



**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**  
**OF**  
**RETHINK SELF STORAGE FUND 2, LLC**  
**A DELAWARE LIMITED LIABILITY COMPANY**

\$5,000,000<sup>1</sup>

LIMITED LIABILITY COMPANY INTERESTS

OFFERED AT \$1,000 PER INTEREST

THE SECURITIES DESCRIBED IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR UNDER THE SECURITIES LAWS OF ANY OTHER JURISDICTION, IN RELIANCE UPON CERTAIN EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES DESCRIBED HEREIN, NOR HAS THE SEC OR OTHER STATE COMMISSIONS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<b>Class A Interests</b>	<b>Price Per Interest</b>	<b>Number of Interests</b>	<b>Commissions<sup>2</sup></b>	<b>Proceeds to the Fund<sup>3</sup></b>
Maximum Offering Amount	\$1,000	5,000.0	\$0	\$5,000,000
Minimum Investment Amount	\$1,000	50.0	\$0	\$50,000

Date of this Confidential Private Placement Memorandum: April 15, 2025

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<sup>1</sup> This is a “best efforts” Offering meaning the Sponsors will raise as much of the target amount as possible but is not required to raise any particular amount prior to deploying capital and conducting operations.

<sup>2</sup> Neither the Manager nor any principals thereof are receiving commission for the sale of the Shares described herein. The Manager currently does not intend to engage a registered broker-dealer. However, the Manager may, in its discretion engage a broker-dealer who will receive commissions for selling the Shares but such commissions cannot be determined at this time.

<sup>3</sup> “Proceeds to the Company” are calculated before deducting organization costs and ongoing offering expenses, including, without limitation, legal and accounting expenses, reproduction costs, selling expenses and filing fees.



## INTRODUCTION

Rethink Self Storage Fund 2, LLC, a Delaware limited liability company (the “Fund”), was formed to acquire, own, develop, manage, lease, and ultimately sell the Properties (defined herein) with the proceeds of the Offering. The Fund will be managed by Rethink Self Storage Fund Management, LLC (the “Manager”).

To accomplish its objectives, the Fund is offering (the “Offering”) 5,000 limited liability company interests (“Class A Shares”) to accredited investors and up to 35 non-accredited investors (the “Investors”) for the purchase price of \$1,000 per Share. The Share price has been arbitrarily determined by the Manager and does not reflect the underlying value of the Fund or its assets.

The Fund is seeking to raise up to \$5,000,000 (the “Maximum Offering Amount”) but it may raise more if circumstances warrant it and in the Manager’s discretion. There is no minimum amount the Fund is seeking to raise. The Manager may, in its sole discretion, deploy Investor’s capital prior to the Maximum Offering Amount being raised.

The purchase of Class A Shares involves a high degree of risk including the risk of complete loss of investment and is suitable only for persons of financial means who have no need for liquidity in investments and who can afford the possible loss of their entire investment. Additionally, there is no public or trading market for the Shares, and the Manager does not anticipate that one will develop in the future. The Manager does not anticipate registering the Shares with the SEC to facilitate resales. Therefore, Investors must be prepared to hold the Shares indefinitely, without the expectation of liquidity in this investment. Investors are encouraged to consult their own professional advisors. Please review “RISKS OF INVESTING.”

This Confidential Private Placement Memorandum (“PPM”) is intended to provide Investors with important information about the Fund and the Class A Shares. Please read all of the sections carefully. If you have questions or need more information, please contact Patrick Traynor at [p Traynor@gammaincome.com](mailto:p Traynor@gammaincome.com).



## TABLE OF CONTENTS

<b>Introduction</b>	<b>ii</b>
<b>Notices to Investors</b>	<b>vi</b>
NASAA Uniform Legend	vii
Forward Looking Statements	vii
<b>Summary of Offering</b>	<b>I</b>
<b>Suitability of Investors</b>	<b>4</b>
Restrictions on Bad Actors	5
1031 Exchange	5
International Investors	5
Representations and Warranties of Investors	5
<b>The Fund's Structure</b>	<b>6</b>
No Right to Manage	6
Side Car Investments	6
<b>The Fund's Offering</b>	<b>6</b>
Exempt Offering	7
Integration Exemption	7
Contribution Requirements	8
Certificate of Class A Shares	8
Limitation on Investment	8
Commission on Sales of Securities	8
<b>The Fund's Objectives</b>	<b>10</b>
The Fund's Investment Strategy	10
Depreciation Method	11
Sources and Use of Funds	11
Distributions	12
Pro-Rated Distributions	13
Recycling of Distributions	13
Reinvestment Option	13
<b>The Fund's Management</b>	<b>15</b>



Key Persons of the Fund	15
Sponsors' Biographies	15
Board of Advisors	15
Management's Fees and Distributions	16
Reimbursement of Expenses	16
Distributions	16
Deferral of Fees and Distributions	16
Fiduciary Duties of the Manager-Exculpation and Indemnification	17
Exculpation	17
Indemnification	17
Conflicts of Interest	18
Competition	18
The Manager May Hire Affiliates	18
Compensation	18
Acquisition of Shares	18
Lack of Separate Representation	19
Removal of Manager	19
Financial Statements; Track Record; Legal Proceedings	20
Financial Statements of the Fund	20
Financial Statements of the Manager	20
Track Record	20
Legal Proceedings	20
<b>Risks of Investing</b>	<b>21</b>
Real Estate Risks	21
Operating Risks	27
Securities Risks	30
Tax Risks	31
<b>Summary of the Operating Agreement</b>	<b>33</b>
Initial Capital Contributions	33
Additional Capital Contributions	33
Distributions	33

Limitation on Distributions	33
Electronic Payments	33
Reports to Investors and Right to Inspection	34
Restrictions on Transfers	34
Mandatory Buy-Out	34
Binding Arbitration	34
Electronic Communications and Delivery	35
<b>Tax Consequences of Investing</b>	<b>36</b>
<b>How To Subscribe to Purchase Shares</b>	<b>41</b>
Investor's Subscription	41
Over-Subscription	41
<b>Definitions</b>	<b>42</b>
<b>Additional Information</b>	<b>46</b>



## **NOTICES TO INVESTORS**

THIS OFFERING HAS NOT BEEN REGISTERED WITH THE FEDERAL SECURITIES AND EXCHANGE COMMISSION (“SEC”). THE MANAGER IS RELYING ON AN EXEMPTION FROM SECURITIES REGISTRATION UNDER THE SEC’S REGULATION D, RULE 506(B).

THESE SECURITIES ARE OFFERED FOR INVESTMENT PURPOSES ONLY AND MAY NOT BE OFFERED FOR RESALE, PLEDGED, HYPOTHECATED, RESOLD, OR TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE OPERATING AGREEMENT OF THE FUND AND IN A TRANSACTION THAT, IN THE OPINION OF COUNSEL SATISFACTORY TO THE FUND, IS EITHER EXEMPT FROM REGISTRATION UNDER THOSE ACTS OR IS UNDERTAKEN PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THOSE ACTS.

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF INVESTORS INTERESTED IN THE OFFERING. IT CONTAINS CONFIDENTIAL INFORMATION AND MAY NOT BE DISCLOSED TO ANYONE OTHER THAN PERSONS SUCH AS ACCOUNTANTS, FINANCIAL PLANNERS OR ATTORNEYS RETAINED BY THE INVESTOR FOR THE PURPOSE OF RENDERING PROFESSIONAL ADVICE RELATED TO THE PURCHASE OF THE CLASS A SHARES, AND MAY NOT BE REPRODUCED, DIVULGED OR USED FOR ANY OTHER PURPOSE UNLESS WRITTEN PERMISSION IS OBTAINED FROM THE FUND. THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANY PERSON EXCEPT THOSE PARTICULAR PERSONS WHO SATISFY THE INVESTOR QUALIFICATION STANDARDS.

THE SALE OR OTHER TRANSFER OF CLASS A SHARES IS RESTRICTED BY CONTRACT. IN ADDITION, UNDER THE ACT, SHARES MAY NOT BE RESOLD OR OTHERWISE DISPOSED OF UNLESS EITHER A REGISTRATION STATEMENT FOR THE CLASS A SHARES IS THEN IN EFFECT OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE IN THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND THOSE IN THE INVESTOR PORTAL; ANY OTHER INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON. ANY PROSPECTIVE PURCHASER OF CLASS A SHARES WHO RECEIVES INFORMATION OR REPRESENTATIONS FROM ANY OTHER SOURCE ABOUT THE FUND, THE CLASS A SHARES, OR ANY OTHER MATTER RELEVANT TO THE PURCHASER’S INVESTMENT DECISION, SHOULD CONTACT THE FUND IMMEDIATELY TO DETERMINE THE ACCURACY OF SUCH INFORMATION.

