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CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

BLACK DOCTORS REAL ESTATE FUND, LLC

A NEW YORK LIMITED LIABILITY COMPANY

Sponsored By
BLACK REAL ESTATE FORUM, LLC

MAXIMUM OFFERING: $5,000,000.00

(SUBJECT TO AN OVERALLOTMENT AMOUNT OF $500,000.00)

SECURITY OFFERED: CLASS A AND CLASS B PREFERRED LIMITED LIABILITY COMPANY INTERESTS

PRICE PER CLASS A: $1,000 ($10,000 MINIMUM INVESTMENT)

PRICE PER CLASS B: $1,000 ($100,000 MINIMUM INVESTMENT)

CLASS A INTERESTS: PREFERRED RETURN: 15%

CLASS B INTERESTS: PREFERRED RETURN: 20%

MANAGER:

BLM MANAGER, LLC.
A NEW YORK CORPORATION
C/O THOMAS LOPEZ-PIERRE
927 Columbus Avenue
New York, New York 10025

THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE CLASS A OR CLASS B INTERESTS DESCRIBED HEREIN IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SALE.

THIS INVESTMENT INVOLVES A DEGREE OF RISK THAT MAY NOT BE SUITABLE FOR ALL PERSONS. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD PARTICIPATE IN THE INVESTMENT.

MARCH 30, 2025

DIRECTORY

Manager

BLM MANAGER, LLC
927 Columbus Avenue
New York, New York 10025
Attention: Thomas Lopez-Pierre

Company Accountant

T. Howton & Co., Inc.
1551 Kellum Place
Mineola, New York 11501
Attention: Tobayi Howton, CPA

Counsel to the Company

McKennon Shelton & Henn LLP
410 East Pratt St., Suite 2600
Baltimore, Maryland 21202
Attention: Sulee Clay, Esq.

Real Estate Attorney

Law Offices of Derek Warner, Esq.
186 Montague Street, 4th Floor
Brooklyn, New York 11201
Attention: Derek Warner, Esq.

Investor Relations Consultant

Black Real Estate Forum, LLC
927 Columbus Avenue
New York, New York 10025
Attention: Thomas Lopez-Pierre

BLACK DOCTORS REAL ESTATE FUND, LLC

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (TOGETHER WITH ANY SUPPLEMENT HERETO, THIS "**MEMORANDUM**") IS BEING FURNISHED ON A CONFIDENTIAL BASIS TO PROSPECTIVE INVESTORS CONSIDERING THE PURCHASE OF CLASS A OR CLASS B LIMITED LIABILITY COMPANY INTERESTS ("**CLASS A INTERESTS**" AND "**CLASS B INTERESTS"**) IN BLACK DOCTORS REAL ESTATE FUND, LLC, A NEW YORK LIMITED LIABILITY COMPANY (THE "**COMPANY**"). ANY REPRODUCTION OR DISTRIBUTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DISCLOSURE OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF BLM MANAGER, LLC., A NEW YORK CORPORATION (THE "**MANAGER**") IS PROHIBITED AND ALL RECIPIENTS AGREE THAT THEY WILL KEEP CONFIDENTIAL ALL INFORMATION CONTAINED HEREIN AND NOT ALREADY IN THE PUBLIC DOMAIN AND WILL USE THIS MEMORANDUM FOR THE SOLE PURPOSE OF EVALUATING A POSSIBLE INVESTMENT IN THE COMPANY. BY ACCEPTING THIS MEMORANDUM, YOU AGREE TO THE FOREGOING.

BY ACCEPTING DELIVERY OF THIS MEMORANDUM, YOU AGREE TO RETURN IT AND ANY OTHER DOCUMENT OR INFORMATION FURNISHED TO YOU BY OR ON BEHALF OF THE COMPANY OR THE MANAGER, AND TO DESTROY NOTES TAKEN IF YOU ELECT NOT TO ACQUIRE ANY CLASS A OR CLASS B INTERESTS OR IF THE OFFERING IS TERMINATED OR WITHDRAWN.

IF THIS MEMORANDUM HAS BEEN RECEIVED BY ANY PERSON OTHER THAN AN INTENDED RECIPIENT OR FROM ANY SENDER OTHER THAN THE COMPANY, THEN THERE IS A PRESUMPTION THAT THIS MEMORANDUM HAS BEEN IMPROPERLY REPRODUCED AND DISTRIBUTED, IN WHICH CASE THE COMPANY, THE MANAGER, OR EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS AND MANAGERS DISCLAIM ANY RESPONSIBILITY FOR ITS CONTENT AND USE.

THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE TO REVIEW BEFORE INVESTING IN THE COMPANY. IN MAKING YOUR INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EVALUATION OF THE COMPANY, THE PROJECT (AS DEFINED BELOW), THE CLASS A AND CLASS B INTERESTS, AND THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

NEITHER THIS MEMORANDUM NOR THE CLASS A AND CLASS B INTERESTS HAVE BEEN APPROVED BY ANY REGULATORY OR SUPERVISORY AUTHORITY OF ANY STATE OR BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAS ANY SUCH AUTHORITY OR COMMISSION PASSED ON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM, AND THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CORRECTION, COMPLETION, VERIFICATION AND AMENDMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING

OF CLASS A AND CLASS B INTERESTS. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX, INVESTMENT OR OTHER ADVICE. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR INVESTMENT IN THE COMPANY FOR AN INDEFINITE PERIOD OF TIME. INVESTMENT IN THE CLASS A AND/OR CLASS B INTERESTS WILL INVOLVE SIGNIFICANT RISKS DUE TO, AMONG OTHER THINGS, THE NATURE OF THE COMPANY'S PROJECTS AND THE FACT THAT THERE WILL BE NO PUBLIC MARKET FOR THE CLASS A AND/OR CLASS B INTERESTS. PROSPECTIVE INVESTORS SHOULD HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISKS AND LACK OF LIQUIDITY THAT ARE CHARACTERISTIC OF THE INVESTMENT IN THE COMPANY DESCRIBED HEREIN. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S INVESTMENT OBJECTIVES WILL BE ACHIEVED OR THAT INVESTORS WILL RECEIVE A RETURN OF THEIR CAPITAL. INVESTORS COULD LOSE THE ENTIRE VALUE OF THEIR INVESTMENT. EACH PROSPECTIVE INVESTOR IS STRONGLY URGED TO CONSULT ITS LEGAL, FINANCIAL AND TAX ADVISORS TO DETERMINE THE MERITS AND RISKS OF AN INVESTMENT IN THE COMPANY.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE CLASS A AND/OR CLASS B INTERESTS IN ANY JURISDICTION IN WHICH OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. THIS OFFERING DOES NOT CONSTITUTE AN OFFER OF CLASS A AND/OR CLASS B INTERESTS TO THE PUBLIC, AND NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT A PUBLIC OFFERING IN ANY STATE OR JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT PURPOSE.

ADDITIONAL NOTICES WITH RESPECT TO AN INVESTMENT IN THE COMPANY BY CERTAIN INVESTORS IS SET FORTH AT THE BACK OF THIS MEMORANDUM.

THE CLASS A AND/OR CLASS B INTERESTS OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE CLASS A AND/OR CLASS B INTERESTS WILL BE OFFERED AND SOLD UNDER THE EXEMPTION PROVIDED BY THE SECURITIES ACT AND THE RULES PROMULGATED THEREUNDER AND OTHER EXEMPTIONS OF SIMILAR IMPORT IN THE LAWS OF THE STATES AND JURISDICTIONS WHERE THE OFFERING WILL BE MADE. AS SUCH, EACH PURCHASER OF THE CLASS A AND/OR CLASS B INTERESTS OFFERED HEREBY MUST BE AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT, UNLESS OTHERWISE AGREED TO BY THE MANAGER. THE COMPANY WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), CONSEQUENTLY, INVESTORS WILL NOT BE AFFORDED THE PROTECTIONS OF THE INVESTMENT COMPANY ACT.

THE CLASS A AND CLASS B INTERESTS OFFERED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE

TRANSFERRED OR RESOLD EXCEPT (A) AS PERMITTED UNDER THE COMPANY'S LIMITED LIABILITY COMPANY OPERATING AGREEMENT (AS SUCH AGREEMENT MAY BE AMENDED FROM TIME TO TIME, THE "**OPERATING AGREEMENT**"), AND THE COMPANY'S SUBSCRIPTION AGREEMENT FOR THE PURCHASE OF THE CLASS A AND/OR CLASS B INTERESTS (THE "**SUBSCRIPTION AGREEMENT**") AND (B) AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THERE IS NO PUBLIC MARKET FOR CLASS A AND/OR CLASS B INTERESTS AND NO SUCH MARKET IS EXPECTED TO DEVELOP IN THE FUTURE.

CLASS A AND CLASS B INTERESTS ARE OFFERED SUBJECT TO PRIOR SALE, AND SUBJECT TO THE RIGHT OF THE MANAGER TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART.

THIS MEMORANDUM CONTAINS INFORMATION ABOUT THE COMPANY'S PLANS AND EXPECTED PERFORMANCE OF THE PROJECTS, THE INVESTMENT AND THE PLANS (ALL AS DEFINED BELOW). THERE CAN BE NO ASSURANCE THAT THE COMPANY, THE PROJECT, OR THE DEVELOPER WILL BE ABLE TO SUCCESSFULLY IMPLEMENT THEIR PLANS AS DESCRIBED IN THIS MEMORANDUM OR THAT EXPECTATIONS REGARDING THE PERFORMANCE WILL NOT DIFFER FROM ACTUAL PERFORMANCE. DO NOT RELY ON ANYTHING IN THIS MEMORANDUM AS A PROMISE OR REPRESENTATION REGARDING THE FUTURE PERFORMANCE OF THE COMPANY, THE PROJECT, OR THE INVESTMENT.

EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE OF THIS MEMORANDUM AS INDICATED ON THE FRONT PAGE, REGARDLESS OF THE TIME OF DELIVERY OF THIS MEMORANDUM OR ANY SALE OF THE CLASS A AND/OR CLASS B INTERESTS OFFERED HEREBY, AND THE INFORMATION IS ACCURATE ONLY AS OF THAT DATE. THE DELIVERY OF THIS MEMORANDUM OR SALE OF CLASS A AND/OR CLASS B INTERESTS DOES NOT IMPLY THAT THE COMPANY HAS NOT CHANGED SINCE THE DATE OF THIS MEMORANDUM OR THAT THE INFORMATION IN THIS MEMORANDUM IS CORRECT AT ANY TIME AFTER THE DATE OF THIS MEMORANDUM. THE COMPANY DISCLAIMS RESPONSIBILITY TO UPDATE THIS MEMORANDUM AFTER THE DATE ON THE FRONT PAGE.

THIS MEMORANDUM SHOULD NOT BE CONSTRUED AS LEGAL, IMMIGRATION, INVESTMENT, BUSINESS, FINANCIAL, FOREIGN EXCHANGE, OR TAX ADVICE. BEFORE YOU INVEST IN THE COMPANY, YOU SHOULD CONSULT YOUR OWN LEGAL, IMMIGRATION, INVESTMENT, BUSINESS AND TAX ADVISORS.

PROSPECTIVE INVESTORS SHOULD READ THIS MEMORANDUM CAREFULLY BEFORE DECIDING WHETHER TO PURCHASE THE CLASS A AND/OR CLASS B INTERESTS OFFERED HEREBY AND SHOULD PAY PARTICULAR ATTENTION TO THE INFORMATION UNDER SECTION V - *"RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST."*

THE OBLIGATIONS OF THE MANAGER AND MEMBERS OF THE COMPANY ARE SET FORTH IN AND WILL BE GOVERNED BY THE SUBSCRIPTION AGREEMENT AND THE

OPERATING AGREEMENT, BOTH OF WHICH ARE SUBJECT TO REVISION PRIOR TO ISSUANCE AND DELIVERY OF THE SECURITIES OFFERED HEREBY. ALL OF THE STATEMENTS AND INFORMATION CONTAINED HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THOSE AGREEMENTS. PRIOR TO THE INITIAL CLOSING OF THE COMPANY, THE MANAGER RESERVES THE RIGHT TO MODIFY ANY OF THE TERMS OF THE OFFERING AND THE CLASS A AND/OR CLASS B INTERESTS.

THE COMPANY HAS NOT AUTHORIZED ANYONE TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFERING OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS MEMORANDUM. THE COMPANY TAKES NO RESPONSIBILITY FOR, AND CAN PROVIDE YOU WITH NO ASSURANCE AS TO THE RELIABILITY OF, ANY OTHER INFORMATION THAT OTHERS MAY GIVE YOU. PRIOR TO THE SALE OF CLASS A AND/OR CLASS B INTERESTS, THE COMPANY WILL ALLOW PROSPECTIVE INVESTORS TO ASK QUESTIONS OF THE COMPANY CONCERNING THE CLASS A AND/OR CLASS B INTERESTS, THE COMPANY, THE COMPANY'S BUSINESS, THE COMPANY'S MANAGEMENT AND OTHER RELEVANT MATTERS, AND TO OBTAIN ADDITIONAL INFORMATION AVAILABLE TO THE COMPANY WITHOUT UNREASONABLE EXPENSE. YOU SHOULD NOT SUBSCRIBE FOR THE CLASS A AND/OR CLASS B INTERESTS UNLESS YOU ARE SATISFIED THAT YOU – EITHER ON YOUR OWN OR TOGETHER WITH YOUR INVESTMENT REPRESENTATIVE – HAVE ASKED FOR AND RECEIVED ALL INFORMATION THAT WOULD ENABLE YOU TO EVALUATE THE MERITS AND RISKS OF THE PROPOSED INVESTMENT.

EACH PROSPECTIVE INVESTOR IS INVITED TO MEET WITH REPRESENTATIVES OF THE COMPANY AND TO DISCUSS WITH, ASK QUESTIONS OF AND RECEIVE ANSWERS FROM SUCH REPRESENTATIVES CONCERNING THE TERMS OF THE OFFERING OF THE CLASS A AND CLASS B INTERESTS AND TO OBTAIN ANY ADDITIONAL INFORMATION NECESSARY TO VERIFY THE INFORMATION CONTAINED HEREIN, TO THE EXTENT THAT SUCH REPRESENTATIVES POSSESS SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

CERTAIN INFORMATION CONTAINED HEREIN CONCERNING ECONOMIC TRENDS AND THE STATE OF COMPANY PROJECTS HAS BEEN OBTAINED OR IS DERIVED FROM SOURCES PREPARED BY THIRD PARTIES. WHILE SUCH INFORMATION IS BELIEVED TO BE RELIABLE FOR THE PURPOSES USED HEREIN, NONE OF THE COMPANY, THE MANAGER OR ITS AFFILIATES (OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, SHAREHOLDERS OR AGENTS) ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OF SUCH INFORMATION. THE COMPANY HAS NOT INVESTIGATED THE ACCURACY OF THIS INFORMATION AND HAS NOT INDEPENDENTLY VERIFIED THE ASSUMPTIONS ON WHICH SUCH INFORMATION IS BASED.

CERTAIN INFORMATION CONTAINED IN THIS MEMORANDUM CONSTITUTES "FORWARD-LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, ACTUAL EVENTS OR RESULTS OR THE ACTUAL PERFORMANCE OF THE COMPANY MAY MATERIALLY DIFFER FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS.

THE COMPANY IS OFFERING CLASS A AND CLASS B INTERESTS SOLELY PURSUANT TO THIS MEMORANDUM, AND ANY INFORMATION REGARDING THE COMPANY OR THE CLASS A AND CLASS B INTERESTS THAT IS NOT CONTAINED IN THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFERING OF CLASS A AND CLASS B INTERESTS. NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN AS CONTAINED IN THIS MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, OR THE MANAGER OR ANY OF THEIR AFFILIATES (OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, PARTNERS, MANAGERS, SHAREHOLDERS OR AGENTS). ANY PURCHASE OF CLASS A AND CLASS B INTERESTS MADE BY ANY INVESTOR ON THE BASIS OF INFORMATION OR REPRESENTATIONS NOT CONTAINED HEREIN OR INCONSISTENT HEREWITH SHALL BE SOLELY AT THE RISK OF SUCH INVESTOR. ALL TIME-SENSITIVE REPRESENTATIONS AND REFERENCES ARE MADE AS OF MARCH 30, 2025, UNLESS OTHERWISE EXPRESSLY INDICATED. THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO SUCH DATE.

