating Company which would exempt the Company from this requirement.

See "Investment by Qualified Plans and Individual Retirement Accounts."

Considerations that trustees, custodians and fiduciaries must take into account before investing in the Units. Trustees, custodians and fiduciaries of retirement and other plans subject to ERISA or Code Section 4975 (including individual retirement accounts) should consider, among

other things:

- that the plan, although generally exempt from federal income taxation, would be subject to income taxation if its income from an investment in the Company and other unrelated business taxable income exceeds One Thousand Dollars and 00/100 (\$1,000) in any taxable year;
- whether an investment in the Company is advisable given the definition of plan assets under ERISA and the status of Department of Labor regulations regarding the definition of plan assets;
- whether the investment is in accordance with plan documents and satisfies the diversification requirements of Section 404(a) of ERISA;
- whether the investment is prudent under Section 404(a) of ERISA, considering the nature of an investment in, and the compensation structure of, the Company and the potential lack of liquidity of the Units;
- that the Company and the Company Manager have no history of operations; and
- whether the Company or any Affiliate is a fiduciary or party in interest to the plan.

The prudence of a particular investment must be determined by the responsible fiduciary taking into account all the facts and circumstances of the qualified plan and of the investment. See “Federal Income Tax Matters” and “Investment by Qualified Plans and Individual Retirement Accounts.”

Risks Relating to Retirement Plan Investors

Investment by retirement plans generally. In considering an investment in the Units of a portion of the assets of a pension or profit-sharing plan qualified under Section 401(a) of the Code and exempt from tax under Section 501(a), a fiduciary should consider if: (a) the investment satisfies the diversification requirements of Section 404 of the Employee Retirement Income Security Act of 1974 and regulations adopted pursuant thereto by the U.S. Department of Labor (ERISA); (b) the investment is prudent, since the Units are not freely transferable and there may not be a market created in which the fiduciary can sell or otherwise dispose of the Units; (c) the underlying assets owned by the Company could be deemed to be “plan assets” under ERISA; (d) the possibility that, in certain circumstances, pursuant to the terms and conditions of the Subscription Agreement, a portion of the Qualified Plan assets may have to be liquidated from the Qualified Plan and invested in the Units in an individual name, subject to the Company’s intent to seek qualification as a Real Estate Operating Company which may exempt the Company from this requirement; and (e) whether the investment otherwise complies with ERISA and the Code.

Plan assets. If the underlying assets owned by the Company are deemed to be assets of a qualified plan or IRA that is considered to be investing in the Company’s equity, operations will be severely limited. In such case, the Company Manager may be considered a plan fiduciary and contemplated transactions described herein may be deemed to be “prohibited transactions” subject to excise taxation under the Internal Revenue Code. The standards of prudence and other provisions of ERISA would extend to the Company Manager with respect to investments made by us. We have not requested or obtained an opinion of counsel regarding such matters and have not obtained or sought any rulings from the U.S. Department of Labor regarding the same. In the event

the Property of the Company are deemed to constitute plan assets or certain of our transactions constitute “prohibited transactions” under ERISA or the Internal Revenue Code and we can obtain no exemption for such transactions, we have the right, but not the obligation (upon notice to all Members, but without the consent of any said parties), to (i) terminate the Offering of Units, (ii) compel a termination and dissolution of the Company or (iii) restructure our activities to the extent necessary to comply with any exception in the Department of Labor Regulations or any prohibited transaction exemption granted by the Department of Labor or any condition which the Department of Labor might impose as a condition to granting a prohibited transaction exemption.

We may not generate sufficient liquidity to satisfy IRA minimum distribution requirements. Any potential investor who intends to purchase Units for his or her IRA and any trustee of an IRA or other fiduciary of a retirement plan considering an investment in our Units should consider particularly the limited liquidity of an investment in the Units as they relate to applicable minimum distribution requirements under the Internal Revenue Code. If the Units are still held and the Company’s underlying assets and Property have not yet been sold at such time as mandatory distributions are required to commence to an IRA beneficiary or qualified plan participant, applicable provisions of the Internal Revenue Code and regulations may require that a distribution in kind of the Units be made to the IRA beneficiary or qualified plan participant. Any such distribution in kind of Units must be included in the taxable income of the IRA beneficiary or qualified plan participant for the year in which the Units are received at the fair market value of the Units without any corresponding cash distributions with which to pay the income tax liability arising out of any such distribution.

Tax Risks

There are risks associated with the federal income tax aspects of an investment in the Company. The Internal Revenue Service (“IRS”) could potentially examine tax issues that could affect the Company. Moreover, the income tax consequences of an investment in the Company are complex and tax legislation could be enacted and regulations adopted in the future to the detriment of Members. The following paragraphs summarize some of the tax risks to the Members who own the Units. A discussion of the tax aspects of the investment is set forth in “Federal Income Tax Matters.” Because the tax aspects of this Offering are complex and may differ depending on individual tax circumstances, each prospective investor must consult with and rely on his/her own, independent tax advisor concerning the tax aspects of the Offering and his/her individual situation.