PROSPECTIVE PURCHASERS SHOULD NOT REGARD THE INFORMATION PROVIDED BY THE FUND AS A SUBSTITUTE FOR CAREFUL AND INDEPENDENT TAX AND FINANCIAL PLANNING. YOU ARE ENCOURAGED TO CONSULT WITH YOUR OWN INDEPENDENT LEGAL COUNSEL, ACCOUNTANT AND OTHER PROFESSIONALS WITH RESPECT TO THE LEGAL AND TAX



ASPECTS OF THIS INVESTMENT, WITH SPECIFIC REFERENCE TO YOUR OWN TAX AND FINANCIAL SITUATION, BEFORE SUBSCRIBING.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO OR A SOLICITATION OF AN OFFER TO BUY FROM ANYONE IN ANY STATE OR IN ANY OTHER JURISDICTION WITHIN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

THE FUND RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTIONS IN WHOLE OR IN PART FOR ANY REASON OR FOR NO REASON.

THE FUND WILL MAKE AVAILABLE TO ANY PROSPECTIVE PURCHASER THE OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, THE FUND, THE CLASS A SHARES, OR ANY OTHER RELEVANT MATTERS, AND TO OBTAIN ANY ADDITIONAL INFORMATION THAT IS NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION PROVIDED, TO THE EXTENT THE FUND POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

#### **NASAA UNIFORM LEGEND**

INVESTORS SHOULD MAKE THEIR OWN DECISION WHETHER THIS OFFERING MEETS THEIR INVESTMENT OBJECTIVES AND RISK TOLERANCE LEVEL. NO FEDERAL OR STATE SECURITIES COMMISSION HAS APPROVED, DISAPPROVED, ENDORSED, OR RECOMMENDED THIS OFFERING. NO INDEPENDENT PERSON HAS CONFIRMED THE ACCURACY OR TRUTHFULNESS OF THIS DISCLOSURE, NOR WHETHER IT IS COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. YOU SHOULD BE AWARE THAT YOU WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

#### **FORWARD LOOKING STATEMENTS**

This Private Placement Memorandum (and accompanying exhibits) may contain certain statements that are forward-looking statements within the meaning of the United States federal securities laws. The term "forward-looking statements" means any statements, including financial projections, that relate to events or conditions in the future. Often, forward-looking statements include words like "we anticipate," "we believe," "we expect," "we intend," "we plan to," "this might," or "we will." In addition, these statements may be qualified by certain risks, uncertainties and assumptions. The Fund has based forward-looking statements on the expectations of information currently available to the Manager. However, it is impossible for the Fund or the Manager to know exactly what is going to happen in the future, or even to anticipate all the things that could happen. The business could be subject to many uncertainties, risks



and other influences, many of which are outside the control of the Fund and cannot be predicted with any degree of accuracy.

Consequently, the actual financial results of investing in the Fund could and almost certainly will differ from those anticipated or implied in any forward-looking statement, and the differences could be both material and adverse. The Fund or the Manager does not undertake any obligation to revise, or publicly release the results of any revision to, any forward-looking statements, except as required by applicable law. **GIVEN THE RISKS AND UNCERTAINTIES, PLEASE DO NOT PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS.**





## SUMMARY OF OFFERING

This summary of certain provisions of this PPM is intended only for a quick reference and is not intended to be complete. This PPM describes in detail numerous aspects of the transaction which are material to Investors which must be read in their entirety by reference to the full text in this PPM. This PPM is further qualified by the accompanying exhibits, and the Offering Materials in the Investor Portal.

<b>DEFINITIONS</b>	Capitalized terms, unless context indicates otherwise, are defined in the section of this Private Placement Memorandum entitled “DEFINITIONS.”
<b>ISSUER</b>	Rethink Self Storage Fund 2, LLC, a Delaware limited liability company.
<b>SECURITIES OFFERED</b>	<b>The Fund is offering up to 300 Class A Shares for \$1,000 per Share to accredited investors and up to 35 non-accredited investors.</b>
<b>THE OFFERING</b>	<p><b>The Fund is seeking to raise up to \$5,000,000 (Maximum Offering Amount)</b> by December 31st, 2026. The Manager may raise more than the Maximum Offering Amount if circumstances warrant it and in the Manager’s discretion. There is no minimum amount the Fund is seeking to raise in this Offering and therefore the Manager may raise less than the Maximum Offering Amount prior to deploying Investor’s capital in its discretion.</p> <p>The Manager may, in its sole discretion, (i) terminate the Offering prior to the above stated date, (ii) terminate the Offering prior to the Minimum Offering Amount being subscribed to, or (iii) extend the Offering until the Maximum Offering Amount is raised. For more details, please see “THE FUND’S OFFERING.”</p>
<b>USE OF PROCEEDS</b>	The proceeds from the sale of Class A Shares will be used to pay for the cost of conducting this Offering, implement and achieve the business plan of the Fund, and pay other expenses the Manager deems necessary or appropriate to conduct the business. See “SOURCES AND USE OF FUNDS.”
<b>BUSINESS OF ISSUER</b>	The Fund intends to acquire, own, develop, manage, lease, and ultimately sell the Properties.
<b>THE PROPERTIES</b>	The Fund intends to purchase the real properties that the Manager will identify based on pre-determined criteria and in its sole discretion.
<b>TERM</b>	The Manager may begin deploying capital to invest in the Properties when it has determined it has raised enough capital to implement its investment strategy. <b>The Manager intends to invest the funds for 1 to 3 years, which will be known as the “investing period.”</b>



**The Manager intends to hold the Properties for 5 to 7 years after the investing period has ended, which will be known as the “holding period.”**

The Manager then intends to dispose of the Properties after the holding period and will do so within a reasonable time, this will be known as the “wind-up period.” The Manager anticipates that it may take 1 to 2 years to make an orderly disposition of all assets of the Fund.

The investment period, the holding period, and the wind-up period are all subject to extension or reduction based on market conditions and in the Manager’s sole discretion. This investment may be illiquid. Investors should be prepared to leave their investment in the Fund until the Properties are sold.

**LEVERAGE** The Manager expects to obtain financing from one or more private or institutional lender(s) to acquire and/or develop the Properties. See “SOURCES AND USE OF FUNDS.”

**MEMBERS** The Fund will have two initial classes of Members. The Persons who purchase the Class A Shares will be Class A Members (which will be subdivided into Class A-1, Class A-2, and Class A-3 Members). The Class B Members will be the Manager (and/or its members and/or its Affiliates) and others who may provide services to the Fund.

**PERMITTED INVESTORS** The Fund will accept subscriptions from accredited investors, and up to 35 non-accredited investors who meet the suitability standards of the Fund set forth below. See “SUITABILITY OF INVESTORS.”

**MINIMUM INVESTMENT** The minimum initial investment the Fund requires from an Investor is **\$50,000 (Minimum Investment Amount)**, but the Manager has the discretion to accept a lesser amount. Additional Class A Shares may be purchased beyond the Minimum Investment Amount for \$1,000 each. All Members must certify that they are buying Shares for their own account and not with a view to resell. See “CONTRIBUTION REQUIREMENTS.”

**ADDITIONAL CAPITAL** If the Fund needs additional capital, the Manager may issue and sell additional Class A Shares, accept Member loans, and/or require that each Investor contributes additional capital above their Capital Contributions. See “SUMMARY OF THE OPERATING AGREEMENT.”

**OPERATING AGREEMENT** The Investor’s rights, restrictions, and obligations regarding the ownership of Class A Shares are set forth in the Operating Agreement. See “SUMMARY OF THE OPERATING AGREEMENT.”



Each Investor will be required to acknowledge that they have read the Operating Agreement in its entirety and agree to be bound by the terms therein.

**DISTRIBUTIONS**

Investors will be entitled to distributions as set forth in the Operating Agreement. See “DISTRIBUTIONS.”

**MANAGEMENT**

The Fund will be managed by Rethink Self Storage Fund Management, LLC. The Manager will have complete control over the business of the Fund. Investors will have no right to participate in the management or affairs of the Fund.

**COMPENSATION OF  
THE MANAGER**

The Manager and/or its Affiliates will be entitled to certain fees from the Fund and will participate in the distribution of Operating Cash Flow and Net Capital Proceeds. See “MANAGEMENT’S FEES AND DISTRIBUTIONS.”

**INVESTMENT BY THE  
MANAGER**

The Manager and/or its Affiliates may invest in the Fund, directly or indirectly, by purchasing Class A Shares on the same terms as other Investors.

**FEDERAL INCOME  
TAX CONSEQUENCES**

The Fund will be treated as a partnership for federal income tax purposes. As such, a portion of the income, gains, losses, credits, and deductions from the Fund’s portfolio investments will pass through and be reported on the tax returns of Investors. Investors should consult their own tax advisor regarding the Federal, State, and local consequences of acquiring any Class A Shares. See “TAX CONSEQUENCES OF INVESTING.”