LEGAL COUNSEL

THE COMPANY'S LEGAL COUNSEL, MCKENNON SHELTON & HENN LLP ("**MSH**"), HAS BEEN ENGAGED TO ACT SOLELY AS COUNSEL TO THE COMPANY IN CONNECTION WITH THE COMPANY'S ORGANIZATION AND THE COMPANY'S OFFERING OF CLASS A AND CLASS B INTERESTS PURSUANT TO THIS MEMORANDUM. MSH WILL NOT BE ENGAGED TO PROTECT THE CLASS A AND CLASS B INTERESTS OF PROSPECTIVE INVESTORS OR MEMBERS WITH RESPECT TO THE COMPANY OR THE OFFERING AND SHOULD NEVER BE VIEWED AS REPRESENTING ANY PROSPECTIVE INVESTOR IN THE COMPANY WITH RESPECT TO CORPORATE MATTERS OR THE OFFERING. PROSPECTIVE INVESTORS SHOULD CONSULT WITH AND RELY UPON THEIR OWN INDEPENDENT COUNSEL CONCERNING AN INVESTMENT IN THE COMPANY, INCLUDING, WITHOUT LIMITATION, FOR CORPORATE MATTERS AND TAX CONSEQUENCES.

MARKET AND INDUSTRY DATA

THE MEMORANDUM INCLUDES MARKET AND INDUSTRY DATA THAT THE COMPANY HAS DEVELOPED FROM INFORMATION FROM THE MANAGER, OTHER THIRD-PARTY REPORTS, PUBLICLY AVAILABLE INFORMATION, VARIOUS INDUSTRY PUBLICATIONS, AND OTHER PUBLISHED INDUSTRY SOURCES. INDUSTRY SURVEYS AND PUBLICATIONS GENERALLY STATE THAT THE INFORMATION CONTAINED THEREIN HAS BEEN OBTAINED FROM SOURCES BELIEVED TO BE RELIABLE, BUT THERE CAN BE NO ASSURANCE AS TO THE ACCURACY AND COMPLETENESS OF SUCH INFORMATION. THE COMPANY AND THE MANAGER HAVE NOT INDEPENDENTLY VERIFIED SUCH MARKET AND INDUSTRY DATA. SIMILARLY, INTERNAL SURVEYS BY THE COMPANY AND THE MANAGER, WHILE BELIEVED TO BE RELIABLE, HAVE NOT BEEN VERIFIED BY ANY INDEPENDENT SOURCES.

THIS MEMORANDUM AND THE EXHIBITS ATTACHED TO HERETO CONTAIN CERTAIN FORWARD-LOOKING STATEMENTS. THE COMPANY USES WORDS SUCH AS "ANTICIPATES," "EXPECTS," "INTENDS," "WILL," "MAY," "PLANS," "BELIEVES," "SEEKS," "ESTIMATES" AND VARIATIONS OF THESE WORDS AND SIMILAR EXPRESSIONS TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE ARE FURTHER SUBJECT TO CERTAIN RISKS, UNCERTAINTIES, AND OTHER FACTORS THAT ARE DIFFICULT TO PREDICT AND COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR FORECASTED. THESE RISKS AND UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO, THOSE DESCRIBED IN "*RISK FACTORS*" AND ELSEWHERE IN THIS MEMORANDUM. THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE THESE STATEMENTS OR TO REPORT THE RESULT OF ANY REVISION TO THE FORWARD-LOOKING STATEMENTS THAT THE COMPANY MAY MAKE TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE OF THIS MEMORANDUM OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

NO INVESTMENT ADVICE

INVESTORS ACKNOWLEDGE AND AGREE THAT: (I) THE COMPANY AND THE MANAGER (AND THEIR RESPECTIVE AFFILIATES, DIRECTORS AND OFFICERS) HAVE NOT GIVEN, AND HAVE NO AUTHORITY TO GIVE, ANY INVESTMENT ADVICE WITH RESPECT TO THE PURCHASE OF A SECURITY, AND (II) SUCH INVESTOR HAS NOT REQUESTED OR OTHERWISE SOUGHT ANY SUCH INVESTMENT ADVICE FROM THE COMPANY OR THE MANAGER (OR THEIR RESPECTIVE AFFILIATES, DIRECTORS AND OFFICERS). INVESTMENT ADVICE MAY HAVE BEEN GIVEN BY INTERMEDIARIES WHO ARE MARKETING THE CLASS A AND CLASS B INTERESTS AND UNAFFILIATED WITH THE COMPANY OR THE MANAGER (OR THEIR RESPECTIVE AFFILIATES, DIRECTORS AND OFFICERS) AND SHOULD NOT BE CONSIDERED INVESTMENT ADVICE GIVEN BY THE COMPANY OR THE MANAGER (OR THEIR RESPECTIVE AFFILIATES, DIRECTORS AND OFFICERS).

CIRCULAR 230 DISCLOSURE

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT ANY STATEMENTS CONCERNING U.S. FEDERAL TAX MATTERS IN THIS MEMORANDUM WERE NOT INTENDED OR WRITTEN FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE U.S. INTERNAL REVENUE CODE, AND YOU CANNOT USE THEM FOR THAT PURPOSE. WE HAVE INCLUDED THESE STATEMENTS TO SUPPORT THE PROMOTION OR MARKETING OF THE OFFERING OR THE OTHER MATTERS DISCUSSED IN THIS MEMORANDUM. YOU SHOULD SEEK ADVICE BASED ON YOUR OWN PARTICULAR CIRCUMSTANCES REGARDING THE EFFECT OF FEDERAL, STATE, LOCAL AND FOREIGN TAXES ON AN INVESTMENT IN THE COMPANY.

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Overview

The Black Doctors Real Estate Fund, LLC, a New York limited liability company (the "**Company**") is offering (the "**Offering**") Class A Memberships (the "**Class A Interests**") and Class B Memberships (the "**Class B Interests**") in a private placement pursuant to the Securities Act, and Regulation D promulgated thereunder.

The Company is a private real estate company that will sponsor and develop real estate projects utilizing capital raised pursuant to Regulation D, Regulation CF, and Regulation A+ of the Securities Act of 1933, as amended. The Company plans to raise capital from Investors to invest in real estate with Black real estate developers in Black communities across America (including Puerto Rico and the U.S. Virgin Islands).

The Members agree that the Company will be able to utilize funds from this offering to organize, launch and market one or more Regulation D offerings and crowd financed Regulation CF offerings and/or Regulation A+ offerings, to operate as parallel offerings to the Company.

The Company is initially focused on multi-family and "fix and flip" residential real estate, but it may also pursue projects involving other asset classes, such as hotels, student and senior housing, office, retail, data centers and unimproved land, depending on the availability of suitable investment opportunities.

The Investors will hold Class A Interests and Class B Interests (as defined below). The Manager will hold Class C Membership Interests of the Company (the "**Class C Interests**"). Class C Interests are junior in right of payment to the Class A Interests and Class B Interests as further described below *See [Description of the Securities]*.

This is a best-efforts Offering. Subscriptions are not revocable, and the Company will accept them on a rolling basis with no minimum number of subscriptions required. Potential Investors should be aware that there is no assurance that any monies besides their own will be invested in the Company. If this Offering yields less than projected proceeds the Company will need to secure alternate sources of funding such as a Regulation CF Offering and/or Regulation D Offering, which may increase risks to potential Investors. *See Risk Factors – Risks Related to "Best Efforts" Offering*.

Other than tax distributions, prior to making any distributions of Net Profits (as defined) to the Manager or any other Class C Members, the holders of Class A Interests will be entitled to receive an amount equal to their total capital contributions to the Company plus a preferred return (the "**Preferred Return**" **for Class A Interests**) equal a one-time, non-annual, non-compounding amount equal to 15% multiplied by such holder's total capital contributions to the Company (the "**Class A Liquidation Preference**"). Class B Interests will be entitled to receive an amount equal to their total capital contributions to the Company plus a preferred return (the "**Preferred Return**" **for Class B Interests**) equal a one-time, non-annual, non-compounding amount equal to 20% multiplied by such holder's total capital contributions to the Company (the "**Class B Liquidation Preference**").With respect to any distributions of Net Profits declared by the Manager, thereafter, including upon a sale or liquidation of the Company or any of the Projects, the holders of Class A Interests and Class B Interests will jointly

receive 50% and the holders of Class C Interests will receive 50% of any such distributions. Any distributions will be in the sole discretion of the Manager.

"**Net Profits**" mean, the net proceeds realized from the sale, transfer, or other disposition of the Project, after deducting the payment of Company expenses, including the cost of any Company indebtedness, fees, certain exceptions, and the establishment of appropriate reserves. The Investors will be entitled to receive the Liquidation Preference before the Manager, or any other Class C Member will be entitled to receive any distribution from the Company (other than tax distributions).

The Company's offices are located at 927 Columbus Avenue, New York, New York 10025. All communications should be directed to Thomas Lopez-Pierre at (646) 363-9047 or info@blackdoctorsrealestatefund.com.

Only persons who are "accredited Investors" (as defined under the federal securities laws) may purchase Class A Interests and/or Class B Interests and become members of the Company (each a "**Class A Member**" and/or "**Class B Member**"). Holders of Class C Interests are referred to herein as "**Class C Members**" and, collectively with the Class A Members and Class B Members, the "**Members.**" For purposes of this Memorandum, Class A Members and Class B Members may also be referred to herein as "**Investors**."

The Manager BLM Manager, LLC, a New York corporation, is the managing member of the Company (the "**Manager**"). The Manager will hold the Class C Interests. The "**Key Person**" of the Manager is Thomas Lopez-Pierre. The Key Person shall control all of the Company's operations and activities.

The Manager will control the day-to-day business and operations of the Company, will review and determine the appropriateness and desirability of the Projects and will be the primary portfolio manager of the Company.

Mr. Thomas Lopez-Pierre.

Mr. Thomas Lopez-Pierre is a New York State Licensed Real Estate Broker (for 15+ years) and Fund Manager of the Black Doctors Real Estate Fund, LLC (a related corporation to the Urban Real Estate Fund, LLC).

Key Terms of the Operating Agreement

Capital Contributions by Members. Initially, each Member must commit to making capital contributions to the Company in an amount to be determined by the Manager and such Member and set forth on Schedule I of the Operating Agreement (each, a "**Commitment**"). As determined from time to time by the Manager, the Manager will require a capital contribution to the Company (each, a "**Capital Contribution**").

In connection with admission to the Company, each Member shall make an initial Capital Contribution to the Company of at least $10,000 by purchasing a minimum of 10 Class A Interests at $1,000 each or $100,000 by purchasing a minimum of 100 Class B Interests at $1,000 each. The Manager may accept a lower Capital Contribution, in its sole discretion. No Member shall be obligated to contribute to the Company any amount in excess of such Member's Commitment. Each Member's

Capital Contributions shall be payable in cash or in immediately available funds by wire transfer to a Company account designated by the Manager.

Manager shall admit Investors as Members at the following times:

i. The Manager shall admit the initial group of Members at such time as it has received acceptable subscriptions from one or more Investors undertaking to make Capital Contribution (the date of such admission being referred to herein as the "**Initial Admission Date**"). The total Capital Contribution of all Members admitted to the Company are referred to in this Agreement as the "**Total Capital Contribution**."

ii. The Manager may admit Investors as Members from time to time after the Initial Admission Date (each such interim admission date being referred to as an "**Interim Admission Date**"), until the final admission date (the "**Final Admission Date**") which shall be the date as the Manager shall determine.

The Offering shall be on a rolling basis until the Manager determines the Final Admission Date.

Company Term. The term of the Company began on the date the Certificate of Formation was filed with the Office of the New York Secretary of State, or March 24, 2025. The Company shall continue until, and the Company shall dissolve on, the first to occur of:

(i) the Involuntary Withdrawal (as defined in the Operating Agreement) of the Manager, or any other event that results in such entity ceasing to be a Manager, unless the Members holding a majority of the Class A Interests and Class B Interests, voting as one class, agree, within 90 days after such event, to continue the Company with a new and qualified substitute Manager in accordance with the Operating Agreement;

(ii) the consent of the Members holding at least 75% of the Class A Interests and Class B Interests, voting as one class;

(iii) the election by the Manager to dissolve the Company because, due to a change in market conditions or law or new application of existing law, the Company will not likely be able to operate in the manner originally contemplated and, as a consequence, are unlikely to achieve its investment objectives upon prior written notice to the Members;

(iv) the date that is 10 years from the Final Admission Date, except that the Manager in its discretion may extend the term for (a) a three-year period following such date if necessary for an orderly liquidation of the Company's investments or (b) such period as any covenant or restriction requires which is contained in loan agreements or other obligations to which the Company or any Project is subject; or

(v) the happening of any other event that under the New York Limited Liability Company Act, as amended or restated from time to time, or any successor law (the "**LLC Act**") or any other law of the State of New York that requires the dissolution of the Company.

. *Distributions to Members*. Members, including the Manager, shall have no right to receive any distributions from the Company, unless declared by the Manager upon the sale, transfer, or other disposition (each a "**Disposition**") of a Project. Upon a Disposition, the Manager shall, at such

reasonable time or times as the Manager shall determine, make distributions to Members in the following order of priority:

(a) First, 100.0% to the holders of Interests, *pro rata* in proportion to the unreturned portion of their Capital Contributions, until such unreturned amount for each such holder is zero;

(b) Second, 100.0% to the holders of Class A Interests and Class B Interests, *pro rata* in proportion to their accrued and unpaid Preferred Return, until the Unpaid Preferred Return of each such holder is zero; and

(c) Third, 50% to the holders of Class A Interests and Class B Interests, *pro rata* in proportion to their Class A Interests and Class B Interests, and 50% to the holders of Class C Interests, *pro rata* in proportion to their Class C Interests.

No withdrawal of committed capital will be permitted prior to the termination of the Company, without the consent of the Manager, in its sole discretion. The Manager may make distributions in connection with certain partial dispositions or refinancing of any Project, in its sole discretion.

Management Fee. The Managing Member (Fund Manager) shall receive an annual management fee: 5% of the capital raised or $120,000 per year ($10,000 per month), whichever is greater from the Company with respect to its services as Managing Member (Fund Manager).

Reimbursement of Expenses. The Company will pay for fees and other expenses related to organizing the Company, including, but not limited to, initial Offering expenses, legal and accounting fees, printing and mailing expenses, government filing fees (including blue sky filing fees) and structuring fees incurred by the Company, the Manager or their affiliates in connection with the organization of the Company (including the formation of such entities). Notwithstanding the foregoing, any fees or expenses related to organizing the Company in excess of $150,000 shall be borne by the Manager.

The Company shall pay for its ongoing operating expenses (*e.g.*, legal, audit and investment expenses) as set forth below and will reimburse the Manager for any amounts advanced by them to pay for such expenses. The Manager will pay its operating and overhead expenses associated with providing services to the Company.

Future Offering Discount. The Company intends to organize, launch and market one or more Regulation CF and/or Regulation A+ offerings (each, a "Crowdfunding Offering") after the date hereof. Each Class A Member and Class B Member who purchases Membership Interests in the first Crowdfunding Offering consummated by the Company after the date of their initial Capital Contribution to the Company (the "Next Offering") will have the right to receive additional Membership Interests of the same class as such Member purchased in the Next Offering in an amount equal to the number of Membership Interests purchased by such Member in the Next Offering multiplied by 20% (up to a maximum limit of $1,000,000).