No representation or warranty of any kind whatsoever is made with respect to the acceptance by the IRS of the treatment of any item by the Company or by any Member.

An IRS audit of the Company’s books and records could result in an audit of a Member’s income tax returns. The Company’s federal income tax returns could potentially be audited by the IRS. Such an audit could result in the challenge and disallowance of some of the deductions claimed in such returns. The Company does not assure or give a warranty of any kind with respect to the deductibility of any such items in the event of either an audit or any litigation resulting from an audit.

A risk exists that the Company will be taxed as a corporation and not as a partnership. The

Company Manager intends for the Company to be taxed as a partnership for federal income tax purposes. If the Company were to be treated for tax purposes as a corporation, the tax benefits associated with an investment in the Company, if any, would not be available to the Members. The Company would, among other things, pay income tax on its earnings in the same manner and at the same rate as a corporation, such earnings would be subject to tax again as ordinary income when distributed to the Members, and losses, if any, would not be deductible by the Members.

Because of the probability of Unrelated Business Taxable Income, an investment in the Company is not appropriate for a charitable remainder trust. The Company may generate unrelated business taxable income (“UBTI”) from its assets or debt financing, although a Qualified Plan may be eligible for an exemption therefrom. Tax-exempt entities must consult their own tax counsel regarding the effect of any UBTI. **Due to the likely presence of UBTI, an investment in the Units is not appropriate for a Charitable Remainder Trust.**

The IRS could disallow various deductions claimed. The availability, timing and amount of deductions or allocations of income of the Company will depend not only upon general legal principles but also upon various determinations that are subject to potential controversy on factual and other grounds. Such determinations could include, among other things, the allocation of basis to buildings, land, leaseholds, personal Property and other assets, as applicable. If the IRS were successful, in whole or in part, in challenging the Company on these issues, the federal income tax benefits of an investment in the Company could be materially reduced.

Limitations exist on losses and credits from passive activities. A Member’s share of the Company’s taxable income and loss will likely be considered to be derived from a passive activity. Deductions in excess of income (i.e. losses) from passive trade or business activities generally may not be used to offset “portfolio income” (i.e. interest, dividends and royalties, salary or other active business income). However, deductions from passive activities generally may be used only to offset income from passive activities. Interest deductions attributable to passive activities are treated as passive activity deductions 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. 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, which would include holding an interest as a Member. Thus, the Company’s Net Income and Net Loss will likely constitute income and loss from a passive activity.

The IRS may challenge the allocation of net income and net losses. In order for the allocations of income, gains, deductions, losses and credits under the Company Operating Agreement to be recognized for tax purposes, such allocations must possess substantial economic effect. The Company cannot assure you that the IRS will not claim that such allocations lack substantial economic effect. If any such challenge to the allocation of losses to any Member were upheld, the tax treatment of the investment for such Member could be adversely affected.

A Member may have taxable income that exceeds the amount of cash distributions received. A Member’s taxable income resulting from his/her interest in the Company may exceed the cash distributions that such Member receives from the Company. This may occur because the Company’s receipts may constitute taxable income but its expenditures may constitute

nondeductible capital expenditures or loan repayments. Thus, a Member's tax liability generally may exceed his/her/its share of cash distributions from the Company. The same tax consequences may result from the sale or transfer of a Member's Units, whether voluntary or involuntary, and may produce ordinary income or capital gain or loss.

A Member could be liable for Alternative Minimum Tax. The alternative minimum tax applies to certain items of tax preference. The limitations on the deduction of passive losses also apply for purposes of computing alternative minimum taxable income.

If the IRS were to audit the Company a Member could be liable for accuracy related penalties and interest. In the event of an audit in which Company deductions are disallowed, the IRS could assess significant penalties and interest on tax deficiencies. The Code provides for penalties relating to the accuracy of income tax returns equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement which is attributable to: (1) negligence; (2) any substantial understatement of income tax; or (3) any substantial valuation misstatement. Additional interest may be imposed on underpayments relating to tax shelters. The Company Manager believes that the Company is not a "tax shelter," as defined, and that there is substantial support for the positions to be taken by the Company on its income tax returns. However, the Company cannot assure you that the IRS will agree with these positions.

Changes in federal income tax law could adversely affect an investment in the Company. Congress enacts new tax laws on a regular basis which make significant changes to the federal tax law. In addition, Congress could make additional changes in the future to the income tax consequences with respect to an investment in the Company. In addition, Congress is currently analyzing and reviewing numerous proposals regarding changes to the federal income tax laws. The extent and effect of such changes, if any, is uncertain.

The discussion of tax consequences contained herein is a summary of tax considerations based on the law, court rulings and regulations presently in effect and true. Nonetheless, Prospective Investors should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of the Company at any time, which could have a material adverse effect on the Company and Members.