**RISKS**

Purchasing Class A Shares entails significant risk, including the risk that Investors could lose some or all their money. See “RISKS OF INVESTING.”

## SUITABILITY OF INVESTORS

The Fund will accept subscriptions only from (i) “accredited investors,” as defined in 17 CFR §230.501, a regulation issued by the SEC, and (ii) up to 35 non-accredited investors, each of whom either alone or with their purchaser representative(s) has such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of an investment in the Fund.

An “accredited investor” includes:

- A natural person who has individual net worth, or joint net worth with the person’s spouse or spousal equivalent, that exceeds \$1 million at the time of the purchase, excluding the value of the primary residence of such person;
- A natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse or spousal equivalent exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;
- A natural person who holds any of the following licenses from the Financial Industry Regulatory Authority (FINRA): a General Securities Representative license (Series 7), a Private Securities Offerings Representative license (Series 82), or a Licensed Investment Adviser Representative license (Series 65);
- A natural person who is a “knowledgeable employee” of the issuer, if the issuer would be an “investment company” within the meaning of the Investment Company Act of 1940 (the “ICA”) but for section 3(c)(1) or section 3(c)(7) of the ICA;
- An investment adviser registered under the Investment Advisers Act of 1940 (the “Advisers Act”) or the laws of any state;
- Investment advisers described in section 203(l) (venture capital fund advisers) or section 203(m) (exempt reporting advisers) of the Advisers Act;
- A trust with assets in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person;
- A business in which all the equity owners are accredited investors;
- An employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million;
- A bank, insurance company, registered investment company, business development company, small business investment company, or rural business development company;
- A charitable organization, corporation, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets exceeding \$5 million;



- A “family office,” as defined in rule 202(a)(11)(G)-1 under the Advisers Act, if the family office (i) has assets under management in excess of \$5,000,000, (ii) was not formed for the specific purpose of acquiring the securities offered, and (iii) is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment;
- Any “family client,” as defined in rule 202(a)(11)(G)-1 under the Advisers Act, of a family office meeting the requirements above, whose investment in the issuer is directed by such family office;
- Entities, including Indian tribes, governmental bodies, funds, and entities organized under the laws of foreign countries, that were not formed to invest in the securities offered and own investment assets in excess of \$5 million; or
- A director, executive officer, or general partner of the company selling the securities, or any director, executive officer, or general partner of a general partner of that issuer.

#### **RESTRICTIONS ON BAD ACTORS**

Pursuant to Rule 506(d) of the Act, the Fund may be prohibited from relying on Rule 506 exemptions if certain persons including the Manager (or its members) and/or its Affiliates and any Investor who purchases 20% or more of the Fund’s voting equity have been subject to certain disqualifying events (as defined by the SEC) including being convicted of, or are subject to court or administrative sanctions for, securities fraud and/or misrepresentation, other violations regarding financial matters, and other specified laws. Therefore, Persons who have been subject to such disqualifying events may not purchase more than 20% of the Fund’s equity, and may not participate in management or fundraising for the Fund.

#### **1031 EXCHANGE**

The Shares being offered are considered by the IRS, to be personal/partnership property which are not suitable for 1031 exchange. Investors wishing to invest proceeds from a 1031 exchange should not purchase Class A Shares in the Fund.

#### **INTERNATIONAL INVESTORS**

The Fund may accept international Investors. However, the Fund may not and will not sell to any prospective Investors found on the United States Department of Treasury’s Office of Foreign Assets Control (“OFAC”) “Specially Designated Nationals” or “Blocked Persons” lists. Furthermore, the Fund will prohibit any resales or transfers to such designated individuals.

Additionally, no Shares shall be offered or sold to any Person who (i) is a person residing in a Sanctioned Country, (ii) is an organization controlled by a Sanctioned Country, (iii) is an agency of a Sanctioned Country, (iv) has 15% of its assets in the aggregate in a Sanctioned Country, and/or (v) derives more than 15% of its operating income from investments in, or transactions with Sanctioned Countries or “Specially Designated Nationals” or “Blocked Persons.”

#### **REPRESENTATIONS AND WARRANTIES OF INVESTORS**



The Fund will accept subscriptions from non-accredited investors only if such investors can establish to the satisfaction of the Manager that they, either alone or with their legal or financial representatives, have sufficient knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of an investment in the Fund.

Each prospective Investor must satisfy to the Manager that they have adequate financial means and have no need for liquidity regarding this investment and who can bear the economic risk of completely losing their investment. Each prospective Investor will be required to represent that they are making this investment for their own account for investment purposes and not with a view to resale or distribution.

Additionally, each prospective Investor will be required to represent that they have read and fully understand this PPM and all other Offering Materials.



## **THE FUND'S STRUCTURE**

Rethink Self Storage Fund 2, LLC was formed under the laws of Delaware and is governed by the laws thereof. The Fund will be managed by Rethink Self Storage Fund Management, LLC. The purpose of the Fund is to purchase, develop and ultimately refinance and/or sell the Properties in accordance with the Manager's business plan. See "THE FUND'S OBJECTIVES."

The Fund will have two initial classes of Members. The Persons who purchase the Class A Shares will be Class A Members (which will be subdivided into Class A-1, Class A-2, and Class A-3 Members).

The Class B Members are the members of the Manager (and/or their Affiliates) and others who may provide services to the Fund and whom the Manager admits as Class B Members.

Members will be governed by the Operating Agreement. See "SUMMARY OF THE OPERATING AGREEMENT."

### **NO RIGHT TO MANAGE**

Pursuant to the Operating Agreement, Class A Members will waive all voting rights except those specifically set forth therein, and will not have the right to participate in the management of the Fund. Instead, the Manager will control all aspects of the Fund's business.

### **SIDE CAR INVESTMENTS**

The Manager may, in its sole discretion structure any purchase of a Property to include members other than the Fund (each a "Side Car Investment"). In such an instance, the Property may not be wholly owned by the Fund but partially owned, in conjunction with the Side Car Investment parties. Each Side Car Investment shall be responsible for its own costs and expenses, and the Fund will be responsible for its pro rata share of those costs and expenses, alongside third parties. Investors will not have the automatic right to provide additional investment into any Side Car Investment without the Manager's consent, except, however, the Sponsors (or their Affiliates) shall be permitted to participate in any Side Car Investment and to directly (or indirectly) own an interest in such Side Car Investment.

## **THE FUND'S OFFERING**

The Fund is seeking to raise \$5,000,000 (the Maximum Offering Amount) through the sale of Class A Shares for \$1,000 per Share by December 31st, 2026. The Manager may raise a lesser or greater amount if circumstances warrant it and in its sole discretion.

The Manager may, in its sole discretion, (i) terminate the Offering prior to the above stated date, (ii) terminate the Offering prior to the Maximum Offering Amount being subscribed to, or (iii) extend the Offering until the Maximum Offering Amount is raised.

The Fund may deploy the Investor's capital upon receipt of such capital in a manner the Manager deems appropriate. Such funds may be deployed to reimburse the Fund and/or the Manager for expenses incurred in conducting this Offering, or to conduct operations of the Fund. If the Fund is unable to raise sufficient funds to implement its business plan, as determined by the Manager, there can be no guarantee



as to the timing of the return of Investor's capital since the Manager may be required to liquidate the Fund's assets to return such capital. Furthermore, the amount which is returned to Investor's may be less than what was contributed by such Investors if the Fund used such contributions to conduct this Offering and/or conduct other operations of the Fund.

The Manager will return Investor's capital without interest and with such deductions as the Fund expended (if any) for this Offering and/or conducting operations if the Maximum Offering Amount is not raised by the above stated (unless extended by the Manager); or - if the Offering is so extended - the Manager, in its determination, believes that a sufficient amount has not been raised in time to successfully implement its business plan.

#### **EXEMPT OFFERING**

The Shares being sold in this Offering are a "security" as defined by federal securities laws. This Offering is conducted under Federal Laws providing an exemption from securities registration as a "private placement offering" pursuant to Regulation D, Rule 506(b), as promulgated by the SEC and/or other applicable state securities agencies. Other than filing the requisite notices with federal and state securities agencies on behalf of the Fund, the Manager does not intend, nor will Investors be entitled to require the Fund, to qualify or register this Offering with any state or federal governmental securities agency. No reports will be made to any governmental agency under any federal or state securities laws other than informational reports and notices of the sale of securities as may be required pursuant to the applicable exemption.

The Class A Shares will be considered "restricted securities" and may not be resold unless and until the Class A Shares are subsequently registered under the Act and applicable state securities laws or unless appropriate exemptions from registration are available. In any event, Investors may not resell the Class A Shares for 12 months from the date of purchase (and acceptance by the Fund) pursuant to Rule 144 of the Act. Further restrictions to resale and/or transfer are set forth in the Operating Agreement.