Risk Factors and Conflicts of Interest

Before purchasing Class A Interests and/or Class B Member Interests, you should carefully consider various risk factors and conflicts of interest, as well as suitability requirements, restrictions on transfer and withdrawal of Interests and various legal, tax and other considerations, all of which are discussed elsewhere in this Memorandum. Some of these considerations are set forth in the following section under the heading "IMPORTANT GENERAL CONSIDERATIONS."

An investment in the Class A Interests and Class B Interests is a non-liquid investment which involves a high degree of risk. You should consider a subscription to purchase Class A Interests and Class B Interests only if you have carefully read this Memorandum.

Securities Regulatory Considerations

The Manager believes that the Company should not be classified as an "investment company" under Section 3(a)(1) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**") because the Company does not (i) hold itself out as investing in securities; (ii) engage in the business of issuing face-amount installment certificates; or (iii) invest in "investment securities" having a value exceeding 40% of the Company's total assets. In the event that the Company were to be classified as an "investment company" under Section 3(a)(1) of the Investment Company Act, the Manager believes the Company should be excluded from the definition of "investment company" under Section 3(c)(1) thereof because the Company will not have greater than 100 Investors. Accordingly, the Company should not be required to be registered with the Securities Exchange Commission (the "**SEC**") as an "investment company" or subject to the investment restrictions, independent director requirements, limitations on transactions with affiliates and other provisions of the Investment Company Act. The Manager will not be registered as an investment adviser with the SEC or any state regulatory agency pursuant to certain exemptions from registration provided under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") and state securities laws. Consequently, you will not be entitled to certain protections afforded by those statutes.

IMPORTANT GENERAL CONSIDERATIONS

You should not construe the contents of this Memorandum as legal, tax or investment advice and, if you acquire Class A Interests and/or Class B Interests, you will be required to make a representation to that effect. You should review the proposed investment and the legal, tax and other consequences thereof with your own professional advisors. The purchase of Class A Interests and/or Class B Interests involves certain risks and conflicts of interest among the Manager and the Company. See "RISK FACTORS AND CONFLICTS OF INTEREST." The Manager reserves the right to refuse any subscription for any reason, including the failure of any offeree to meet the suitability criteria described herein. This Memorandum is not to be construed under any circumstances as an advertisement or public offering of the securities described herein, except as may be compliance with Regulation D, Rule 506(b).

In making an investment decision, you must rely on your own examination of the Company and the terms of the offering of Class A Interests and/or Class B Interests, including the merits and risks involved. You and your representative(s), if any, are invited to ask questions and obtain additional information from the Manager concerning the terms and conditions of the Offering, the Company, and any other relevant matters to the extent the Manager possesses such information or can acquire it without unreasonable effort or expense.

Neither the SEC nor any state securities commission has approved or commented on the merits of participating in the Company, nor has the SEC or any state securities commission passed upon the adequacy or accuracy of this Memorandum. Any representation to the contrary is a criminal offense. The Manager anticipates that: (i) the offer and sale of the Class A Interests and/or Class B Interests will be exempt from registration under the Securities Act and the various state securities laws; (ii) the Company will be excluded from the definition of "investment company" under the Investment Company Act; and (iii) the Manager will not be registered as an investment adviser with the SEC or any state regulatory agency pursuant to certain exemptions from registration provided under the Advisers Act and state securities laws. Consequently, you will not be entitled to certain protections afforded by those statutes.

As a Member, you may not withdraw committed capital from the Company prior to the termination of the Company, except with in the sole discretion of the Manager, upon an emergency request by a Member or in other limited circumstances as specified in the Operating Agreement, a copy of which is annexed hereto as Exhibit A.

The Offering is made only by delivery of a copy of this Memorandum to the person whose name appears hereon. The Offering is made only to "accredited Investors" (as defined in Regulation D under the Securities Act). This Memorandum may not be reproduced, either in whole or in part, without the prior express written consent of the Manager. By accepting delivery of this Memorandum, you agree not to reproduce or divulge its contents and, if you do not purchase any Class A Interests and/or Class B Interests, to return this Memorandum and the exhibits attached hereto to the Manager.

There is no public market for Class A Interests and/or Class B Interests nor is any expected to develop. Even if such a market develops, no distribution, resale or transfer of a Class A Interests and/or Class B Interests will be permitted except in accordance with the provisions of the Securities Act, the rules and regulations promulgated thereunder, any applicable state securities laws, and the terms and conditions of the Operating Agreement. Any transfer of a Class A Interests and/or Class B Interests by a Member, whether public or private, will require the consent of the Manager. Accordingly, if you purchase a Class A Interests and/or Class B Interests, you will be required to represent and warrant that you have read this Memorandum and are aware of and can afford the risks of an investment in the Company for an indefinite period of time. You will also be required to represent that you are acquiring the Class A Interests and/or Class B Interests for your own account, for investment purposes only, and not with any intention to resell or transfer all or any part of the Class A Interests and/or Class B Interests. This investment is suitable for you only if you have adequate means of providing for your current and future needs, have no need for liquidity in this investment and can afford to lose the entire amount of your investment.

Although this Memorandum contains summaries of particular terms of certain documents, you should refer to the actual documents (copies of which are attached hereto or are available from the Manager) for complete information concerning the rights and obligations of the parties thereto. All such summaries are qualified in their entirety by the terms of the actual documents. No person has been authorized to make any representations or furnish any information with respect to the Company or the Class A Interests and/or Class B Interests, other than the representations and information set forth in this Memorandum, the Operating Agreement or other documents or information furnished by the Manager upon request, as described above. Any purchase of Class A Interests and/or Class B Interests by any person on the basis of information or representations not contained herein or therein or inconsistent herewith or therewith shall be solely at the risk of the purchaser.

No rulings have been sought from the Internal Revenue Service ("IRS") with respect to any tax matters discussed in this Memorandum. You are cautioned that the views contained herein are subject to material qualifications and subject to possible changes in regulations by the IRS or by Congress in existing tax statutes or in the interpretation of existing statutes and regulations.

The information contained herein is current only as of the date hereof and you should not, under any circumstances, assume that there has not been any change in the matters discussed herein since the date hereof.

MANAGEMENT

Role of the Manager

The business and affairs of the Company shall be managed by and under the direction the Manager, who shall have the full, exclusive and absolute right, power and authority to manage and control the Company and the property, assets and business thereof, to make all decisions affecting the Company, and to do all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein.

Experience of Management Team

Thomas Lopez-Pierre, Manager

Thomas Lopez-Pierre is a NYS Licensed Real Estate Broker with Lopez-Pierre Realty, LLC and Fund Manager of the Urban Real Estate Fund, LLC (a related corporation to the Black Doctors Real Estate Fund, LLC).

Professional Consultants

Real Estate Attorney

Derek Warner, Esq. is the Managing Partner at the Law Offices of Derek Warner, Esq. Mr. Warner earned his undergraduate degree from New York University and earned his law degree and MBA from Fordham University. Mr. Warner specializes in representing buyers and sellers in real estate transactions, landlord-tenant dispute resolution and litigation.

Company Accountant

Tobayi Howton, CPA, MBA, CFE is the President/CEO of T. Howton & Co. Inc., an accounting firm located in the Court House district of Mineola, New York, serving clients throughout the Tri-State area. The firm serves several market niches with a specialty in real estate clients and medical practices. Mr. Howton has an MBA in forensic accounting and has worked in the industry for 15 years serving clients.

Counsel to the Company

McKennon Shelton & Henn LLP ("**MSH**") is a woman and minority-owned business law firm based in Baltimore, MD. MSH specializes in the areas of corporate and securities and public finance and represents a variety of clients in a variety of industries including public and privately held corporations, various business entities, banks, institutional lenders, non-profit institutions, investment banking and brokerage firms and developers in a broad range of complex transactions.

SUMMARY OF OFFERING AND TERMS

The following summary is by its nature incomplete and is qualified in its entirety by other information contained elsewhere in this Memorandum and by the definitive terms and conditions of the Operating Agreement. If the description of terms in this summary is inconsistent with or contrary to the description in, or terms of the Operating Agreement or related documents, the terms of the Operating Agreement and the related documents will control.

You should read this entire Memorandum and the Operating Agreement carefully before making any investment decision regarding the Company and should pay particular attention to the information under the heading "RISK FACTORS AND CONFLICTS OF INTEREST." In addition, you should consult your own advisors in order to understand fully the consequences of an investment in the Company.

The Company	Black Doctors Real Estate Fund, LLC (the "**Company**") is a New York limited liability company, formed on March 24, 2025.
Management	BLM Manager LLC, a New York corporation, is the managing member of the Company (the "**Manager**") formed on January 11, 2021, by the filing of a Certificate of Formation with the New York Secretary of State's Office. The Manager is responsible for the day-to-day management of the Company. The "**Key Person**" of the Manager is Thomas Lopez-Pierre. The Key Person shall control all of the Company's operations and activities and is primarily responsible for managing the Project.
The Offering	The Company is offering Class A Membership Interests (the "**Class A Interests**") and Class B Membership Interests (the "**Class B Interests**"). The Class A Interests and Class B Membership Interests will be held by those persons investing in this Offering (the "**Investors**"). The Company's Class C Membership Interests (the "**Class C Interests**" and collectively with the Class A Interests and Class B Interests, the "**Interests**") shall be held by the Manager. Each Investor (including any U.S. Tax Exempt investors) must be an "accredited investor" (as such term is defined in Rule 501 of Regulation D under the Securities Act). Each Investor must also agree and accept that Offerings hereunder are issued under Regulation 506(b) of the Securities Act. Accordingly, the Company will not be using any means of general solicitation in connection with this Offering. Holders of Class A Interests and Class B Interests are referred to herein as "**Class A Members**" and "**Class B Members**" and holders of Class C Interests are referred to herein as "**Class C Members**" and together with the Class A Members and Class B Members, the "**Members**.") The Interest of each Member, regardless of whether they are a Class A Member or Class B Member or a Class C Member, represents a percentage interest in the Company generally determined based on the amount of the capital

contributed to the Company by such Member in relation to the aggregate capital contributed to the Company by all Members, as a single class.

The Manager may sell Interests through broker-dealers, placement agents and other persons (each such person, a "**Placement Agent**") and pay a marketing fee or commission in connection with such activities, including ongoing payments. Such Placement Agent fees, or commissions shall be payable by the Company.

How to Subscribe

We have included subscription documents and instructions for subscribing as Exhibit B to this Memorandum ("**Subscription Documents**"). In order to subscribe for Class A Interests and/or Class B Interests, prospective Investors must complete the Subscription Documents and return them to the Company.

All payments may be made by wire transfer of immediately available funds, or by a check payable to the Company. Subscriptions that are paid by check will not be effective until the check has cleared, and we receive payment on the check. To ensure compliance with applicable laws, regulations and other requirements relating to money laundering, the Company and its affiliates or service providers may require additional information to verify the identity of any person who subscribes for Class A Interests and/or Class B Interests.

If the Manager should find reasonable cause to believe that any statement by an Investor in the Subscription Documents is not true or continued ownership of Class A Interests and/or Class B Interests will cause a violation of any law by which the Company is governed, including but not limited to applicable anti-money laundering regulations, it may either (i) refuse to issue Class A Interests and/or Class B Interests or (ii) cause a compulsory withdrawal of any Class A Interests and/or Class B Interests held by the Investor upon payment to such Investor of an amount equal to the net value of its Class A Interests and/or Class B Interests (calculated using the lesser of historical cost or the most recent appraised value for each Project), as specified in the notice advising the Investor of the compulsory withdrawal.

Eligible Investors and Suitability

Class A Interests and/or Class B Interests will be sold to U.S. Persons who are "accredited investors" as defined under Rule 501 of Regulation D under the Securities Act. The Subscription Documents set forth in detail the definition of accredited investor. Accredited investors are generally individuals with a net worth of more than $1,000,000 (excluding the value of their primary residence) or who meet certain income thresholds (*i.e.*, an individual income with excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and who has a reasonable expectation of reaching the same income level in the current year), and entities with assets of in excess of $5,000,000. Each

prospective Investor must check the appropriate places in the Subscription Documents to represent to the Company that such Investor is an accredited investor in order to be able to purchase Class A Interests and/or Class B Interests. Furthermore, the Manager may reject any person's subscription for any reason or for no reason.

The suitability standards referred to herein represent minimum suitability requirements for persons seeking to invest in the Company, and, accordingly, just because an Investor satisfies such standards does not necessarily mean that the Class A Interests and/or Class B Interests are a suitable investment for such Investor.

Entities subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and other U.S. Tax Exempt Investors may participate in the Company. However, investment in the Company by such entities requires special consideration. Trustees or administrators of such entities should consult their own legal and tax advisors. See "ERISA CONSIDERATIONS."

Non-U.S. Investors and U.S. tax-exempt Investors may purchase Class A Interests and/or Class B Interests, but investment in the Company by such persons requires special consideration (should consult their own legal and tax advisors).

Member's Minimum Capital Contribution

Each Member who makes a Capital Contribution will detail such Capital Contribution on Schedule I to the Operating Agreement, as amended from time to time. Each Member shall make an initial Capital Contribution to the Company of at least $10,000 by purchasing a minimum of 10 Class A Interests at $1,000 each or $100,000 by purchasing a minimum of 100 Class B Interests at $1,000 each (Manager has sole discretion to accept lesser amounts). Once an Investor has subscribed for 10 Class A Interests and/or 100 Class B Interests at $1,000 each, such Investor may subscribe for additional Class A Interests and/or Class B Interests, a minimum of 1 Class A Interests and/or Class B Interests at $1,000 each.

A Member will not be required to make capital contributions that exceed its Commitment, except as required by law.

Closings

The Manager shall admit the initial group of Members at such time as it has received acceptable subscriptions from one or more Investors undertaking to make Capital Contribution (the date of such admission being referred to herein as the "**Initial Admission Date**"). The total Capital Contributions of all Members admitted to the Company are referred to in this Agreement as the "**Total Capital Contribution**."

The Manager may admit Investors as Members from time to time after the Initial Admission Date (each such interim admission date being referred to as an "**Interim Admission Date**"), until the final admission

date (the "**Final Admission Date**") which shall be the date as the Manager shall determine in its sole discretion.

Additional Members

The Company will be permitted to admit additional Members ("**Additional Members**") at any time on or before the one-year anniversary of the Final Admission Date; provided such Additional Members pay to the Company their Capital Contribution (including, without limitation, capital contributed in respect of Company Expenses, together with Applicable Interest thereon.

The applicable interest ("**Applicable Interest**") payable by Additional Members shall be determined as follows: Members admitted to the Company (i) after the Final Admission Date but on or before the six month anniversary of the Final Admission Date will be required to contribute and pay interest at a rate equal to the greater of 6% *per annum* or the average internal rate of return on the Company's assets since inception (as calculated by the Manager); or (ii) after the six month anniversary of the Final Admission Date but on or before the one year anniversary of the Final Admission Date, will be required to contribute and pay interest at a rate equal to the greater of 12% *per annum* or the average internal rate of return on the Company's assets since inception (as calculated by the Manager), with Applicable Interest, in each case, to commence accruing as of the Initial Admission Date.

The amounts so contributed by Additional Members with respect to clause (a) above and the Applicable Interest thereon, will be distributed to those Members who participated in prior closings in proportion to their contributed capital**.** Such contributions are intended to place such Additional Members in the position they would have been in had they invested on the Final Admission Date.

Any existing Members who wish to increase their Capital Contributions after the Final Admission Date shall be subject to the same provisions with respect to such increased commitments as provided above for new Members admitted to the Company after the Final Admission Date.