#### **INTEGRATION EXEMPTION**

This Offering is being conducted under an exemption from registration of the Shares required by the Act. The exemption the Fund is using for this Offering, is found in Regulation D, Rule 506(b) of the Act which allows it to accept up to 35 non-accredited but sophisticated investors and an unlimited number of accredited investors, provided the associated persons of the issuer (i) have a pre-existing relationship with all investors and, (ii) did not generally solicit or advertise.

However, in the event the Fund is not able to sell all of the Class A Shares under the Rule 506(b) exemption, the Fund may terminate this Offering and conduct a subsequent Offering using an exemption found in Regulation D, Rule 506(c) (a "Subsequent Offering"). Under this exemption, the Fund is able to generally solicit and advertise the sale of these Class A Shares; provided it accepts only accredited investors and takes reasonable steps to verify that they are accredited.





If the Fund elects to do this, it will be doing so in reliance on Regulation D, Rule 502 of the Act and more specifically in reliance on Rule 152(b)(4) of the Act (the “Integration Exemption”). Under the Integration Exemption, the Fund is required to terminate the Offering under Rule 506(b) before commencing a Subsequent Offering under Rule 506(c). According to guidance from the SEC, this Offering will be considered terminated if the Fund and/or its agents ceased efforts to make further offers to sell the Fund’s Shares under the Rule 506(b) exemption. Therefore, prior to commencing the sale of Class A Shares in the Subsequent Offering, the Fund will no longer accept subscriptions or accept capital, and will cease communication regarding a sale or a potential sale of Class A Shares with any Persons that were engaged while we were offering Class A Shares under Rule 506(b). The Fund will then commence the Subsequent Offering under Rule 506(c).

The Fund will also be relying on the SEC’s comments to Rule 152, when adopted, which generally suggests that it does not need to issue new offering materials so long as the Fund satisfies the disclosure requirements of Rule 506(c). The Sponsors believe such conditions are satisfied through the disclosures provided in this Private Placement Memorandum. Therefore, the Fund does not anticipate issuing a new Private Placement Memorandum, though it may provide addendums hereto with disclosures of material changes (if any) to this Offering or any Subsequent Offerings, including when such Subsequent Offerings have commenced.

Under the Subsequent Offering, the Fund will seek to raise the difference between the Maximum Offering Amount and the amount raised under the Offering under Rule 506(b) unless the Manager determines additional capital is needed, in which case the Fund may raise such an additional amount by issuing additional Class A Shares for sale in the Subsequent Offering. The Class A Shares sold in this Offering will (i) be offered to accredited investors only, (ii) be offered on the same terms as the Class A Shares sold in the Subsequent Offering unless the Manager determines such Shares will be sold on different terms (for which an addendum to this PPM will be provided), and (iii) provide the same rights and subject Investors to the same obligations as the Class A Shares sold in the Offering under Rule 506(b).

Accredited investors that subscribed to purchase Class A Shares in this Offering may also subscribe to purchase Class A Shares in the Subsequent Offering provided they satisfy to the Manager that they qualify as an accredited investor. Additional requirements may be placed on such an Investor by the Manager to ensure the Manager takes reasonable steps to verify such accreditation as required by Rule 506(c). There are risks associated with the reliance on the Integration Exemption. See “RISKS OF INVESTING-SECURITIES RISKS.”

#### **CONTRIBUTION REQUIREMENTS**

The Minimum Investment Amount to become a Class A Member is set forth in the table below.

<b>Class of Member</b>	<b>Minimum Investment and/or other Requirements</b>	<b>Minimum Shares Required to be Purchased</b>
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<b>Class A-1</b>	<b>\$50,000</b>	50.0
<b>Class A-2</b>	<b>\$500,000</b>	500.0
<b>Class A-3</b>	<b>\$50,000</b>	50.0

Additional Class A Shares may be purchased in increments of \$1,000 per Share. The Manager may, in its sole discretion, allow a lower investment or may reject a subscription in whole or in part.

### **Certificate of Class A Shares**

The Fund may not issue a paper certificate representing the Class A Shares. Instead, ownership of Class A Shares will be listed in the Register of the Fund. If the Fund does issue paper certificates, they shall have such restrictions and disclosures on them as the Manager deems appropriate and as required by law.

### **LIMITATION ON INVESTMENT**

This investment is limited to Investors meeting the suitability standards provided herein. Investor's must represent that they are acquiring the Shares for investment purposes only and not with a view to resale or distribution.

The Purchase of Class A Shares involves a high degree of risk, including the risk of complete loss of investment, and is suitable only for persons of financial means who have no need for liquidity in investments and who can afford the possible loss of their entire investment. Additionally, there is no public or trading market for the Shares, and the Manager does not anticipate that one will develop in the future. The Manager does not anticipate registering the Shares with the SEC to facilitate resales. Therefore, Investors must be prepared to hold the Shares indefinitely, without the expectation of liquidity in this investment. Please review "RISKS OF INVESTING."

The Fund cannot provide any assurance to Investors that all Class A Shares will be sold, and the Manager reserves the right to refuse to sell Class A Shares to any person, in its sole discretion.

### **COMMISSION ON SALES OF SECURITIES**

The Manager, its members, or its managers are not licensed broker-dealers and will not earn commission on the sale of the Class A shares. The Manager does not intend to hire broker-dealers in the sale of Shares in the Fund but may do so in its sole discretion. The amount and nature of commissions paid to such Persons cannot be determined at this time.

## **THE FUND'S OBJECTIVES**

The Fund intends to acquire and operate Properties that will be identified by the Manager based on predetermined criteria established by the Manager in its sole discretion and to implement the business plan developed by the Manager.

The Manager may choose to purchase a Property through a single purpose entity (an "SPE"). The SPEs may be wholly owned by the Fund, or in part, as part of a co-investment strategy with third parties, including Affiliates of the Manager.

Ultimately, the Fund's objectives are to (i) preserve and protect the Fund's original invested capital, and (ii) produce cash flow and/or capital gains through appreciation.

In addition to the foregoing, the Fund's objectives in holding the Properties will be to (i) maintain the Properties in above average condition and carefully manage operating expenses; (ii) to develop the Properties in a manner and to the extent determined by the Manager; (iii) make distributions of net profits to Investors; and (iv) if market conditions and Property values warrant, in the sole discretion of the Manager, prepare such real estate assets to be sold or refinanced. There can be no assurance that any of the foregoing objectives will be met.

The Fund will begin deploying capital to invest in the Properties when sufficient funds have been raised, as determined by the Manager in its sole discretion. The Fund intends to invest the funds for 1 to 3 years, which will be known as the "investing period."

The Fund intends to hold the Properties for 5 to 7 years after the investing period has ended, which will be known as the "holding period."

The Manager then intends to dispose of the Properties after the holding period and will do so within a reasonable time, this will be known as the "wind-up period." The Manager anticipates that it may take 1 to 2 years to make an orderly disposition of all assets of the Fund.

The investment period, holding period, and wind-up period are all subject to extension or reduction based on market conditions and in the Manager's sole discretion. This investment may be illiquid. Investors should be prepared to leave their investment in the Fund until the Properties are sold. No assurance can be given that any Property once acquired, will ever be sold, or sold on terms advantageous to the Fund. See "RISKS OF INVESTING."

A more detailed discussion of the business plan the Manager intends to implement is set forth in the Offering Materials which are available in the Investor Portal, including the criteria the Manager will use to determine if an investment is suitable for the Fund.

## **THE FUND'S INVESTMENT STRATEGY**

**Below is a non-exhaustive list of criteria the Sponsors will use to determine the viability of an investment by the Fund.**



The Fund intends to pursue self-storage facility acquisitions in the “sunbelt” states, specifically in North Carolina, South Carolina, Tennessee, Georgia, Florida, and Texas. Within these states, the Sponsors will evaluate secondary and tertiary markets with considerable population growth.

The Fund will seek to acquire these Properties below replacement cost and that contain a value-add component such as opportunities to improve existing units and/or add additional units, thereby improving lease up. The Fund’s general pricing criteria are as follows: (i) facilities less than five (5) years old are typically valued at \$90 per square foot (ii) facilities between five (5) and twenty (20) years old are valued at \$70 per square foot (iii) facilities older than twenty years are valued at approximately \$50 per square foot. The Fund will consider unique features of the Properties that may represent potential additional value or revenue streams such as extra parking or RV/boat storage. Additionally, the Manager will seek sellers willing to consider “creative” financing options as a means of acquisition such as seller financing, loan assumptions, or other alternatives to traditional debt financing.