Company Term

The term of the Company began on the date the Certificate of Formation was filed with the Secretary of State for the state of New York on March 24, 2025, and shall continue until the earliest of:

(i) the Involuntary Withdrawal (as defined in the Operating Agreement) of the Manager, or any other event that results in such entity ceasing to be a Manager, unless the Members holding a majority of the Class A Interests and/or Class B Interests, voting as one class, agree, within 90 days after such event, to continue the Company with a new and qualified substitute Manager per the Operating Agreement;

(ii) the consent of the Members holding at least 75% of the Class A Interests and/or Class B Interests, voting as one class;

(iii) the election by the Manager to dissolve the Company because, due to a change in market conditions or law or new application of existing law, the Company will not likely be able to operate in the manner originally contemplated and, as a consequence, are unlikely to achieve its investment objectives upon prior written notice to the Members;

(iv) the date that is 10 years from the Final Admission Date, except that the Manager in its discretion may extend the term for (a) a three-year period following such date if necessary for an orderly liquidation of the Company, or (b) such period as any covenant or restriction requires which is contained in loan agreements or other obligations to which the Company or any Project is subject; or

(v) the happening of any other event that under the New York Limited Liability Company Act, as amended or restated from time to time, or any successor law or any other law of the State of New York that requires the dissolution of the Company.

Leverage

The Company may obtain indebtedness in order to finance Projects or to pay expenses of the Company in lieu of, or in advance of, calling capital contributions. Such facility may be obtained at the Project level or at the Company level and may be secured by such project or the assets of the Company, as the case may be. See "INVESTMENT PROGRAM – Other Features of the Company's Investment Program – Borrowing."

Distributions

Subject to certain exceptions described below, the Manager will distribute Net Profits realized from the disposition of the Project, in the order of priority set forth below, subject to the establishment of reserves in such amounts as the Manager considers prudent to meet future contingencies, expenses and liabilities of the Company. Net Profits shall only be distributed if and when determined by the Manager. "**Net Profits**" shall mean, the net proceeds realized from the sale, transfer or other disposition of a Project, after deducting the payment of Company expenses (including the cost of any Company indebtedness), fees, certain exceptions and the establishment of appropriate reserves.

(i) First, 100.0% to the holders of Interests, *pro rata* in proportion to the unreturned portion of their Capital Contributions, until such unreturned amount for each such holder is zero;

(ii) Second, 100.0% to the holders of Class A Interests and/or Class B Interests, *pro rata* in proportion to their accrued and unpaid Preferred Return, until the Unpaid Preferred Return of each such holder is zero; and

(iii) Third, 50% to the holders of Class A Interests and/or Class B Interests, *pro rata* in proportion to their Class A Interests and/or Class B Interests, and 50% to the holders of Class C Interests, *pro rata* in proportion to their Class C Interests.

Notwithstanding the foregoing, Manager may retain proceeds realized from disposition of a Project, if Manager determines in its discretion that such proceeds/income is needed to manage the Company's liquidity positions or for risk management purposes, whether or not any formal reserve is established in connection therewith.

A distribution relating to a partial disposition of a Project (including proceeds of any refinancing of a Project) may, at the discretion of the Manager, be subject to the above formula, based *pro rata* on the original cost of, and the cumulative distributions made with respect to, the disposed portion of such Project.

Manager may make distributions, as cash advances against regular distributions, to itself (and not to other Members) to the extent of available cash in amounts sufficient to satisfy the Manager's income tax liability with respect to its allocated portion of the applicable Company's taxable net income.

Manager may invest some of the Company's assets in bank deposit accounts or other cash items, until utilized to pay Company Expenses.

Allocation of Taxable Income and Loss/Tax and Other Distributions

For U.S. federal income tax purposes, it is expected that all items of taxable income, gain, loss, deduction, and credit will be allocated among the Members in accordance with the Operating Agreement. The Manager may (but shall have no obligation to) make distributions in accordance with the Operating Agreement, as cash advances against regular distributions, to each of the Members, with respect to each fiscal year of the Company an amount of cash which in the good faith judgment of the Manager will satisfy each such Member's income tax liability with respect to its allocated portion of the applicable Company's taxable net income.

Management Fees

The Managing Member (Fund Manager) shall receive an annual management fee: 5% of the capital raised or $120,000 per year ($10,000 per month), whichever is greater from the Company with respect to its services as Managing Member (Fund Manager).

Expenses

The Manager will be required to pay for all of the Management Expenses associated with providing the management and administrative services required under the Operating Agreement. "**Management Expenses**" means the costs and expenses incurred by the Manager, in providing for its normal operating overhead, including, but not limited to, compensation and benefits of their employees and the cost of

providing relevant support and administrative services (*e.g.*, office rent, office equipment, insurance, utilities, office supplies, telephone, secretarial and bookkeeping/accounting services, etc.) but not including any Company Expenses described below.

The Company will be responsible for all Organizational Expenses (subject to the cap set forth below) and Operating Expenses (collectively, the "**Company Expenses**"). "**Organizational Expenses**" means all expenses related to organizing the Company, including, but not limited to, initial offering expenses, legal and accounting fees, printing and mailing expenses, government filing fees (including blue sky filing fees) and structuring fees incurred by the Company or the Manager in connection with the organization of the Company (including the formation of such entities) and the Offering, including any closing in connection therewith. The Organizational Expenses of the Company will not exceed $150,000 in the aggregate. Any Organizational Expenses in excess of this amount will be borne by the Manager.

"**Operating Expenses**" means all expenses of operation of the Company, including, without limitation: Management Fees; third-party fees and expenses; legal fees; marketing expenses; placement agent fees; accounting fees (including audit expenses and expenses incurred in connection with the preparation of tax returns); any taxes imposed on the Company; all costs and expenses related to the sourcing, evaluation, development, negotiation, acquisition, implementation, ownership, disposition, hedging or financing of any potential or actual Project, including related travel expenses (whether or not the Company pursues such Project); administrator and administrative fees and expenses; meeting costs; its own overhead costs; property management fees; insurance (including liability insurance and other coverages for the benefit of the Company and the Manager); the costs and expenses of any litigation involving the Company and the amount of any judgments or settlements paid in connection therewith; and any other extraordinary expenses attributable to the Company's business or expenses for which the Company is liable under the Operating Agreement (including indemnification expenses).

The Manager, in its sole discretion, may from time to time pay for any of the foregoing Company Expenses or waive its right to reimbursement for any such expenses, as well as terminate any such voluntary payment or waiver of reimbursement.

Removal of Manager

In the event of either (i) the Manager's gross negligence or willful misconduct (as determined by a court or tribunal of final jurisdiction) that has a material adverse effect on the Company, (ii) the Manager's bankruptcy or dissolution, Class A Members and Class B Members holding 75% or more of the aggregate Class A Interests and Class B Interests may vote to remove the Manager and either appoint a new Manager or dissolve the Company. In any such event, the Manager's Class C Interest in the Company shall remain, and the Manager shall continue to be entitled to the same distributions it otherwise would have been entitled to receive with respect to such Class C Interest, as well as any other distributions it would be entitled to receive with respect to its own Capital Contributions.

Exculpation and Indemnification

The Manager, nor any of its officers, members, managers, directors, shareholders, affiliates and employees (each an "**Indemnitee**" and, collectively, the "**Indemnitees**") will be liable to the Company or to any Member for, and such persons will be entitled to indemnification by the Company against, (i) any claims, liabilities, costs or expenses (including, but not limited to, legal fees, the settlement of any such claim or legal proceeding, and any loss sustained by the Company by reason of any investment or the sale or retention of any asset of the Company) incurred in connection with any action taken or omitted to be taken in connection with the business or affairs of the Company; (ii) any obligation or responsibility under the Operating Agreement; and (iii) to the extent an Indemnitee is no longer employed by or has the authority to act on behalf of the Company (for any reason or no reason), for any guarantees provided by such Indemnitee on behalf of the Company, so long as such Indemnitee (in the case of (i) through (iii) above) acted in good faith and is not found to be guilty of gross negligence or willful malfeasance with respect thereto by a final non-appealable court of competent jurisdiction.

Each Indemnitee shall be entitled to receive advances from the Company to cover the costs of defending any pending, threatened or completed claim, action, suit or proceeding against it for claims, liabilities, costs or expenses (including legal fees) incurred in connection with any such claim, action, suit or proceeding with which it would be entitled to indemnification; provided, however, that such advances shall be repaid to the Company (with Class A Interest and Class B Interest thereon as further provided for in the Operating Agreement) if the Indemnitee receiving such advance is found by a court of competent jurisdiction upon entry of a final judgment to have violated any of the standards set forth in the Operating Agreement, which preclude indemnification hereunder.

Liability of the Members

Except as required by law, Members will not be liable for any debts or obligations of the Company, except that the Members will be obligated to make Capital Contributions up to the amount of their agreed upon

capital commitment as set forth in Schedule I of the Operating Agreement (each, a "**Commitment**").

Transfers and Withdrawals

A Member may not sell, assign or transfer any Class A Interests and/or Class B Interests except under certain limited circumstances (such as a Member's fiscal emergency) and then only with the prior written consent of the Manager in its sole discretion. Further, other than the distributions described above, a Member generally may not withdraw any amount from the Company prior to its termination.

A Member subject to ERISA may be required to transfer its Class A Interests and/or Class A Interests or withdraw from the Company if the Company ceases to qualify under one of the exceptions set forth in the ERISA "plan asset" regulations and the continued investment in the Company by such Member would result in a breach of fiduciary duty under ERISA.

Transfers by Manager

The Operating Agreement permits the Manager to transfer its Class C Interest (and status as the Manager) to an affiliate without the consent of Member; provided, that the Key Person retains voting and economic control over the affiliate transferee.

Manager Amendments

Pursuant to its special power of attorney as provided in the Operating Agreement, the Manager may unilaterally execute and make the following amendments to the Operating Agreement:

(i) To amend Schedule I of the Operating Agreement as appropriate from time to time to update the information therein;

(ii) To cure any ambiguity or mistake, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under the Operating Agreement that will not be inconsistent with the provisions of the Operating Agreement or this Memorandum;

(iii) To delete or add any provision of the Operating Agreement required to be so deleted or added for the benefit of Members by the staff of the U. S. Securities and Exchange Commission or by a state "Blue Sky" Commissioner or similar official;

(iv) To minimize the adverse impact of, or comply with, any final regulation of the United States Department of Labor, or other federal agency having jurisdiction, defining "plan assets" for ERISA purposes;

(v) To comply with applicable governmental laws and regulations governing monetary laws and investments as in effect from time to time, including without limitation the USA

Patriot/Freedom Act;

(vi) As required by a lender making a loan to the Company;

(vii) To modify the allocation provisions of the Operating Agreement to comply with Code §§ 704(b) and 514(c)(9);

(viii) To change the name and principal place of business of the Company;

(ix) To decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Company and conduct its business affairs); and

(x) To make any amendments that expand or improve the rights, benefits and/or economic interests of Members under the Operating Agreement (without, in more than a *de minimis* manner, adversely affecting the economic interests or voting rights of any Members, unless each such adversely affected Member consents in writing).

Financial Reporting

The Company will provide the following reports to Members: (i) unaudited financial statements with respect to each fiscal year and (ii) in the discretion of the Manager, quarterly reports which may include a summary of the status of the Projects during such quarterly period. The Company will use commercially reasonable efforts to deliver financial statements to Members as soon as practicable after the end of the fiscal year to which the financial statements relate.

The Manager, in consultation with such third parties as it deems necessary, may value the assets of the Company from time to time.

Annual Meetings

The Company may, in the discretion of the Manager, hold annual meetings offering Members the opportunity to review and discuss the Company's operations. Members will not be reimbursed by the Company for expenses incurred by them in connection with their attendance at any such meetings.

Confidentiality Requirements

Subject to certain exceptions and permitted disclosures (e.g., publicly available information, legally required disclosure, disclosure to advisors or government authorities, etc.), a Member may not disclose to any person any information relating to any of the Company's affairs or operations, or use any such information other than for purposes related to its Interest.

Tax Considerations

Each Member will receive a Schedule K-1 annually.

The taxation of members and limited liability companies is extremely complex. Each prospective Investor is urged to consult his or her own

tax advisor as to the tax consequences of an investment in the Company. See "TAXATION."

Legal Counsel

McKennon Shelton & Henn LLP acts as legal counsel to the Manager and the Company in connection with the Offering and other ongoing matters and does not represent Class A Members or Class B Members. No independent counsel has been retained to represent the Class A Members or Class B Members.

In addition, McKennon Shelton & Henn LLP relies on the information furnished to it by the Company and the Manager and has not investigated or verified the accuracy or completeness of the information set forth herein concerning these entities or their affiliates and personnel, or any other service providers to the Company. McKennon Shelton & Henn LLP does not monitor or oversee the Company's activities.

Investor Inquiries

This Memorandum may not contain all information which may be relevant to an investment decision. You are encouraged to meet with the Manager for a further explanation of the terms and conditions of this Offering and to obtain any additional information necessary to verify the information contained in this Memorandum. Requests for such information should be directed to:

Black Doctors Real Estate Fund, LLC
c/o Thomas Lopez-Pierre
927 Columbus Avenue
New York, New York 10025
info@blackdoctorsrealestatefund.com

TAX RISK FACTORS

All securities investments risk the loss of capital. No guarantee or representation is made that the Company will achieve its investment objective or that a Member in the Company will receive a return of its capital. Making an investment in the Company is speculative. An investment in the Company involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that (i) the Company's investment objectives will prove successful or (ii) Investors will not lose all or a portion of their investment in the Company.

In evaluating whether to make an investment in the Company, potential Investors should carefully consider all information contained in this Memorandum, including the considerations and risk factors set forth in this section. The following discussion does not purport to be an exhaustive explanation of all of the Tax risks and significant Tax considerations involved in a purchase of Class A Interests and Class B Interests, and each prospective Investor should consult with such Investor's own advisors before purchasing Class A Interests and Class B Interests.

Tax Risk to U.S. Investors. There are substantial tax risks associated with an investment in the Company, some, but not all, of which, are summarized in brief below.

The Company intends to be taxed as a partnership. The income tax consequences of an investment in Class A Interests and Class B Interests are complex. The following paragraphs summarize some of the tax risks to Investors ("**Investors**" or **Members**") that are "**U.S. Investors**", as that term is defined below under "TAXATION – U.S. Federal Income Taxation." Because the tax consequences to a particular Investor may differ depending on the Investor's tax circumstances, each potential Investor is urged to consult with and rely on his, her or its own tax advisor concerning this Offering's tax aspects and his, her, or its specific situation. In addition, except as described below, this Memorandum does not describe any tax risks for Investors that are not U.S. Investors ("**Non-U.S. Investors**"), also defined under "TAXATION – U.S. Federal Income Taxation." Therefore, the discussion below is limited to tax consequences of investing in the Company to U.S. Investors, except where explicitly stated otherwise. **Non-U.S. Investors are urged to consult with their own tax advisors.**

No representation or warranty of any kind is made with respect to whether the IRS or any other taxing authority will agree with and accept the treatment of any item by us or by an Investor.

There is a substantial risk that the IRS will audit our U.S. federal tax returns. An audit may result in the challenge and disallowance of some, or all of the positions taken on the returns, including various deductions we may claim. No assurance or warranty of any kind can be made with respect to the validity and sustainability of any such position taken in the event of either an audit or any litigation resulting from an audit. In general, the availability, timing, and number of deductions or allocations of income 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, whether fees paid to the Manager, or its affiliates are non-deductible on the grounds that such payments are excessive or constitute non-deductible distributions to the Manager or an affiliate. If the IRS were successful, in whole or in part, in challenging us on these issues, the federal income tax benefits of an investment in the Company might be materially reduced.

In addition, our allocation of net income and net loss to the Investors may not be respected by the IRS. We reserve wide discretion to allocate net income and net loss. In order for the allocations of income, gains, deductions, losses, and credits under the corporate governance to be recognized for tax purposes, such allocations must possess "substantial economic effect" as that term is defined in the applicable IRS Treasury Regulations under Section 704 of the Code. No assurance can be given that the IRS will respect our allocations of net income and net loss to Investors lack substantial economic effect and will not reallocate net profits and net losses differently. If any such challenge were upheld, the tax treatment of the investment in the Company could be adversely affected, and an Investor could be subject to substantial interest and penalties for any underpayment of tax assessed against such Investor.

Furthermore, there may be taxable income allocated to Investors in any particular year in excess of any distributions the Manager makes to such Investors, resulting in tax liability to Investors. For example, the Company may generate ordinary income, which will then be allocated to the Investors in accordance with the terms of the Operating Agreement, but which may not necessarily be distributed to such Investors, or the amount allocated may be in excess of amounts distributed. If the Company does not make tax distributions to Investors sufficient to cover the Investors' tax liability with respect to the income allocated to them, Investors will be required to use funds from other sources to satisfy their respective tax liabilities. Prior to investing in the Company, a potential Investor should consider whether it will be able to satisfy his, her or its tax liability when the capital gains taxes on investment in the Company become due.

Tax Risks to Tax-Exempt Entities. Certain prospective Investors may be subject to federal and state laws, rules and regulations which may regulate their participation in the Company, or their engaging directly or indirectly through an investment in the Company, in real estate investment strategies of the types which the Company utilizes. Such prospective Investors should consult with their own advisers as to the advisability and tax consequences of an investment in the Company. In particular, exempt organizations should consider the applicability to them of the provisions relating to "unrelated business taxable income." Because the Company is permitted to borrow, tax-exempt Members will incur income tax liability to the extent of their share of the Company's "unrelated business taxable income." Investments in the Company by entities subject to ERISA require special consideration. See "ERISA CONSIDERATIONS" and "TAXATION – Tax Exempt U.S. Members."

Tax Risks to Non-U.S. Investors. Non-U.S. Investors who are not U.S. residents for federal income tax purposes may owe U.S. income tax on their investments in the United States. Such tax is generally collected by withholding at source. We may generate income effectively connected to a U.S. trade or business, or the Non-U.S. Investor may have fixed or determinable annual or periodical gains, profits, and income, collectively known as FDAP income, both of which are likely to be subject to U.S. taxation. Prospective Non-U.S. Investors should be aware that an investment in the Company may cause them to be treated as engaged in a U.S. trade or business and, as a result, may subject them to U.S. tax filing and payment obligations similar to those of U.S. Investors. To the extent that Company income and gain allocable to a Non-U.S. Investor are treated as effectively connected with the conduct of a U.S. trade or business, the Company will be required to withhold U.S. federal income tax at regular U.S. income tax rates on such income, even if such Investor has no other contacts with the U.S. In addition, a Non-U.S. Investor who sells Class A Interests and/or Class B Interests will be subject to capital gains tax on that amount of capital gain that is attributable to assets used in a U.S. trade or business.

Non-U.S. Investors that are entities treated as corporations for U.S. federal income tax purposes may also be subject to the branch profits tax, at a rate of 30%, on their income from the Company that is treated as effectively connected with the conduct of such U.S. trade or business.

If you are a non-U.S. Investor considering investing in the Company, you should consider the possible adverse tax consequences that could arise out of an investment in the Company, including potential U.S. federal income taxation of income received from the Company along with U.S. federal income tax return filing obligations. See the section entitled "TAXATION".

THIS LIST OF TAX RISK FACTORS MAY NOT DESCRIBE ALL OF THE RISKS AND CONFLICTS OF INTERESTS RELATING TO THE COMPANY. A PROSPECTIVE INVESTOR SHOULD READ THIS ENTIRE MEMORANDUM AND CONSULT HIS, HER OR ITS OWN TAX ADVISORS BEFORE INVESTING IN THE COMPANY.

RISK FACTORS AND CONFLICTS OF INTEREST

All securities investments risk the loss of capital. No guarantee or representation is made that the Company will achieve its investment objective or that a Member in the Company will receive a return of its capital. Making an investment in the Company is speculative. An investment in the Company involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that (i) the Company's investment objectives will prove successful or (ii) Investors will not lose all or a portion of their investment in the Company. In addition, there will be occasions when the Manager and its affiliates may encounter potential conflicts of interest in connection with the Company. In evaluating whether to make an investment in the Company, potential Investors should carefully consider all information contained in this Memorandum, including the considerations and risk factors set forth in this section. The following discussion does not purport to be an exhaustive explanation of all of the risks and significant considerations involved in a purchase of Class A Interests and/or Class B Interests, and each prospective Investor should consult with such Investor's own advisors before purchasing Class A Interests and/or Class B Interests.

Moreover, you should consider the Company as a supplement to an overall investment program and should only invest if you are willing to undertake the risks involved. In addition, Investors who are subject to income tax should be aware that an investment in the Company is likely (if the Company is successful) to create taxable income or tax liabilities in excess of cash distributions to pay such liabilities. You should therefore bear in mind the following risk factors and conflicts of interest before purchasing Class A Interests and/or Class B Interests:

Risks Related to "Best Efforts" Offering.

We are conducting this offering on a "best efforts" basis with no underwriter, no advance agreement that any number of Class A Interests and/or Class B Interests will be purchased, and no minimum number of subscriptions required to close. If this offering does not yield projected proceeds, we must obtain other financing or modify our business plan. Subscribers may not revoke their subscriptions, which we will accept on a rolling basis. Potential Investors should be aware that there is no assurance that any monies besides their own will be invested in the Company.

We have based our business plan on a projection of $5 million in funds from this offering. If we fail to raise that amount will be required to seek other forms of funding, including private equity investment, or borrowing from commercial or private lenders. We cannot assure you that funds in addition to your investment will be available on acceptable terms or available at all. Such financing may result in subordination of Investors' interests to other Investors or lenders, increasing the risk that you may have no return of or on your investment. If we do not raise the amount of capital projected in our business plan, scaling our business down to launch the Project with less capital will require modification of our business plan and accommodating numerous challenges for which we have not currently planned. The risk that the Project could fail would increase significantly.

General Business Risks

No Operating History. The Company has no operating history. We recently formed the Company for the specific purpose of pursuing the Initial Project, which is a new enterprise. We have based the description of the redevelopment of the Initial Project and the projections for its performance contained in this memorandum on the knowledge and experience of the Manager, which is limited, and cannot be verified as applicable to the Project until well after it has been redeveloped and is on the market for sale.

Speculative Financial Projections. Because our business has no operating-history we cannot provide a balance sheet or income statement based on actual operations. We have based the Initial Project's pro-forma financial projections on assumptions we believe are reasonable concerning a future disposition of the Initial Project. Because actual conditions will differ from those assumptions, and the differences may be material, we cannot assure you that these projections will prove accurate and caution you against placing excessive reliance on them in deciding whether to invest in the Company. For example, a reduction in property values could significantly harm a Project. Any increase in costs or decrease in value of a Project could affect your ability to receive a return of or on your investment.

General Market Risk. As with any investment, there is a risk that the value of the property held by the Company will fall or rise. There could be changes in economic, political or market conditions and changes in interest rates. The profitability of the Company substantially depends upon the Manager correctly assessing the Project and overseeing its redevelopment. However, the Manager cannot be relied on to predict future events due to a variety of factors, including, without limitation, varying business strategies, different local and national economic circumstances, different supply and demand characteristics, varying degrees of competition and varying circumstances pertaining to the applicable markets. The Manager cannot guarantee that it will be successful in accurately predicting price and interest rate movements or any other future events affecting the Project.

Permits. As an entity involved in the construction and development of residential multi-family housing, the Project will operate under stringent oversight by several regulatory bodies. The Project must obtain permits and licenses from these agencies to commence operations and must maintain those permits and licenses to continue to operate. Obtaining licenses and permits and meeting all applicable regulations will require time, money, and expertise. The Project must also obtain permits from government agencies related to and including building and safety, plumbing, electrical, and fire, and others. While our Manager does not know of any material impediments to obtaining any necessary permits, licenses, consents, or approvals, we cannot provide assurance that unexpected difficulties will not materially delay or prevent obtaining them. If the Project cannot obtain and maintain essential permits its business could fail, resulting in a loss of some or all of your investment.

Competition. The residential real estate industry, and the varied strategies and techniques to be engaged in by the Project, are extremely competitive. The Company will compete with other sellers of residential housing, including many of the larger real estate institutions and private investment funds, which have substantially greater financial resources and research staff. Consequently, these larger firms may be better positioned to capitalize on time-sensitive investment opportunities.

Risk of Default or Bankruptcy of Third Parties. The Company may engage in transactions with third parties. Accordingly, the Company could suffer losses if there were a default or bankruptcy by such third parties, including sub-contractors and other real estate professionals, and financial institutions with which the Company does business.

Significant Interruptions in Access to Certain Key Inputs. The Project is dependent on a number of key inputs and their related costs, including raw materials, supplies and equipment related to its operations, as well as electricity, water, and other utilities. Any significant interruption, price increase or negative change in the availability or economics of the supply chain for key inputs and, in particular, rising or volatile energy costs could curtail or preclude the Project' ability to continue production. In addition, its processing operations would be affected by a prolonged power outage.

Natural or Human-Made Disasters or Other Catastrophic Events. Earthquakes, telecommunications failures, power or water shortages, fires, floods, hurricanes, tornadoes, other extreme weather conditions, medical epidemics, pandemics and other natural or human-made disasters or catastrophic events could disrupt the Project's construction and subsequent disposition of the Project. Our Project will operate in areas that have experienced severe storms. Damage to the Project's structure from any of these events could interrupt the Project for a significant period while it rebuilds. The Project plans to maintain casualty loss insurance to cover its respective losses from some of these events, however, insurance generally does not cover 100% of these losses.

Other Risks Related to the Company's Investment Strategy

Company's Investment Activities. The Company's investment activities involve a high degree of risk. The performance of the Project is subject to numerous factors which are neither within the control of nor predictable by the Manager. These factors include a wide range of economic, political, competitive and other conditions (including acts of war or terrorism) which may affect investments. In recent years, the real estate markets have become increasingly volatile, which may adversely affect the ability of the Company to realize profits. As a result of the nature of the Company's investing activities, it is possible that the Company's financial performance may fluctuate from period to period.

No Withdrawals. Other than distributions made upon the realization of the Project, a Member generally may not withdraw any amount from the Company prior to its termination without the consent of the Manager, in its sole discretion.

Illiquid Investments. Investment in the Company requires a long-term commitment with no certainty of return, and therefore, there can be no assurance that the Company will be able to realize such investments in a timely manner. It is not expected that the Project will generate current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment. While the Project may be sold at any time, this will occur typically a number of months (or even years) after the investment is made.

Leverage. The Company may use leverage in connection with the Project. In addition, the Company has the authority to leverage its investments with recourse and non-recourse debt financing. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss.

Accuracy of Public Information. The Manager selects investments for the Company, in part, on the basis of information and data filed in respect of real estate with various government agencies or made directly available to the Manager by the property owners or through sources other than government agencies or property owners. Although the Manager evaluates all such information and data and ordinarily seeks independent corroboration when the Manager considers it appropriate, the Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Lack of Member Control Over Company Policies. The management and disposition policies of the Company's investments are determined by the Manager. The Company's policies with respect to certain other activities, including its distributions and operating policies, are determined by the Manager. These policies may be changed from time to time at the sole discretion of the Manager, as the case may be, without a vote of the Members, although there is no present intention to make any such changes. Any such changes could be detrimental to the value of the Company. **Members have no right to participate**

in the management of the Company or to make any decisions with respect to the Company or the Project.

The Company will compete in the disposition of its first Project with many other individuals and entities engaged in real estate activities. Accordingly, there may be intense competition in disposing of residential properties when the Company is ready to sell the Project(s). Competition may also result in increased costs of the Project(s).

Regulatory Risks

Limited Regulatory Oversight. The Company is not registered as an "investment company" under the Investment Company Act. Moreover, the Manager is not registered as an investment adviser with the SEC nor any state. Accordingly, the Members will not benefit from some of the protections afforded by such statutes, including oversight by the SEC, or any other domestic or foreign regulatory authority.

Investment Company Act. The Manager believes that the Company should not fall within the definition of an "investment company" under Section 3(a)(1) of the Investment Company Act and would, in the alternative, qualify for an exclusion from such status under Section 3(c)(5)(C) thereof. Notwithstanding the foregoing, if it is determined that the Company is an "investment company" under Section 3(a)(1) of the Investment Company Act and is not entitled to an exclusion under Section 3(c)(5)(C) thereof, there is a risk that the Company would need to rely on another exclusion or exemption from investment company status which could, in turn, subject the Company to additional oversight by, and reporting obligations to, the SEC.

Risks Related to the Manager

Dependence on Key Person. The ability of the Manager to successfully manage the Company's affairs currently depends on the efforts of the Key Person. In addition, the Manager will be relying extensively on the experience, relationships and expertise of the Key Person and other key members. If any of them should die, become disabled or otherwise cease to participate in the Company's business then the Company's ability to manage the Project could be severely impaired. Though the Key Person will devote a majority of their business time to the business and affairs of the Company, there can be no assurance that this individual will continue to be able to carry on their current duties throughout the term of the Company. See the section above entitled "MANAGEMENT."

Manager's Right to Dissolve the Company and Exclude a Member. The Manager has the right to dissolve the Company at any time upon sixty days' notice to the Members. In addition, the Manager may exclude any Member from an investment if the Manager determines that the participation of such Member would violate applicable law or would have a material adverse effect on the Company or any portfolio investment.

Ability to Manage Investments Effectively. The Company's ability to implement its investment strategy will depend on its ability to finance the Project. Accomplishing this result on a cost-effective basis is largely a function of the Company's ability to provide competent, attentive, and efficient services to the Project and the Company's access to financing on acceptable terms. Failure by the Company to manage the Project effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Additional Risk Factors

*Unforeseen Acquisition Results***.** The Project undertaken by the Company may not prove to be successful. The Company may encounter unanticipated difficulties and expenditures relating to Project, including contingent liabilities. The Company may never realize the anticipated benefits of the Project, which could adversely affect its ability to dispose of the Projector make distributions to the Members.

Risks Relating to Insufficient Capital. There is no assurance that the Company will receive sufficient capital to carry out its intentions for the Project. If the Company does not raise a substantial portion of the targeted Capital Contributions, the Company will be subject to a number of adverse consequences, including failure to complete the Project.

*Geopolitical Risks***.** An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil and gasoline and could affect certain investments' financial results. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default with respect to particular Investments, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on the Company's returns. No assurance can be given as to the effect of these events on the value of or markets for the Project.

No Market for Class A Interests and/or Class B Interests. Class A Interests and/or Class B Interests will not be registered under the Securities Act or any other securities law and will not ordinarily be transferable. Class A Interests and Class B Interests may not be transferred, pledged, or otherwise encumbered without the prior written consent of the Manager in its sole discretion. There is no market for Class A Interests and Class B Interests, and none is expected to develop. In addition, the Company is not obligated to redeem any Member's Class A Interests or Class B Interests, and the Operating Agreement contains significant restrictions on the ability of Members to transfer their Class A Interests or Class B Interests. Therefore, each prospective Investor must consider its investment in the Company to be illiquid.

Insurance. The Company will attempt to maintain insurance coverage for its properties against liability to third parties and property damage as is customary for similar businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods, or terrorism may be unavailable, unavailable at a reasonable cost, available in amounts that are less than the full market value or replacement cost of investments or subject to a large deductible. In addition, there can be no assurance that the particular risks which are currently insurable will continue to be insurable at a reasonable cost. If the Company suffers an uninsured loss with respect to a particular property, all or a substantial portion of its investment in the relevant property may be lost. In addition, all of the assets of the Company may be at risk in the event of an uninsured liability to third parties.

Uncertain Asset Valuation. The Company's investments will be presented in its financial statements on a "fair value basis." In the case of the Project, it is possible that readily available price quotations will not exist. Accordingly, Members will need to rely on the judgment of the Company's management for valuing and pricing the Project both for financial statement purposes and in connection with disposing of such investments. A valuation is only an estimate of value and is not a precise measure of realizable value. Ultimate realization of the value of an asset depends to a great extent on economics

and conditions which may be beyond the control of the Company. Further, valuations do not necessarily represent the price at which an investment would sell since market prices of investments can only be determined by negotiation between a willing buyer and seller. If the Company were to liquidate the Project, the realized value may be more than or less than the appraised valuation of such an asset.

Fraud. The Company could be subject to losses due to fraudulent and negligent acts on the part of third parties, including borrowers, brokers, sellers, and vendors.