The Fund’s management team brings a competitive advantage through the team’s expertise in the storage industry, strong relationships with suppliers and contractors, access to favorable financing options, and knowledge of proprietary technology and systems applicable to the Project.

Once acquired the Fund will increase operational and management efficiencies for each Property to generate additional value. This will be accomplished through (i) improving occupancy by leveraging the Fund’s marketing strategy which includes targeted advertising, social media presence, partnerships with local businesses, referral programs, customer loyalty initiatives, and utilizing lease-up options during periods of low occupancy (ii) enhancing the customer’s experience by implementing web-based services such as website enhancements, electronic payment systems, dynamic pricing, online target marketing, customer service phone lines, and customer relationship management systems (iii) optimizing facility operations and cash flow management through software and technology solutions, energy-efficient practices, expense management, and optimizing staffing and scheduling (iv) prioritizing risk management via comprehensive insurance coverage, advanced security systems, regular maintenance and inspections, and contingency planning for unforeseen events.

In addition to leveraging existing business lines established by the current owners, the Fund may pursue new or additional “add-on” businesses, such as postal mailboxes, warehousing, truck leasing, solar panels, ice machines, propane filling stations, to generate additional revenue as part of the Fund’s value add strategy.

Overall, Manager’s will make offers on Properties that, with conservative underwriting, are projected to provide approximately 20% IRRs to Investors. Upon exit from the Properties, Managers will endeavor to maximize return and profitability for the Investors and consider a number of exit options such as sale,



refinance, or other suitable exits. However, Investors should be aware that there can be no assurance that these results can be achieved. See “RISKS OF INVESTING.”

#### **DEPRECIATION METHOD**

If applicable, the Fund will apply the appropriate cost recovery depreciation rules to the improved portion of each Property according to the relevant Code sections. However, the Manager may elect an accelerated depreciation option if appropriate for the Fund. The Manager may elect to use the cost segregation method of depreciation for any personal property associated with real property the Fund acquires.

In the event a Member cannot take depreciation or other applicable items of tax loss due to the vehicle by which such Member made their Capital Contribution and hold their Shares, including, without limitation, individual retirement accounts (“IRAs”), such allocated depreciation (or other items of tax loss as the case may be) to such Member will be reallocated proportionally to all other Members.

#### **SOURCES AND USE OF FUNDS**

The Manager currently expects to obtain financing to fund the Fund and implement its business plan from proceeds of this Offering in the amount of up to approximately \$5,000,000. The Manager intends to use the funds to reimburse the and/or the Fund for expenses incurred in this Offering, pay fees of the Manager (if applicable), and to purchase and develop or otherwise improve the Properties.

The Manager may also incorporate debt from institutional or private lenders, including: (i) first lien mortgages; (ii) construction loans; and/or (iii) acquisition and development loans. The Fund may borrow funds in the ordinary course of business at rates and on terms deemed acceptable by the Manager.

With respect to Properties that involve leverage, the Manager may seek to leverage such Properties at a loan to cost ratio (“LTC”) of between 70%-80%. However, the Manager, in its sole discretion, may determine the LTC ratio that is appropriate with respect to a particular Property or Properties based on its overall evaluation of the Property including, without limitation, economic conditions, performance expectation of the Property. The Manager expects that each Property that incorporates debt into the capital structure will have secured bank loans.

#### **DISTRIBUTIONS**

The availability and timing of distributions will be determined by the Manager in its sole discretion.

**Distributions of Operating Cash Flow** will be made as follows:

**I, to the Class A-I Members in proportion to their Unrecovered Capital Contribution until each Class A-I Member has received the 10.0% Class A-I Preferred Return;**



- 2, to the Class A-2 Members in proportion to their Unrecovered Capital Contribution until each Class A-2 Member has received the 8.0% Class A-2 Preferred Return;**
- 3, to the Class A-3 Members in proportion to their Unrecovered Capital Contribution until each Class A-3 Member has received the 8.0% Class A-3 Preferred Return;**
- 4, to the Class A-2 and Class A-3 Accounts in proportion to the Class A Shares owned by the Class A-2 and Class A-3 Members;**
- 5, of the Operating Cash Flow allocated to the Class A-2 Account, 80.0% will be distributed to the Class A-2 Members and 20.0% will be distributed to the Class B Members. In the event the Class A-2 Members achieve a 15.0% IRR, the remaining Operating Cash Flow will be distributed 60.0% to Class A-2 Members and 40.0% to Class B Members;**
- 6, of the Operating Cash Flow allocated to the Class A-3 Account, 70.0% will be distributed to the Class A-3 Members and 30.0% will be distributed to the Class B Members. In the event the Class A-3 Members achieve a 15.0% IRR, the remaining Operating Cash Flow will be distributed 50.0% to Class A-3 Members and 50.0% to Class B Members;**

Distributions of Operating Cash Flow to Class A Members will be treated as a return on investment.

Any deficiencies in the Preferred Return may be paid from Operating Cash Flow during subsequent years of operation, in the Manager's discretion or from Net Capital Proceeds.

**Distributions of Net Capital Proceeds** will be made as follows:

- 1, to the Class A-1 Members in proportion to their Unrecovered Capital Contributions until each Class A-1 Member has received any accrued but unpaid portion of the Class A-1 Preferred Return;**
- 2, to the Class A-2 Members in proportion to their Unrecovered Capital Contributions until each Class A-2 Member has received any accrued but unpaid portion of the Class A-2 Preferred Return;**
- 3, to the Class A-3 Members in proportion to their Unrecovered Capital Contributions until each Class A-3 Member has received any accrued but unpaid portion of the Class A-3 Preferred Return;**
- 4, to the Class A Members in proportion to and the extent of their Unrecovered Capital Contribution until each Class A Member's Unrecovered Capital Contribution is reduced to zero;**

**5,** Net Capital Proceeds will be allocated to the Class A-2 and Class A-3 Accounts in proportion to the Class A Shares owned by the Class A-2 and Class A-3 Members.

**6,** of the Net Capital Proceeds allocated to the Class A-2 Account, 80.0% will be distributed to the Class A-2 Members and 20.0% will be distributed to the Class B Members. In the event the Class A-2 Members achieve a 15.0% IRR, the remaining Net Capital Proceeds will be distributed 60.0% to Class A-2 Members and 40.0% to Class B Members;

**7,** of the Net Capital Proceeds allocated to the Class A-3 Account, 70.0% will be distributed to the Class A-3 Members and 30.0% will be distributed to the Class B Members. In the event the Class A-3 Members achieve a 15.0% IRR, the remaining Net Capital Proceeds will be distributed 50.0% to Class A-3 Members and 50.0% to Class B Members;

Distributions of Net Capital Proceeds will be treated as a return of capital until each Class A Member receives a return of their Unrecovered Capital Contribution, after which, any further returns will be considered a return on investment.

### **Pro-Rated Distributions**

Unless otherwise specified - and in the Manager's sole discretion in order to reflect the intended economic arrangement among the Members - all distributions that each class of Member is entitled to will be allocated to each class, as a class (i.e., as a group and not as an individual). Once such allocations are made to each class, distributions so allocated to each class will then be allocated equally to each month starting the day capital was deployed by the Fund. The amount assigned to each month will then be allocated to each Member based upon the percentage of the class of Shares each Member owned that month. For the purpose of accounting convenience and simplicity, the Fund may (in the Manager's discretion), treat any ownership (or purchase) of Shares in the Fund during the first 15 days of any month as if it had occurred on the first day of the month and any ownership (or purchase) of Shares which occurs after the 15th day of the month as if it had occurred on the first day of the following month.

### **Recycling of Distributions**

The Manager may, in its sole discretion, reinvest amounts that would otherwise be available for distribution.

### **Reinvestment Option**

The Manager may, in its discretion, permit each Member to elect to, (i) receive cash distributions for their share of distributions from the Fund that is payable to the Investors, or (ii) have such amount(s) credited to such electing Member's capital account and reinvested in the Fund to purchase additional Class A Shares on the same terms set forth herein. Partial reinvestment may be permitted. If no election is made, then distributions a Member who failed to make such election is entitled to will be distributed to such Member. The Manager, at any time may suspend this option and distribute cash to the Members in accordance with the distribution schedule set forth above.



If an Investor elects to reinvest its distributions, there is a risk that such Investor recognizes “phantom income” and will be liable for payment of taxes on such distributions regardless of whether or not they received sufficient cash to pay for such tax liability.





## THE FUND'S MANAGEMENT

The Fund will be managed, by Rethink Self Storage Fund Management, LLC. The Manager will have complete control over the operation of the Fund. Below is a discussion of the key personnel of the Manager, fees the Manager will receive, as well as fiduciary duties and potential conflicts of interest between the Manager and the Fund.