Limitation of Liability and Indemnification. The Operating Agreement limits the circumstances under which the Manager and their respective officers, directors, shareholders, employees, agents, and affiliates can be held liable to the Company. As a result, Members may have a more limited right of action in certain cases than they would in the absence of this provision. In addition, the Manager and their respective officers, directors, shareholders, employees, agents, and affiliates will be entitled to indemnification from the Company, except in certain circumstances. The assets of the Company will be available to satisfy these indemnification obligations, and such obligations will survive the dissolution of the Company.

Liability of a Member for the Return of Capital Contributions. If the Company should become insolvent, the Members may be required to return any property distributed to them at the time the Company was insolvent and forfeit any undistributed profits.

Delayed Schedule K-1s. The Manager will endeavor to provide a Schedule K-1 to each Member for any given calendar year prior to April 15 of the following year. If the Schedule K-1 is not available by such date, a Member will have to file for an extension and pay taxes based on an estimated amount.

Use of Third-Party Marketers. The Manager may enter into fee sharing arrangements with third party marketers or solicitors who refer Investors to the Company. Such third-party marketers may have a conflict of interest in advising prospective Investors whether to purchase Class A Interests and/or Class A Interests.

Relationship with Strategic Partners. The Manager seeks to benefit from relationships with strategic partners. There is no assurance that such strategic partners will assist the Company to operate on a profitable basis.

The attorneys, accountants and other service providers to the Company and the Manager will not oversee or monitor the Company's investment activities and Members should not rely on them to do so.

CONFLICTS OF INTEREST

There are several inherent and potential conflicts of interest among the Manager, the Key Person, the Company, and the Contractor. By subscribing to the Offering, each subscriber will be deemed to have acknowledged the existence of any such actual or potential conflict of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest. The following discussion enumerates certain potential conflicts of interest.

Because certain entities are related, transactions between or among related entities will not have the benefit of "arm's-length" bargaining and may involve actual or potential conflicts of interest. The Manager has not developed, and does not expect to develop, any formal process for resolving conflicts of interest. While the foregoing conflicts could materially and adversely affect the Company and the Investors, the Manager, in its sole discretion, will attempt to mitigate such potential adversity by the

exercise of its business judgment in an attempt to fulfill its fiduciary obligations. There can be no assurance that such an attempt will prevent adverse consequences resulting from the numerous conflicts of interest, including without limitation, the Manager's delay or unwillingness to commence litigation or enforcement proceedings against the Contractor with respect to the Project upon the occurrence of an event of default. Transactions affected by these actual or potential conflicts include our Operating Agreement. Except to the extent that our Operating Agreement specifically limits self-dealing, the Investors will be relying on the general fiduciary standards that the law applies to a manager of a limited liability company, which prevent overreaching by the Manager in any transaction with or involving the Company. However, the Operating Agreement protects the Manager from liability to the Company for breach of fiduciary duty, unless the Manager breaches the implied contractual covenant of good faith and fair dealing. Summary of potential conflicts of interests with the Manager or its members, managers, or officers may conflict with those of the Company:

- *Lack of Independent Representation.* Independent counsel has not represented or advised the Company. The attorneys who provide services to the Company perform their services for affiliates of the Manager at his direction. They are not engaged by the Company and have no attorney-client relationship with the Company. The Manager's Counsel does not represent any Investor in connection with a) the review of this memorandum, the operating agreement, the subscription agreement or any other document relating to this offering or b) such potential Investor's purchase of Class A Interests and/or Class B Interests. In the absence of any written agreement entered into by such Counsel with the Company or an Investor to the contrary, Counsel owes no duties to the Company nor any Investor. Each potential Investor must seek independent counsel and must rely on the advice of such counsel before investing.
- *Related Companies.* The Company, the Manager and the Contractor are affiliates of each other and are related companies. The Manager owns all of the Class C Interests.
- *Non-Arm's Length Agreements*. The provisions of this memorandum, the Operating Agreement and the Subscription Agreement (collectively, the "**Offering Documents**") are not the result of arm's-length negotiations between unrelated parties. Accordingly, they may not contain market terms designed to protect the interests of unrelated parties and specifically exclude usual and customary provisions designed to protect the interests of property owners, such as the Company. The attorneys, accountants and others who have performed services for the Company in connection with this Offering, and who will perform services for the Company in the future, have been and will be selected by the Manager.
- *Control of the Company.* Subject to significantly limited oversight powers that the Investors have as Class A Members and/or Class B Members of the Company, the Manager will have sole authority to make all decisions of the Company pertaining to the investment of the Offering proceeds and developing the Project. Additionally, our Operating Agreement generally gives the Manager responsibility for the operations of the Company, including authorizing the Investment of the Offering proceeds in the Project. We intend that Class A Members and/or Class B Members will have the rights, powers, and duties normally granted to limited partners under the Uniform Limited Partnership Act. In addition, the Manager will own all of the Class C Interests.
- *Company Opportunities.* The Manager and its affiliates regularly engage in other business activities that are similar to the Project. They have a history of developing similar projects in the past and expect to continue to have opportunities in the future to finance, develop and launch such projects. In particular, if the Manager successfully manages the Company,

including raising and applying the investment proceeds contemplated by this Memorandum, that success may encourage third parties to present additional future opportunities to the Manager and his affiliates. This includes opportunities that might not have been offered were it not for the Manager's experience. Each Investor should recognize that the Manager (or another legal entity created by the Manager or his affiliates) intends to investigate and pursue these opportunities for its own account, and may, as a result, undertake to manage, participate in, develop, own, or acquire other future investment projects, as well as to continue those same activities with regard to existing investment projects. Any of these projects may be similar to the Projects and could conceivably compete with the Projects for the benefit of the Manager or others. Other projects so managed, developed, owned, or acquired by or participated in by the Manager or its affiliates (or continuing to be managed, developed, owned, or acquired by or participated in by any of them) will not constitute any part of the assets, properties, or rights of the Company. Neither the Manager nor any of its affiliates will have any obligation to offer such opportunities to the Company or the Investors.

- *Fiduciary Responsibility of the Manager.* In general, the manager of a limited liability company has a fiduciary responsibility to conduct the affairs of the company in the best interests of the company (duty of loyalty) and must exercise good faith and reasonable prudence in managing the company's business (duty of care). Further, New York law provides that a member may sue on behalf of the limited liability company and in its name in a type of suit called a "derivative action." A derivative action seeks to enforce a right of a limited liability company, including the right to seek remedies for losses caused by a manager's breach of fiduciary duty. However, as allowed under the LLC Act, the Operating Agreement protects the Manager from liability to the Company for things it did or failed to do on behalf of the Company, including losses caused by the Manager's negligence, misconduct, or breach of fiduciary duty. Investors may have a more limited right of action than they would have absent these limitations in the Operating Agreement. In addition, the members bringing a derivative action will have the burden of proving a breach of fiduciary duty by a manager and must bear the expenses of such a lawsuit unless and until they prevail in the derivative action by proving the breach.

- *Indemnification.* The Operating Agreement provides exculpation and indemnification rights to the Manager and its affiliates, as described in the Operating Agreement. See *"Summary of Principal Terms of the Company – Exculpation and Indemnification."*

- *Other Activities; Competition.* The Manager does not have any duty to account to the Company for profits derived from activities unrelated to the Company. When engaging in non-Company activities the Manager has no duty to avoid affecting the Company's investments or interests and may engage in a business activity that directly or indirectly competes with the Company. In addition, our Operating Agreement requires the Manager to devote to the Company's affairs only as much time as the Manager deems necessary. the Manager may therefore have potential conflicts of interest with the Company. See *Risk Factors*.

- *Compensation.* The Manager may receive a substantial economic benefit from the Project and the Company. The Manager will own all of the Class C Units. The Manager will receive 50% of the distributions from the Company once the Class A Members and/or Class B Members have received the return of their Capital and their Member Return (15% for Class A Members and 20% for Class B Members). The Managing Member (Fund Manager) shall receive an annual management fee: 5% of the capital raised or $120,000 per year ($10,000 per month), whichever is greater from the Company with respect to its services as Managing Member (Fund Manager).

- *Diverse Members*. The Members are expected to include taxable and tax-exempt entities and persons or entities resident of or organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the Manager that may be more beneficial for one type of Member. In making such decisions, the Manager intends to consider the investment objectives of the Company as a whole, not the investment objectives of any Member individually.
- *Investment terms set prior to admission of Class A Members and/or Class B Members.* Substantially all terms relating to the purchase of a Class A Interest and/or Class B Interest and the operation of the Company have or will have been determined prior to the admission of Class A Members and/or Class B Members to the Company. This includes, but is not limited to, (a) the Company's business, (b) Capital Contribution Commitments of the Class A Members and/or Class B Members, (c) allocation of the Company's profits and losses, (d) distributions of available cash, (e) reimbursement of overhead advanced by the Manager and its affiliates, and (f) the scope of indemnification, exculpation and fiduciary duty waiver provisions. The interests of the Manager may conflict with those of Class A Members and/or Class B Members.
- *Policies and Procedures for Conflicts of Interest.* Neither the Company, the Manager, nor the Contractor have adopted any policies regarding the treatment of conflicts of interest.
- *Policies and Procedures for Related Party Transactions.* Neither the Company, the Manager, nor the Contractor have adopted any policies regarding transactions with their respective executive officers, directors, managers, beneficial owners of more than 5% of their equity securities, or any member of the immediate family of any of the foregoing persons.

THIS LIST OF RISK FACTORS MAY NOT DESCRIBE ALL OF THE RISKS AND CONFLICTS OF INTERESTS RELATING TO THE COMPANY. A PROSPECTIVE INVESTOR SHOULD READ THIS ENTIRE MEMORANDUM AND CONSULT HIS, HER OR ITS OWN LEGAL AND FINANCIAL ADVISORS BEFORE INVESTING IN THE COMPANY.

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ERISA CONSIDERATIONS

PRIOR TO INVESTING EMPLOYEE BENEFIT PLAN ASSETS IN THE COMPANY, PLAN FIDUCIARIES SHOULD CONSULT WITH INDEPENDENT COUNSEL REGARDING THE PROPRIETY OF INVESTING IN THE COMPANY AND THE CONSEQUENCES OF INVESTING IN THE COMPANY UNDER ERISA, THE CODE AND OTHER APPLICABLE LAWS.

Scope

Certain Investors in the Company may be employee benefit plans (or title-holding entities utilized by such plans). Employee benefit plans which are not "church plans" (as defined under Section 3(33) of ERISA) or "governmental plans" (as defined under Section 3(32) of ERISA) are generally subject to the fiduciary responsibility and prohibited transaction provisions of ERISA, and certain related provisions of the Code. Individual Retirement Accounts ("**IRAs**") which are not employer-sponsored "SEP IRAs" are not subject to ERISA but are subject to the prohibited transactions provisions of the Code.

The following is a summary of certain material considerations which may apply to Investors which are employee benefit plans under ERISA and the Code or whose assets are "plan assets" under U.S. Department of Labor regulations. Certain considerations applicable to employee benefit plans exempt from ERISA and the prohibited transaction provisions of the Code are addressed only briefly in this summary. This summary is based on the fiduciary responsibility and prohibited transaction provisions of ERISA, relevant regulations and opinions issued by the U.S. Department of Labor and on the pertinent provisions of the Code, regulations issued thereunder, published rulings and procedures of the Internal Revenue Service and court decisions as of the date of this Memorandum.

This summary is not intended to be exhaustive. Because of the many factual patterns which may develop in connection with the purchase or holding of Class A Interests and/or Class B Interests by an employee benefit plan, independent advice should be sought regarding each employee benefit plan's situation.

General

ERISA-covered Investors are generally subject to the fiduciary responsibility provisions of Title I, Part 4 of ERISA. These provisions impose standards of conduct on each individual or entity who has discretionary authority or control over the investment of employee benefit plan assets, or who is otherwise treated as a fiduciary with respect to a plan under ERISA (for these purposes, a "**Fiduciary**"). These rules require, among other things, that each Fiduciary discharge its duties prudently and for the exclusive purpose of providing benefits to plan participants and beneficiaries. Fiduciaries are required to diversify plan investments so as to minimize the risk of loss and to invest the assets of a plan as a whole, in a manner that is consistent with the purposes of the plan, the terms of the plan insofar as they comply with ERISA, and the cash flow requirements and funding objectives of the plan. ERISA and related provisions of the Code also prohibit certain specified transactions (or "**prohibited transactions**") between a plan and a "party in interest" (or related party to the plan) unless a statutory or administrative exemption applies.

Before proceeding to invest a portion of an employee benefit plan's assets in the Company, the Fiduciary, taking into account the particular facts and circumstances of such employee benefit plan, should consider all applicable fiduciary standards, any prohibited transaction concerns, and the permissibility of such investment under the documents and procedures governing the administration of the plan. For example, and taking into consideration the information contained herein, the Fiduciary should give special attention to (i) Section 3(42) of ERISA and the Department of Labor's regulations defining "plan assets" (29 C.F.R. §2510.3-101)(the "Plan Asset Regulations"), discussed below, and the impact of such regulations upon the Fiduciary's decision to invest in Company, and (ii) the prudence of an investment in the Company, taking into account the other investments made with the assets of the plan and the diversification thereof, whether an investment of plan assets in the Company is consistent with the cash flow requirements and funding objectives of the plan and all other facts and circumstances of the investment which the Fiduciary knows or should know are relevant to the investment or a series or program of investments of which an investment in the Company is a part.

A Fiduciary should take into account the requirement that investments be diversified and prudent in light of all of the facts and circumstances, including the ERISA aspects discussed herein, the fact that transfers of Class A Interests and/or Class B Interests is restricted requiring an Investor to retain ownership and bear the economic risks of the investment for an indefinite period, and that the Company has no operating history. The Manager makes no representations with respect to whether an investment in the Company would be a suitable investment within any employee benefit plan's particular investment portfolio.

A Fiduciary can be personally liable for

- losses incurred by an employee benefit plan resulting from a breach of fiduciary duties,
- a civil penalty, which may be imposed by the Department of Labor, of as much as 20% of the amount recovered by the employee benefit plan, and
- prohibited transaction excise taxes described below.

Plan Asset Regulations

The Plan Asset Regulations set forth guidelines to determine when an employee benefit plan's equity investment in an entity, such as the Company, that is neither publicly-offered securities nor securities of an investment company registered under the Investment Company Act of 1940, will cause the underlying assets of that entity to be treated as assets of the plan for purposes of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code ("**Plan Assets**").

The Plan Asset Regulations impose a "look-through rule" based on the premise that, with certain exceptions, when a plan indirectly retains investment management services by investing in non-publicly traded equity securities of a pooled investment vehicle, the assets of the vehicle should be viewed as plan assets and managed according to the fiduciary responsibility provisions of ERISA. The Plan Asset Regulations distinguish pooled investment vehicles, which are subject to the look-through rule, from operating companies, which are not. The Plan Asset Regulations generally provide that the assets of an entity such as the Company will not be regarded as Plan Assets if, among other conditions, equity participation in the entity by "benefit plan Investors" is not "significant."

For purposes of the Plan Asset Regulations, equity participation in an entity by benefit plan Investors will not be significant if they hold, in the aggregate less than 25% of the value of any class of such entity's equity, excluding equity interests held by persons (other than a benefit plan Investor) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof. In this event, the entity's underlying assets would not be considered to be Plan Assets under ERISA or the Code. For purposes of this 25% test, "benefit plan Investors" generally include all employee benefits plans that are subject to ERISA or the Code, including "Keogh" plans and IRAs, as well as any entity whose underlying assets are deemed to include Plan Assets under the Plan Asset Regulations (*e.g.*, an entity of which 25% or more of the value of any class of equity interests is held by employee benefit plans or other benefit plan Investors and which does not satisfy another exception under the Plan Asset Regulations), but only to the extent that such entity's assets are Plan assets. Government plans and pension plans of foreign corporations are not considered to be benefit plan Investors. Thus, absent satisfaction of another exception under the Plan Asset Regulations, if 25% or more of the value of any class of equity interests were held by benefit plan Investors, an undivided interest in each of the underlying assets of the

Company would be deemed to be "plan assets of any Plan subject to Title I of ERISA or Section 4975 of the Code that invested in the Company."

Plan Asset Consequences

If the assets of the Company were to be deemed to be Plan Assets under ERISA, this would result, among other things, in

- the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Company,
- the possibility that certain transactions in which the Company might seek to engage could constitute "prohibited transactions" under ERISA and the Code, and
- the possibility that if the assets of the Company were deemed to be Plan Assets under ERISA, the possibility that certain transactions in which the Company might seek to engage could constitute "prohibited transactions" under ERISA and the Code.

If a prohibited transaction occurs for which no exemption is available, the Manager, and any other Fiduciary that has engaged in the prohibited transaction could be required to restore to a plan any profit realized on the transactions and to reimburse the plan for any losses suffered by the plan as a result of the investment. In addition, each disqualified person (within the meaning of Code Section 4975) involved could be subject to an excise tax equal to 15% of the amount involved in the prohibited transaction for each year the transaction continues and, unless the transaction is corrected within statutorily required periods, to an additional tax of 100%. Plan Fiduciaries who decide to invest in the Company could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Company or as co-fiduciaries for actions taken by or on behalf of the Company or the Manager. With respect to an IRA that invests in the Company, the occurrence of a prohibited transaction involving the individual who established the IRA, or his or her beneficiaries, would cause the IRA to lose its tax-exempt status.

The Company intends to conduct its affairs so as to avoid having its assets being considered as Plan Assets under ERISA. Accordingly, the Manager will use its reasonable efforts to limit subscriptions by benefit plan Investors so that the investments in the Company will not be significant. However, there can be no assurance that investment in the Company by benefit plan Investors will not be significant or that the underlying assets of the Company will not otherwise be deemed to include ERISA Plan Assets.

Additional Fiduciary Responsibilities

Regardless of whether or not assets the Company are treated as Plan Assets, the purchase and retention of any Class A Interests and/or Class B Interests by an employee benefit plan will be subject to fiduciary standards of conduct and the prohibited transaction rules that are otherwise applicable to employee benefit plans under ERISA and the Code. For example, Class A Interests and/or Class B Interests should not be purchased by an employee benefit plan if the Manager or any of its affiliates (i) is a party in interest with respect to the employee benefit plan, or (ii) either (A) has investment discretion with respect to the investment of such employee benefit plan's assets, or (B) regularly gives investment advice with respect to such employee benefit plan's assets for a fee, pursuant to an understanding that such advice will serve as a primary basis for investment decisions with respect to such employee benefit plan's assets and that such advice will be based on the particular investment needs of the employee

benefit plan, if, as a result of exercising such discretion or giving such advice, the employee benefit plan invests in the Company.

Also, a prohibited transaction may still occur under ERISA or the Code where there are circumstances indicating that (i) the investment in the Company is made or retained for the purpose of avoiding application of the fiduciary standards of ERISA, (ii) the investment in the Company constitutes an arrangement under which it is expected that the Company will engage in transactions which would otherwise be prohibited if entered into directly by the employee benefit plan investing in the Company, (iii) the investing employee benefit plan, by itself, has the authority or influence to cause the Company to engage in such transactions, or (iv) the person who is prohibited from transacting with the investing employee benefit plan may, but only with the aid of certain of its affiliates and the investing employee benefit plan, cause the Company to engage in such transactions with such person.

Representation by Plans

Each Fiduciary of each potential Investor that is an employee benefit plan under ERISA or whose assets are Plan Assets, each within the meaning of, and subject to the provisions of ERISA, will be required to represent, prior to investing, that (i) for so long as the Company is not plan assets for purposes of ERISA and the Code, it is its understanding that neither the Company, the Manager nor any of its affiliates are Fiduciaries of such potential Investor by reason of the plan's or other entity's investing its assets in the Company; (ii) it has been informed of and understands the investment objectives and policies of, and the investment strategies that may be pursued by, the Company; (iii) it is aware of the provisions of Section 404 of ERISA relating to the requirements for prudent investment and diversification of the assets of employee benefit plans and trusts subject to ERISA; (iv) it has given appropriate consideration to the facts and circumstances relevant to the investment by the plan in the Company and has determined that such investment is reasonably designed, as part of the plan's investment portfolio, to further the purposes of such plan; (v) after taking into account the other investments made with the assets of such plan, and the diversification thereof, such plan's investment in the Company is consistent with the requirements of Section 404 and other provisions of ERISA; (vi) it understands that current income will not be a primary objective of the Company and, taking into account the other investments made with the assets of such plan, the investment of assets of such plan in the Company is consistent with the cash flow requirements and funding objectives of such plan; and (vii) an investment in the Company by such plan is permitted under the documents governing the plan and the Fiduciary.

Information Requests

The Manager reserves the right to request from any Investor or potential Investor such information as the Manager deems necessary to monitor the Company's investments relating to employee benefit plans.

Each plan fiduciary should consult its own legal advisor concerning the considerations discussed above before making an investment in the Company.

Transfer Restrictions; Investor Suitability Standards

This is a private Offering which is being made only by delivery of a copy of this Memorandum. The purchase of the Class A Interests and/or Class B Interests is speculative and involves a high degree of risk. In addition to the suitability standards set forth below, an investment

in Class A Interests and/or Class B Interests is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and can afford a total loss of their investment. Consequently, an investment in the Company is not a suitable investment for all potential Investors and the sale of the Class A Interests and/or Class B Interests hereunder will be made on a selected private basis to Investors who meet the suitability standards set forth below.

The suitability standards set forth below represent minimum suitability standards for Investors. The satisfaction of such suitability standards by a prospective Investor does not necessarily mean that an investment in the Class A Interests and/or Class B Interests is suitable for such prospective Investor. Prospective Investors are encouraged to consult their personal professional advisors to determine whether an investment in the Company is appropriate for them. The Manager may reject subscriptions, in whole or in part, in its sole discretion.

There is no established market for Class A Interests and/or Class B Interests. There are only a limited number of Investors and there are restrictions on the transferability of Class A Interests and/or Class B Interests, so a market for the Class A Interests and/or Class B Interests will likely never develop. Class A Interests and/or Class B Interests cannot be resold without the prior written consent of the Manager, which may be withheld in its sole reasonable discretion, and unless: (i) they are subsequently registered under the Securities Act and applicable state securities laws, or (ii) an exemption from such registration is available.

Class A Interests and/or Class B Interests are being offered and will be sold only to individual "accredited Investors," which are generally defined in Rule 501 under the Securities Act as being:

a) any natural person whose individual net worth, or joint net worth with that person's spouse (excluding primary residence), exceeds $1,000,000;

b) any natural person whose individual income exceeded $200,000, or whose joint income with that person's spouse exceeded $300,000, in each of the two most recent years and who has a reasonable expectation of reaching that income level in the current year;

c) for certain entity Investors, having assets of at least $5,000,000; or

d) for entity Investors, having all the owners of such entity otherwise be Accredited Investors.

Each prospective Investor will be required to represent and to establish to the satisfaction of the Company that such Investor is either a non-U.S. Person or an "accredited Investor."

The Company reserves the right to refuse a subscription for Class A Interests and/or Class B Interests in its sole discretion for any reason, including concern that the prospective Investor may not meet the requirements for accredited Investors. Each prospective Investor must also meet the further suitability criteria and make the representations and warranties set forth in the subscription documents attached hereto.

Furthermore, the sale of Class A Interests and/or Class B Interests offered hereby will be made only to persons and/or entities who meet or exceed certain additional suitability standards which have been adopted by the Company for the purpose of determining who will be permitted to purchase Class A Interests and/or Class B Interests. Subscription agreements from prospective Investors will be accepted or rejected by the Manager. The Manager reserves the right to reject any subscription agreement for any reason. If the Manager rejects the subscription of any Investor, the subscription

agreement and subscription funds will be returned promptly to the Investor. The Manager hereby expressly reserves the right to reject any subscription at the sole discretion of the Manager.

TAXATION

The following was written to support the promotion or marketing of the transaction or matters addressed herein. The following was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax law. This discussion does not constitute an opinion or advice of McKennon Shelton & Henn LLP. Each taxpayer should seek advice based on the taxpayer's particular circumstances from their own tax advisor.

Introduction

The following is a summary of certain aspects of the United States federal income taxation of the Company and its Members which should be considered by a potential purchaser of Class A Interests and/or Class B Interests. A complete discussion of all tax aspects of an investment in the Company is beyond the scope of this Memorandum. The following summary is only intended to identify and discuss certain salient issues. The discussion does not constitute tax advice and is intended only as a general summary. The summary does not address jurisdictions outside of the U.S. and only addresses state and local issues in the limited manner set forth below.

The following summary is <u>not</u> intended as a substitute for careful tax planning. The tax matters relating to the Company are complex and are subject to varying interpretations. Moreover, the effect of existing income tax laws and of proposed changes in income tax laws on Members will vary with the particular circumstances of each Member. Accordingly, each prospective Member must consult with and rely solely on its professional tax advisors with respect to the tax results of its investment in the Company. In no event will the Manager, or any of its affiliates, counsel or other professional advisors be liable to any Member for any federal, state, local or other tax consequences of an investment in the Company, whether or not such consequences are described below.

U.S. Federal Income Taxation

The discussion of U.S. federal income tax matters contained herein is based on existing law as contained in the Code and other administrative rulings and court decisions, all as of the date of this Memorandum. No assurance can be given that future legislation, new or revised regulations, administrative rulings, or court decisions will not modify the conclusions set forth in this summary, possibly with retroactive effect. This summary does not discuss all of the U.S. federal income tax considerations that may be relevant to a particular Investor or to Investors subject to special treatment such as, without limitation, banks, thrifts, insurance companies, persons liable for the alternative minimum tax, charitable remainder trusts and persons holding Class A Interests and/or Class B Interests as beneficiaries of charitable remainder trusts, dual residents, expatriates, former long-term U.S. residents, Investors who acquire Class A Interests and/or Class B Interests in exchange for property other than cash, dealers and other Investors that do not own their Class A Interests and/or Class B Interests as capital assets, and does not constitute legal or tax advice. This summary does not discuss the application of state, local, non-U.S., or U.S. federal estate taxes to an investment in the Company. Accordingly, prospective Investors should consult their own tax advisors regarding the specific U.S. federal, state, local, and non-U.S. tax consequences to them of investing in the Company.

This summary does not address the tax considerations of Investors that are partnerships or other entities classified as partnerships for U.S. federal income tax purposes or of persons that own Class A Interests and/or Class B Interests through any such entities. Except as briefly addressed below, this summary also does not address the tax considerations of Investors that are Non-U.S. Investors. The Company has not requested, and does not plan to request, a ruling from the IRS with respect to any matter affecting Class A Interests and/or Class B Interests, or any holders thereof.

Because the nature of the Company's investments is not fully known at the time of this Memorandum, it is not possible to address the specific tax consequences of the Company's investments. Accordingly, the following discussion is intended only as a general guide.

Prospective Investors are urged to consult their own tax advisors as to the specific tax consequences of purchasing, owning, and disposing of a Class A Interest and/or Class B Interest in the Company, including state and local tax considerations, "unrelated business income tax" considerations for tax-exempt U.S. Investors, and the special tax considerations that would apply for any Non-U.S. Investor. This section does not constitute tax advice and should not be construed as such.

For purposes of this section, an "Investor" means any person or entity that is a beneficial owner of a Class A Interest and/or Class B Interest in the Company. An Investor shall also be interchangeably referred to as a "**Member.**" A "**U.S. Investor"** or a **"U.S. Member**" means an Investor or Member that is, with respect to the United States, a citizen or resident individual for United States federal income tax purposes, a domestic corporation or other entity treated as a corporation for U.S. federal income tax purposes, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or which has a valid election in place to be treated as a U.S. person. A "**Non-U.S. Investor"** or a **"Non-U.S. Member**" means an Investor or Member that is not a U.S. Investor or U.S. Member. If an Investor holds a Class A Interest in a partnership or another "pass-through" entity for U.S. federal income tax purposes, which in turn holds an Class A Interest and/or Class B Interest in the Company, the U.S. federal income tax consequences to such Investor will depend on the Investor's status and the partnership's or other entity's activities.

Classification of the Company

The Company is a New York limited liability company. Based on the governing state laws and organizational documents, the Company is expected to be treated as a partnership for U.S. federal income tax purposes. Each Member by investing in the Company will agree to such treatment of the Company for U.S. federal income tax purposes and not to take any action inconsistent with such treatment. The remainder of this discussion assumes that the Company will be treated as a partnership for U.S. federal income tax purposes.

An entity treated as a partnership is not subject to U.S. federal income tax as an entity. The Company will file a partnership information return reporting its operations for each taxable year. The Company will provide each Member with the information necessary to enable the Member to include its distributive items of income, gain, loss, deduction, and credit of the Company arising from its investment in the Company during the taxable year of the Company that ends within or with the taxable year of the Member in determining U.S. federal income tax liability. The characterization of each item of the Company's income, gain, loss, deduction, and credit will be determined at the Company level.

If for any reason the Company is not treated as a partnership and instead is treated as an association taxable as a corporation for U.S. federal income tax purposes, the Company would be subject to tax on its net income at corporate tax rates, without deduction for any distributions to its Members, thereby materially reducing the amount of any cash available for distribution or reinvestment. In addition, the character and amount of the Company's items of income, gain, loss, deduction, and credit would not be passed through to the Members, and the Members would be treated as shareholders of a U.S. corporation for U.S. federal income tax purposes, with all distributions by the Company to its Members treated as dividends. If the Company is instead treated as a publicly traded partnership for U.S. federal income tax purposes, it will be taxed as a U.S. corporation except for its taxable years during which ninety percent (90%) or more of its gross income is derived from certain passive sources.

Taxation of U.S. Members

Basis of the Class A Interests and/or Class B Interests. In general, a U.S. Member's initial tax basis in its Class A Interests and/or Class B Interests equals its initial cash contribution to the Company. In accordance with the general principles of partnership taxation, the initial tax basis generally will be increased by (a) the U.S. Member's share of the Company's taxable income, (b) increases in such U.S. Member's share of liabilities of the Company and (c) such U.S. Member's subsequent contributions. Generally, a U.S. Member's tax basis is decreased (but not below zero) by (i) distributions by the Company to the U.S. Member, (ii) decreases in such U.S. Member's share of liabilities of the Company, (iii) such U.S. Member's share of losses of the Company, and (iv) such U.S. Member's share of nondeductible expenditures of the Company that are not chargeable to capital.

Allocation of the Company's Income, Gains, Losses, Deductions and Credits. Each U.S. Member will be required to take into account its distributive share of items of income, gain, loss, deduction and credit of the Company for each taxable year of the Company ending within or with the U.S. Member's taxable year for purposes of determining its U.S. federal income tax liability, whether or not actual distributions are made to the U.S. Member by the Company. Each item will generally have the same character and source (either U.S. or foreign) as though the U.S. Member had realized the item directly. In this regard, a prospective Member should note that the Company may not make regular distributions to the Members. A U.S. Member may have to satisfy tax liabilities arising from an investment in the Company with its own funds.

Under Section 704 of the Code, a Member's allocable share of any Company item of income, gain, loss deduction or credit is governed by the Operating Agreement unless the allocation provided by the Operating Agreement does not have "substantial economic effect." While no assurance can be given, the allocations provided by the Operating Agreement are intended to have substantial economic effect. However, if it were determined by the IRS or otherwise that the allocations provided in the Operating Agreement with respect to a particular item do not have substantial economic effect, each Member's allocable share of that item would be determined for U.S. federal income tax purposes in accordance with that Member's interest in the Company, considering all facts and circumstances.