### KEY PERSONS OF THE FUND

The Fund has no board of directors, officers or employees but will be managed by the Manager. The key persons identified in the table below (the “Sponsors”) will act in similar roles to those of directors, executive officers, and significant employees of a corporation. Such Sponsors shall devote such time to the Fund as is required to fulfill their fiduciary obligation to the Fund and its Investors. This list is current as of the date of this PPM, although the Manager may admit additional Sponsors to the Fund at any time.

Because the Fund is newly formed, there is no financial reporting with respect to compensation to the Sponsors during the previous fiscal year; therefore, the exact amounts that each Sponsor listed below is entitled to cannot be determined at this time. Additionally, the Manager, Sponsors and or their Affiliates will earn compensation as discussed in the section entitled “MANAGEMENT’S FEES AND CHARGES.”

Sponsors	
Name	Position
Gamma Income LLC (whose principal is Patrick Traynor)	Class B Member and member of the Manager
Andrew Hobson	Class B Member and member of the Manager
Jamie Grubb	Class B Member and member of the Manager
Bob Stanek	Class B Member

### Sponsors' Biographies

The biographies and relevant experience of the key principals of the Manager are available in the Offering Materials available in the Investor Portal.

### Board of Advisors

The Fund may also seek to establish a board of advisors, which would include one or more highly qualified business and industry professionals. The board of advisors will advise management in making appropriate decisions and taking effective action. However, the board of advisors will not be responsible for management decisions and has no legal or fiduciary responsibility to the Fund. The Fund will indemnify such advisors to the fullest extent possible and reimburse them for their out-of-pocket expenses. Additionally, such advisors may be compensated a customary amount for their services of advising the Fund.



**MANAGEMENT’S FEES AND DISTRIBUTIONS**

The Manager and/or its Affiliates will be entitled to the following fees:

<b>Fee</b>	<b>Recipient</b>	<b>Amount/How Calculated</b>	<b>When Earned</b>
Finders Fee	Affiliates of the Manager who are instrumental (as determined by the Manager in its discretion) in the Fund identifying and acquiring a Property	<b>1% of the purchase price of each Property</b>	At the closing of each Property
Acquisition Fee	Manager	<b>1% of the purchase price of each Property</b>	At closing of the purchase of Property
Asset Management Fee	Manager	<b>1.35% of Capital Contributions per annum</b>	Paid at a rate of .3375% on a calendar quarterly basis

The Manager will be entitled to the fees described above regardless of the success or profitability of the Fund. None of the compensation described herein was determined by arm's length negotiations.

**Reimbursement of Expenses**

The Fund will reimburse the Manager (or an Affiliate of the Manager) for any expenses the Manager or its Affiliate(s) incur in the conduct or management of the Fund’s business. However, the Fund will not reimburse the Manager for the Manager’s general overhead expenses or for expenses the Manager incurs in the conduct or operation of its own business (as opposed to the Fund’s business).

**Distributions**

The Manager and its Affiliates may receive distributions from the Fund in two ways:

- The Manager and/or its Affiliates will own Class B Shares and will be entitled to the distributions therefrom.
- The Manager and/or its Affiliates may purchase Class A Shares; in which case, they will receive the same distributions in that capacity as other Investors.

**Deferral of Fees and Distributions**

The Manager reserves the right to defer the collection of any compensation without forfeiting any right to collect. The Manager additionally has the right but not the obligation to waive any of the compensation described herein or to convert such compensation into Class A Shares in the Fund.



## **FIDUCIARY DUTIES OF THE MANAGER-EXCULPATION AND INDEMNIFICATION**

The Manager of a limited liability company customarily owes a duty to the Fund to act in good faith, in a manner they reasonably believe to be in the best interest of the Fund, and to act with the care that an ordinarily prudent person in a similar position would use under similar circumstances. Additionally, the Manager may owe a duty of loyalty and disclosure under fiduciary rules of the applicable state. However, the Operating Agreement provides the Manager with broad discretion when managing the affairs of the Fund and may rely on information and/or advice from third parties, if such reliance is reasonable.

### **Exculpation**

The Operating Agreement provides that if the Manager its Affiliates, their members, managers, officers, employees, and agents, and the officers, employees, and agents of the Fund acted in good faith and in a manner that it reasonably believed to be in and not opposed to the best interest of the Fund (including if such persons acted in reliance on advice from third parties), such Persons will not be liable to Investors or the Fund for mistakes, errors in judgment, or other acts or omissions (failures to act) as long as the act or omission was not the result of fraud or willful misconduct by such persons.

### **Indemnification**

Additionally, the Operating Agreement also requires the Fund to indemnify (reimburse) the directors, officers and employees of the Fund and their Affiliates from losses, liabilities, and expenses they incur in performing their duties, provided that they (i) acted in good faith and in a manner believed to be in, or not opposed to, the best interests of the Fund and, with respect to any criminal proceeding, had no reasonable cause to believe their conduct was unlawful, and (ii) the challenged conduct did not constitute fraud or willful misconduct in either case as determined by a final, nonappealable order of a court of competent jurisdiction. The Fund may advance prospective reimbursable amounts anticipated to be indemnified in the sole discretion of the Manager as further described in the Operating Agreement.

As a result of such indemnification Members may have a more limited right of action than they would have absent these provisions in the Operating Agreement. Any such indemnification shall only be recoverable out of the assets of the Fund and not from Member. A successful claim for such indemnification would deplete the Fund's assets by the amount paid.

## **CONFLICTS OF INTEREST**

### **Competition**

The Manager and its principals, members, managers, officers, agents or Affiliates may be owners, managers, investors, partners, or employees of other businesses, including businesses with similar purposes and objectives to the Fund, and which may engage in capital raising activities. For example, the Manager may currently own and/or establish real estate entities including, without limitation, real estate funds.

It is possible that these other businesses will own and/or manage real estate in the same geographic location as the Properties and may compete with for tenants. Furthermore, it is possible that these other businesses will have funds to invest at the same time as the Fund and may compete for the assets such funds are invested in. There will then exist conflicts of interest on the part of the Manager between the Fund and the other businesses of the Manager. The Manager and/or its Affiliates may also may (or has) acquire or develop real estate for their own accounts.

The Manager and its principals, members, managers, officers, agents or Affiliates will not be prohibited from providing other services (such as, for example, property management, construction, or consulting) to other companies that may compete with the Fund.

Neither the Fund nor any of the Members shall have any rights in such independent businesses, and the Manager and its principals, members, managers, officers, agents or Affiliates are under no obligation, legal or otherwise, to offer the Fund or any Member the opportunity of operating, managing or investing in any other enterprises or services.

The Manager and its principals believe that each principal and/or employee will have sufficient time to discharge fully their respective responsibilities to the Fund and to other business activities (including other investment entities) in which they are or may become involved. However, the Manager and its and its principals, members, managers, officers, agents or Affiliates may devote only so much time to the Fund as is reasonably required. Therefore, conflicts may arise in the allocation of the Manager's or its member's time among its other business activities.

### **The Manager May Hire Affiliates**

The Manager may hire a member of the Manager or their principals, members, or managers, or Affiliates, such as architects, construction companies, property managers, contractors, vendors, or suppliers to provide services to the Fund. This may cause a conflict of interest when the Manager is determining which service providers to use. Fees for such services will be commensurate with rates charged by local providers of such services. Neither the Fund nor any Member shall be entitled to any interest or compensation for such Affiliate's services.



## **Compensation**

The compensation the Manager will receive is described in the section entitled "MANAGEMENT'S FEES AND DISTRIBUTIONS." These fees were not determined by arms-length negotiations. As a result, the Fund may pay higher fees to the Manager and its affiliates than it might otherwise pay to an independent third-party manager. The Manager will be entitled to such fees regardless of profitability of the Fund. Such compensation may create a conflict of interest.

## **Acquisition of Shares**

The Manager, its members or Affiliates may acquire Class A Shares. They will do so in the same terms and conditions as other Class A Members with the exception that the Manager may, in its sole discretion, allow a purchase of less than the Minimum Investment Amount required to become a Class A Member.

## **Lack of Separate Representation**

The Fund, Class A Members, and the Manager are not represented by separate counsel. The attorneys and accountants who perform services for the Fund may also perform services for Affiliates of the Manager or its members. Such dual representation will likely continue. If a dispute arises between the Manager and a Class A Member(s), or should there be a necessity to negotiate or prepare contracts and agreements between the Manager and the Class A Members other than those existing or contemplated by this PPM, the Manager may cause the Fund to retain separate counsel for such matters.

## **REMOVAL OF MANAGER**

Pursuant to the Operating Agreement, the Manager may be removed by Investors only for "cause" (as such term is used in the Operating Agreement) by a Super Majority Vote of the Class A Members. The Class A Members who believe cause exists must first submit their case for arbitration pursuant to the Operating Agreement. Even if an arbitrator finds that cause exists, the Class A Members must still participate in a meeting to give the Manager a hearing before the Members who will then vote to remove the Manager.



## **FINANCIAL STATEMENTS; TRACK RECORD; LEGAL PROCEEDINGS**

### **Financial Statements of the Fund**

The Fund is newly formed and does not have audited financial statements to provide at this time. The Manager will obtain unaudited financial statements for the Fund at the end of the Fund's fiscal year.

### **Financial Statements of the Manager**

The Manager does not have audited financial statements to provide at this time and will not provide financial statements to Investors.

### **Track Record**

The Fund is newly formed and has no track record. The Fund will be relying on the experience of the key principals of the Manager.

### **Legal Proceedings**

The Fund has not been a debtor in bankruptcy or similar proceedings, nor has it been the subject of litigation and there are no claims against the Fund at this time. There can be no guarantee that the Fund will not face litigation in the future. There are no pending tax audits or tax disputes against the Fund.

Within the last five years, no member of the Manager has been convicted of, or pleaded guilty or no contest to, any criminal matter, excluding traffic violations and other minor offenses.

Within the last five years, no member of the Manager, no partnership of which any of the foregoing is a general partner or manager, and no corporation or other business association of which any of them was an executive officer, has been a debtor in bankruptcy or any similar proceedings.

## **RISKS OF INVESTING**

The purchase of Class A Shares involves a high degree of risk, including the risk of complete loss of investment and is suitable only for persons of financial means who have no need for liquidity in investments and who can afford the possible loss of their entire investment. Investors are encouraged to consult their own professional advisors and carefully consider, among other risks, the following risks.

### **REAL ESTATE RISKS**

**Risks in the Real Estate Industry:** Investment in real estate involve various risks which the Manager has little or no control of. Such risks could materially and adversely impact the value of the Fund's investments. Such risks include, without limitation, (i) downturns in national or local economic conditions which can result from a slowdown in the national or local economic growth and a longer than normal recovery; an increase in unemployment, a decline in population growth in the locality in which the investment is located, a change in the characteristics of the area in which the real property is located, restrictive governmental regulation, an oversupply of the asset class in which the Fund invests and/or a decline in popularity of such asset class; (ii) changes in prospective tenant's or prospective purchaser's financial condition; (iii) floods, fires, and other acts of God and other casualty risks, some of which are uninsurable; (iv) changing laws including environmental laws and changing state and local regulations, (v) changes in local and national governmental policies; (vi) changes in interest rates established by the Federal Reserve; and international crises; (vii) environmental contamination or liabilities; (viii) competition from new and existing properties which may result in lower occupancy levels, and (ix) the continuing effects of the COVID-19 pandemic and other future pandemics.

**Risk of Unspecified Investments:** There is no information as to the nature and terms of any future investments that the Fund might make that an Investor can evaluate when determining whether to invest in the Fund, and Investors will not generally have an opportunity to evaluate for themselves or to approve the investments. Investor's may disagree with Manager's investment decisions.

In purchasing a Property, the Fund may assume known, unknown or contingent liabilities in connection with future acquisitions. The Manager will have complete discretion regarding properties to be acquired by the Fund. Investors must rely solely on the Manager with respect to the selection, amount, character, and economic merits of each potential investment.

In addition, the return from an investment in the Fund will depend, in part, on the timing of the Fund's investment of the capital contributed to the Fund. The Manager will seek to identify Properties that fit within the Fund's overall investment strategy as soon as practicable, but it is possible that the Manager is not able to find properties that fit within its criteria in an efficient manner which may result in lower overall returns on the Investor's capital. Even if the Manager identifies a Property and enters into an acquisition agreement, each Property so identified will be subject to due diligence review by the Manager and other experts and is subject to unforeseen delays. Furthermore, there is a risk that the Fund may not always be successful in acquiring Properties that satisfy its investment criteria when the Fund is in competition with prospective purchasers seeking to acquire the same property. Such unsuccessful

acquisition attempts may nevertheless result in expenses related to such transactions becoming payable by the Fund.

**Due Diligence:** The Manager or its Affiliates may perform a level of due diligence on the Properties it deems appropriate under the circumstances. In making the assessment and otherwise conducting customary due diligence, the Manager will rely on the resources available and, in some cases, investigations by third parties. There can be no assurance that all of the information the Manager reviews will be accurate or complete in all respects. Therefore, there can be no assurance that the due diligence processes will uncover all material facts that would be necessary to the Manager's decision to acquire the Properties or that the Manager will reach accurate conclusions about the information it reviews.

**Environmental Risks:** The Manager may make reasonable investigations into whether the Properties contain toxic or hazardous substances, these investigations will not guarantee that the Properties are free of toxic or hazardous substances, nor can the Manager ensure that the Properties will not become contaminated with toxic or hazardous substances subsequent to buying it. Under federal and state laws, the owner of real estate can be fully liable for environmental cleanup even if the owner did not cause the contamination and had no knowledge of the contamination when it acquired the property. Therefore, the Fund could incur significant costs in fines and clean-up costs associated with such hazardous substances. Additionally, the value and the marketability of the Properties may decrease due to such contamination.

**Limited Warranties from Seller:** The Fund will likely obtain very limited warranties from the sellers of the Properties. In effect, the Fund will buy the Properties on an "as is" basis.

**Liability for Personal Injury:** As the owner of rental real estate, the Fund will face significant potential liability for personal injury claims, e.g., "slip and fall" injuries. Although the Fund may carry insurance against potential liability in amounts it believes are adequate, it is possible that the Fund could suffer a liability in excess of its insurance coverage.

**Insurance and Casualty Losses:** The Manager will make all decisions regarding the insurance placed on the Properties. Nonetheless, even if the Fund carries adequate insurance, the Properties could be adversely and materially affected by casualties such as fires, flooding, riots or other criminal activity, and mold infestations. Insurance for certain types of losses, generally of a catastrophic nature (hurricanes, earthquakes and floods) may not be available in the area where the Fund invests. Furthermore, even if such insurance is available, it may be prohibitively expensive as they are not usually covered by standard hazard and liability insurance policy. The Fund may proceed without insurance coverage for certain extraordinary risks if it cannot secure an appropriate policy or if the Manager believes that the cost of the policy is too high with respect to the risks to be insured.

Additionally, it is possible that, due to inflation, changes in building code, construction costs and other factors, the cost of repair or replacement exceeds the amount that the proceeds from an insurance claim will cover. It is also possible that the insurance company will deny the claim or determine that the value of the claim is less than the cost to restore the Properties. Such instances could result in the Fund



needing additional financing to restore the Properties or pursuing legal action to enforce its claim. Such actions could negatively impact the Investor's returns. It is also possible that the Manager accidentally allows the policy to lapse and, therefore, the Fund could suffer significant loss.

Furthermore, the financial condition of one or more insurance companies that the Fund holds policies with may be negatively impacted, which could result in their inability to pay on future insurance claims. Their inability to pay future claims may have a negative impact on the Fund's financial results. In addition, the failure of one or more insurance companies may increase the costs to renew or replace insurance policies or increase the cost of insuring the Properties.

**Inflation Risk:** Substantial inflationary or deflationary pressures could have a negative effect on rental rates, operating expenses and the value of the Properties. The general risk of inflation is that interest on debt and general and administrative expenses increase at a rate faster than increases in the rental rates, which could adversely affect the Fund's operations, cash flow and ability to make debt service payments to lenders and distributions to Investors.

**Real Estate Development Risks:** Risks associated with construction and development of real estate include, without limitation (a) inability to obtain construction financing for the development (b) increased construction costs for the development project that exceeds the Manager's original estimates due to increases in materials, labor or other costs. Furthermore, such increases in cost may make completion of the development project less profitable because market rents may not increase sufficiently to compensate for the increased construction costs; (c) construction delays, which may increase project costs; (c) claims for construction defects after a Property has been developed; (d) poor performance or nonperformance by any third parties on whom the Fund relies for the completion of the project; (e) health and safety incidents and site accidents; (f) easement restrictions which may impact development costs and timing; (g) compliance with building codes and other local regulations; and (h) the inability to secure tenants after completion of the development project.

If any of the aforementioned risks were to occur during the project or subsequent operation, it could have a substantial negative impact on the project's success and may result in a material and adverse effect on the financial condition or results of operations of the Fund.

**The Entitlement and Permitting Process:** Approval to develop real property sometimes requires political support and generally entails an extensive entitlement and permitting process involving multiple and overlapping regulatory jurisdictions and often requires discretionary action by local governments. Development projects must generally comply with local land development regulations and may need to comply with state and federal regulations. The Fund may incur substantial costs to comply with legal and regulatory requirements. An increase in legal and regulatory requirements may cause the Fund to incur unexpected additional costs. Furthermore, competitors and local residents may challenge the Fund's efforts to obtain entitlements and permits for the development of a Property. The process to comply with these regulations is usually lengthy and costly, may not result in the approvals needed, and can be expected to materially affect the completion of the development project on time which could ultimately affect the availability of distributions and overall returns.