Distributions from the Company. In general, a U.S. Member receiving a distribution from the Company in connection with a complete redemption of its Interest will recognize capital gain or loss to the extent of the difference between the proceeds received by such U.S. Member (which would include

the fair market value of any property received as part of such distribution) and such U.S. Member's adjusted tax basis in its Interest. In this regard, if the U.S. Member was allocated any portion of the Company's liabilities before the redemption, any relief from such portion of the Company's liabilities will be treated as a cash distribution. For a U.S. Member, such capital gain or loss will be short-term, long-term, or some combination of both, depending upon the timing of the U.S. Member's contributions to the Company. However, a U.S. Member generally will recognize ordinary income to the extent such U.S. Member's distributive share of the Company's "unrealized receivables" and "substantially appreciated inventory items" exceeds the U.S. Member's basis in such unrealized receivables. Unrealized receivables include, to the extent not previously included in the Company's income, any rights to payment for services rendered or to be rendered. Unrealized receivables also include amounts that would be subject to recapture as ordinary income if the Company had sold its assets at their fair market value at the time of the redemption. A U.S. Member receiving a non-liquidating distribution will recognize income in a similar manner only to the extent that the amount of the distribution exceeds such U.S. Member's adjusted tax basis in its Interest.

Limitations on Use of Losses and Deductions. The Code provides several limitations on a U.S. Member's ability to deduct its allocable share of the Company losses and deductions. Some Company losses may be "passive activity losses," which may subject U.S. Members that are individuals and certain closely held, personal service and S corporations to limitations on their deductibility. In general, such passive losses will only be deductible to the extent of the U.S. Member's income from passive activities.

Code Section 469 provides, in general, that losses and credits arising from "passive activities ("**Passive Activity Losses**") may be deducted only to the extent of income generated by passive activities ("**Passive Activity Income**"). Under Code Section 469(g), disallowed losses or credits may be carried over to following years, with utilization of previously disallowed deductions generally allowed in the year in which the taxpayer disposes of its entire Interest in the passive activity in a fully taxable transaction.

A passive activity is generally defined as any activity involving the conduct of a trade of business in whose operation the taxpayer does not materially participate. A non-managing member in a limited liability company generally is deemed not to materially participate in the activity of the company; therefore, unless a Member otherwise actively participates in the management investments by Company, the holding of an Interest will be deemed to be a passive activity by the non-managing Member. Interest expenses incurred in connection with passive activities are deemed to be passive activity deductions and are utilized to calculate the passive activity income or loss from the activity to which such expenditure relates. The general effect of these provisions is typically to restrict a non-managing Member from using losses (including interest) generated by passive activities, to offset non-passive income, such as earned income.

Separately, a U.S. Member that is an individual, S corporation or closely held corporation may not deduct its share of the losses of the Company, if any, to the extent that such losses exceed the lesser of (i) the adjusted tax basis of its Interest at the end of the Company's taxable year in which the loss occurs, and (ii) the amount for which such holder is considered "at risk" at the end of that year. In general,

a U.S. Member will initially be "at risk" to the extent of the amount of cash and the adjusted bases in the other assets, if any, the U.S. Member is deemed to have contributed to the Company plus its share of the Company's liabilities that are considered "qualified nonrecourse financing" for purposes of the "at risk" rules. A U.S. Member's "at risk" amount will increase or decrease as the adjusted basis in its interest increases or decreases. Losses disallowed to a U.S. Member as a result of these rules can be carried forward and may be available to such U.S Member to offset gain from a disposition of an interest in the same activity or may generally be utilized to the extent that the U.S. Member's adjusted basis or "at risk" amount (whichever was the limiting factor) is increased in a subsequent year.

Furthermore, under Section 704(d) of the Code, a Member's allocable share of the Company losses (including capital losses) is limited to the extent of the adjusted basis of its Interest at the end of the Company year in which such loss occurred.

Even if the limitations described above otherwise were not applicable, capital losses generally may be deducted only to the extent of capital gains, except for non-corporate U.S. Members who are allowed to deduct $3,000 of excess capital losses per year against ordinary income. Corporate U.S. Members may carry back unused capital losses for three years and may carry forward such losses for five years; non-corporate U.S. Members may not carry back unused capital losses but may carry forward unused capital losses indefinitely.

To the extent that the Company has interest expenses, a non-corporate U.S. Member will likely be subject to the "investment interest expense" limitations. The deduction for investment interest expenses is limited to net investment income (i.e., the excess of investment income over investment expenses). Excess investment interest expenses that are disallowed are not lost permanently but may be carried forward to succeeding years subject to Section 163(d) limitation. Net capital gain (i.e., net long-term capital gain over net short-term capital loss) on property held for investment is only included in investment income for purposes of claiming interest deduction to the extent the taxpayer elects to subject some or all of such gain to taxation at ordinary income tax rates.

Alternative Minimum Tax Rules. The Company will not be subject to the alternative minimum tax ("**AMT**"), but U.S. Members, as Members of the Company, will be required to take into account on their own tax returns their respective shares of the Company's tax preference items and adjustments in order to compute their alternative minimum taxable income ("**AMTI**"). The Code contains different sets of alternative minimum tax rules applicable to corporate and non-corporate U.S. Members. **Prospective Members should consult with their tax advisors with respect to the effect of the AMT provisions following the issuance of Class A Interests.**

Sale of Interests in the Company. A U.S. Member selling its Interests generally recognizes capital gain or loss to the extent of the difference between the proceeds received by such U.S. Member and such U.S. Member's adjusted tax basis in its Interest. For a U.S. Member, such capital gain or loss is either short-term, long-term, or some combination of both, depending upon the timing of the U.S. Member's contributions to the Company, except for the portion of the sale proceeds attributable to the Member's share of the Company's "unrealized receivables" and "inventory items" which generally will be treated as ordinary income of the selling Member.

Tax-Exempt U.S. Members

Based on the expected activities of the Company, a tax-exempt U.S. Member investing in the Company can realize a substantial portion of income and gain from the investment as "unrelated business taxable income" ("**UBTI**") for U.S. federal income tax purposes.

UBTI in the hands of a U.S. Member that is an organization exempt from U.S. federal income tax under Section 501(a) of the Code or an individual retirement account (an "**IRA**"), will be subject to income taxation. A tax-exempt U.S. Member which is subject to tax on its UBTI may also be subject to the alternative minimum tax with respect to items of tax preference which enter into the computation of UBTI. While UBTI itself is taxable, the receipt of UBTI by a tax-exempt U.S. Member generally has no effect upon that Member's tax-exempt status or upon the exemption from tax of its other income. However, for certain types of tax-exempt U.S. Members, the receipt of any UBTI may have extremely adverse consequences. In particular, for a charitable remainder trust (defined under Section 664 of the Code), the receipt of any taxable income from UBTI during a taxable year will result in an excise tax equal to 100% of the UBTI.

UBTI is generally the excess of gross income from any unrelated trade or business conducted by an exempt organization or IRA (or by a partnership of which the exempt organization or IRA is a member) over the deductions attributable to such trade or business. UBTI generally does not include dividends, interest, annuities, royalties and gain or loss from the disposition of property other than stock in trade or property held primarily for sale in the ordinary course of the trade or business (the "**Dealer Income**"). While the Manager expects that the Company's investment strategy generally will not result in Dealer Income, this is a factual issue determined on an asset-by-asset basis and, thus, no assurance can be given that the Company will not realize Dealer Income from its investment activities.

The Company's income and gain can constitute UBTI even if the item of income or gain is not a Dealer Income. For example, "unrelated debt-financed income" also constitutes UBTI. In general, unrelated debt-financed income consists of: (i) income derived by a tax-exempt organization from income producing property with respect to which there is "acquisition indebtedness" at any time during the taxable year; and (ii) gain derived by a tax-exempt organization from the disposition of property with respect to which there is "acquisition indebtedness." Such income and gain derived by a tax-exempt organization from the ownership and sale of debt-financed property are taxable in the proportion to which such property is financed by "acquisition indebtedness" during the relevant period of time. In addition, to the extent a tax-exempt organization borrows money to finance its investment in the Company, such organization would be subject to tax on the portion of its income which is unrelated debt-financed income even though such income may constitute an item otherwise excludable from UBTI, such as dividends.

There is an exception to this unrelated debt-financed income rule with respect to investment in real property (but not an interest in a partnership holding real property) acquired with debt if the terms of the acquisition and financing and, in the case of a tax-exempt organization invested through a partnership, the allocation of income, gain, loss and deduction from the partnership with respect to the debt financed real property meet a number of requirements. The Company expects to incur debt in connection with its investment activities and, in the case of an investment in real property, it does not expect to satisfy all the requirements for the exception described above. Thus, a tax-exempt U.S. Member will likely be subject to tax on the proportion of its distributive share of the Company's income which is unrelated debt-financed income.

Alternatively, the Company could realize UBTI from rental of real property if, in connection with the rental of real property, (i) the Company also leases a significant amount of personal property, or (ii)

the Company provides to the occupant services that are primarily for the convenience of the occupants and that are not usually or customarily rendered in connection with the rental of space for occupancy only. **Any prospective tax-exempt U.S. Investor considering an investment in the Company should consult its own tax advisor regarding the tax consequences of investing in the Company.**

Non-U.S. Members

As a result of its intended investment objectives, the Company is likely to be engaged in the conduct of a U.S. trade or business for U.S. federal income tax purposes. As such, it is likely to generate income that is treated as effectively connected with the conduct of such trade or business within the United States for purposes of the Code. Under the Code, the Company's activities and income will generally be attributed to its Non-U.S. Members. Thus, Non-U.S. Members will likely be subject to U.S. federal income taxation on a net basis (in a manner similar to the taxation of taxable U.S. Members) on income that is "effectively connected" with the conduct of a U.S. trade or business ("**ECI**"). In such case, Non-U.S. Members would also be required to file tax returns in the United States. In addition, corporate Non-U.S.-Members may be subject to an additional "branch profits" tax on the after-tax income applied at a 30% rate (similar to a withholding tax that would be imposed on a dividend paid by a wholly owned U.S. subsidiary).

Additionally, gain on the disposition of Interests by a Non-U.S. Member may be subject to U.S. federal income and withholding taxes. Such sold Interests are likely to be classified as United States real property interests within the meaning of Section 897 of the Code or are otherwise deemed to be effectively connected income to a U.S. trade or business.

Even if the Company is not considered to be engaged in the conduct of a U.S. trade or business with respect to any portion of its investments or assets, Non-U.S. Members may nonetheless be subject to direct or indirect U.S. federal taxation with respect to income or gain from such investments or assets. A Non-U.S. Member may be subject to U.S. federal withholding taxes (generally at the rate of 30% of the gross amount) on some of their income, including fixed or determinable annual or periodical ("FDAP") income, considered to be from U.S. sources, and that does not constitute ECI. Generally, capital gains and qualified interest, such as portfolio interest (as defined in Section 871(h) of the Code), that do not constitute ECI, should not be subject to U.S. federal withholding tax.

Furthermore, even if there is no substantive U.S. federal income or withholding tax liability, income or gain of a Non-U.S. Member may be subject to a "backup" withholding if the Company is required by law to obtain identifying information from the Non-U.S. Member and the Non-U.S. Member fails to provide such information in the requisite manner or the Company is otherwise required to backup withhold by law. **Any prospective Non-U.S. Member considering an investment in the Company should consult its own tax advisor regarding the tax consequences of investing in the Company.**

Other Tax Matters

Medicare Tax on Investment Income. For tax years beginning after December 31, 2012, a 3.8% Medicare tax is imposed on certain types of investment income. This new tax is imposed on non-

corporate U.S. taxpayers. In the case of an individual U.S. Member, generally, this tax is imposed on the lesser of (i) "net investment income" or (ii) the excess of modified adjusted gross income over a certain threshold. The threshold amount is $200,000 for single filers, and $250,000 for married taxpayers filing joint returns. Based on the Company's expected investment activities, it is likely that, if income and gain are generated from investing in the Company, such income and/or gain may need to be included in the computation of "net investment income" for purposes of computing this tax.

Foreign Account Legislation. Under the Foreign Account Tax Compliance Act ("**FATCA**"), the relevant withholding agent may be required to withhold 30% of any interest, dividends, and other fixed or determinable annual or periodical gains, profits, and income from sources within the United States or gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States paid to: (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements; or (ii) a non-financial foreign entity that is a beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements. Thus, Non-U.S. Members could be subject to the FATCA withholding tax if they do not provide information to the Company to comply with the FATCA information reporting rules. In such case, the Company may require the Members whose failure to provide information resulted in the FATCA withholding tax to indemnify the Company for the tax and associated costs, treat the FATCA withholding as an amount deemed distributed to such Members and/or seek other remedies. Prospective Members should consult their own tax advisors regarding the possible implications of the FATCA on their investment in the Interests.

Returns; Tax Audits. As discussed above, the determination and allocation of the Company items will be made at the Company level and reported on the Company's tax returns as such. All Members will be required under the Code to treat the items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency. Given the uncertainty and complexity of the tax laws, it is possible that the IRS may not agree with the manner in which the Company's items have been reported.

In the event the IRS audits the tax returns of the Company, the U.S. federal income tax treatment of the Company's income, gain, loss, deduction and credit generally will be determined at the Company level in a single proceeding rather than by individual audits of the Members. The Company's "partnership representative" will have considerable authority to make decisions affecting the tax treatment and procedural rights of all Members. In addition, the partnership representative will have the authority to bind Members to settlement agreements and the right on behalf of all Members to extend the statute of limitations relating to the Members' U.S. federal income tax liabilities with respect to partnership items.

Tax Elections. The Code provides for optional adjustments to the basis of the Company's assets upon distributions of the property to U.S. Members and transfers of Interests, provided that the Company has made an election pursuant to Section 754 of the Code. Depending on the particular facts at the time of any such event, such an adjustment could either increase or decrease the basis of the Company's assets for purposes of computing the Members' or the transferee's distributive shares of the Company's

income, gain, loss and deduction. The Operating Agreement authorizes the Manager to make such an election. However, there can be no assurance that the Manager will make the election because (i) the election, once made, is not revocable without the consent of the IRS, (ii) the election may not be advantageous to all Members, and (iii) accounting complexities result from having such an election.

State and Local Tax

In addition to the federal income tax consequences described above, prospective Investors should consider potential state and local tax consequences of an investment in the Company.

State and local laws often differ from federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction, and credit. A Member's distributive share of the Company's income, gain, loss, deduction and credit generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which he or she is a resident, and in each state and locality in which the Company invests. Therefore, Members may have to file income tax returns for various states and localities in which the Company purchases real property either directly or through another entity. In some states and localities, the Company may have the ability to, and elect to, pay state and local income taxes on behalf of the Members attributable to the gains and income received in a state or locality. Nevertheless, even in states and localities where such an opportunity is available to the Company, the Company makes no assurances that it will take advantage of such opportunities in each case. In addition, because the Company will be invested primarily in real property, it is possible that, in some states, the sale or transfer of an Interest in the Company may also be subject to state and/or local real property transfer tax. **Investors are strongly encouraged to consult their tax advisors with respect to the state and local income tax consequences to them of investing eligible capital gains into Real Estate Funds.**

Each prospective Investor must consult its own tax advisors regarding state and local tax consequences of investing in the Company.

Reportable Transactions

Taxpayers engaging in certain transactions (and their advisors), including transactions where a taxpayer recognizes a loss in excess of a threshold amount, may be subject to reporting and recordkeeping requirements applicable to tax shelters under the Code. Among other instances, Members may be subject to these requirements in the event that any loss they recognize on a sale of an Interest exceeds a threshold amount. Prospective Members should consult their own tax advisors regarding their reporting and recordkeeping obligations under the Code.

INVESTORS ARE STRONGLY ENCOURAGED TO SEEK ADVICE FROM THEIR OWN TAX COUNSEL REGARDING TAX CONSEQUENCES TO THEM OF A POTENTIAL INVESTMENT IN THE COMPANY.

EXHIBIT A

OPERATING AGREEMENT OF BLACK DOCTORS REAL ESTATE FUND, LLC.

EXHIBIT B

SUBSCRIPTION AGREEMENTS