**Government Regulations and Legal Challenges:** Various local, state and federal statutes, ordinances, rules and regulations concerning building, health and safety, site and building design, environment, zoning, sales and similar matters may apply which could affect the start and/or completion of a development project. In addition, the Fund's ability to obtain or renew permits or approvals and the continued effectiveness of permits already granted or approvals already obtained depends on factors beyond the Manager's control, such as changes in federal, state and local policies, rules and regulations and their interpretations and application.

The local municipality may restrict or place moratoriums on the availability of utilities, such as water and sewer taps. If the municipality in which the Properties is located takes such action, it could have an adverse effect on the business of the Fund by causing delays or increasing costs.

In addition, there is a variety of legislation being proposed and/or enacted at the federal, state and local level relating to energy and climate change. This legislation relates to items such as carbon dioxide emissions control and building codes that impose energy efficiency standards. New building code requirements that impose stricter energy efficiency standards could significantly increase construction costs beyond what is projected. Such environmental laws may require the Fund to apply for additional approvals or modify existing approvals because of changes in local circumstances or applicable law.

Energy-related initiatives affect a wide variety of companies throughout the United States and the world, and, because a development project relies heavily on significant amounts of raw materials, such as lumber, steel and concrete, such initiatives could have an indirect adverse impact on construction costs, and profitability to the extent the manufacturers and suppliers of such materials are burdened with expensive trade and similar energy related taxes and regulations. Furthermore, if the Fund was found to be in violation of environmental laws, it could result in fines and penalties, obligations to remediate, permit revocations and other sanctions.

Governmental regulation affects not only construction activities but also sales activities, mortgage lending activities and other dealings with consumers. Further, government agencies may initiate audits, reviews or investigations of the Fund's activities to ensure compliance with applicable laws and regulations. Such actions could create disruptions in the development project that can be significant which may include delays and increased expenses as a result of legal challenges.

**Liabilities of Real Estate Development:** The Fund, in the Manager's discretion, may hire and supervise third-party contractors to provide construction, engineering and various other services for a development project. The contracts entered into for these services may require the Fund to be considered the principal rather than the agent. As a result, the Fund may assume liabilities in the course of the project and be subjected to, or become liable for claims for construction defects, negligent performance of work or other similar actions by third parties that have been engaged.

Adverse outcomes of disputes or litigation could negatively impact the Fund, results of operations and financial condition, particularly if the damages the Fund is liable for exceed the amounts of the insurance

the Fund carries. Moreover, tenants may seek to hold the Fund accountable for the actions of contractors. Such a circumstance could cause the Fund to incur significant legal costs to defend.

**Risks of Construction Delays and Increased Costs:** Investing in land that is undergoing development and construction activities is subject to uncertainties such as the ability to achieve the desired zoning, environmental concerns of governmental entities or community groups and a builder's ability to control construction costs or to build in conformity with plans, specifications, timetables, and local building code. The Fund, through the Manager, may have to institute legal action to compel performance, or rescind a construction contract if a builder fails to perform. Additional risks may exist when the Fund makes periodic progress payments or other advances to contractors prior to completion of construction. Construction delays could give tenants the right to terminate preconstruction leases. These and other such factors can result in increased costs of such a development project.

Additionally, the Fund will be subject to normal lease-up risks relating to newly constructed projects. The Manager will underwrite the development project based upon projections of rental income, expenses, and estimates of what the fair market value of the Properties will be upon completion of construction. If these projections are inaccurate, the returns to investors may be adversely affected.

**Self-Storage Risks:** The Fund will be investing in self-storage facilities. In addition to risks of real estate in general, there are risks that are unique to self-storage facilities which include, without limitation, the risk of oversupply of self-storage in the market in which the Fund is investing. Occupancy levels and real estate values tend to decrease as there is more supply of a certain real estate asset than demand. This is especially true of self-storage facilities. Furthermore, due to the fact that self-storage facilities tend to be cheaper to develop than other real estate assets, the barrier to entry into a market is low. Therefore, there is a risk that a Property will be subject to an oversupply and/or a lack of demand which would drive down the value of the Property and negatively impact the overall returns.

Furthermore, tenants of self-storage facilities tend to be transient in nature and unlike many other real estate assets that may be considered a necessity, self-storage facilities are often considered a luxury. Therefore, they are particularly sensitive to a decline in the market in which they are located. The transient nature of tenants may be exacerbated by the fact that self-storage facilities may offer month to month leases which allows tenants to more readily vacate a unit in case of economic decline, and the value of the Property may be negatively impacted as a result.

**Risk of Industrial Assets:** Industrial real estate, especially the product type that the Fund intends to focus on, is a unique sub-class of commercial real estate. Industrial real estate often refers to a broad spectrum of assets but at its core, it includes real estate assets that involve the manufacturing, production, warehousing, assembly, or storage of goods. In some instances (commonly known as "flex" industrial spaces), these assets may even include office space that is attached to, or related to, the industrial assets. Accordingly, such an asset class presents unique risks not found in other real estate. For example, industrial assets may be more prone to work-site incidents, accidents, and injuries due to the nature of the operations that may be present. It is also possible that additional state, city, or federal regulations may apply to a particular type of industrial operation at one of the Fund's real properties. To

the extent that such regulations are not adhered to by a tenant, the Fund, as landlord, may face fines or penalties or be required to invest additional capital to remedy a situation. Such incidents could be harmful to the Fund's interests in those assets, and the Fund may not be able to predict or otherwise mitigate those risks. Additionally, industrial real estate may not appreciate at the same rate as other assets.

Industrial real estate, like other asset classes, experiences heavy cycles of booms and busts. For example, the COVID-19 pandemic has resulted in supply and logistical shortages world-wide. Oddly, this has resulted in an increase in demand for certain industrial assets, namely warehousing and self-storage, but a decrease in demand for others, including manufacturing and assembly. Such volatility is never predictable; should demand materially shift for the asset types the Fund intends to invest in, the Fund's projections would be at risk. Though this sub-market has traditionally been very strong there can be no guarantees that economic or political conditions may change, resulting in a decline for demand of the product type the Fund is seeking to invest in.

**ADA Compliance:** The Properties will be subject to the Americans with Disabilities Act of 1990. Under the ADA, certain buildings are required to meet federal requirements related to access and use by disabled persons. A number of additional federal, state and local laws exist that also may require modifications to existing buildings to create access to the Properties by disabled persons. Although the Manager believes they will be in compliance with present requirements or is exempt therefrom, if required changes involve a greater expenditure than anticipated or must be made on a more accelerated basis than anticipated, additional costs could be incurred. Further legislation may impose additional burdens or restrictions with respect to access by disabled persons, the costs of compliance with which could be substantial. Non-compliance could result in the imposition of fines by the federal government or the award of damages to private litigants.

**Construction Costs Increases:** The Properties may require some construction and/or expensive renovations or modifications. The estimated cost for such improvements may increase due to unforeseen circumstances including but not limited to labor shortages or unrest and productivity issues, inclement weather, health and safety hazards, subcontractor default and change orders, and subcontractor supplies and equipment price increases.

**Occupancy Rates and Tenant Defaults:** The Fund will depend on revenue generated from the rental income of the Properties to pay the operating expenses and the debt service payments. The ability to lease vacant space will be subject to, among other things, job losses and unemployment levels, recession, personal debt levels, a downturn in the housing market, stock market volatility and uncertainty about the future. Vacant units could reduce the amount of revenue the Fund receives. There can be no guarantee that the Properties will achieve the occupancy level desired or needed to fulfill any outstanding obligations.

Additionally, if a tenant defaults on their payment of rent it will cause the Fund to lose the revenue from that unit. The Fund may experience delays in enforcing its rights as a landlord and may incur substantial costs in evicting the tenant and re-renting the unit.

If enough effective vacancies occur, the Fund may be required to find an alternative source of revenue to meet its debt service payments and other operating expenses for the Properties.

It is further possible that if a prospective tenant wishes to lease space or a then-current tenant wishes to renew a lease at the time their lease expires, due to a decline in the local market conditions or due to the tenant's specific financial situation, the Fund may have to charge significantly lower rental rates than expected. If this were to occur with enough tenants, the value of the investment may be adversely affected.

**Actions by Competitors:** The acquisition of the Property entails various risks, including risks that the investment may not perform as expected. The Fund will compete with other owners of real property including owners who may be better capitalized (including public and private REITS, and other private investors) on the basis of a wide range of factors, including location, age, functionality, construction quality, maintenance and design, supply and demand of similar assets to the Property. If the Fund's competitors offer space at rental rates below current market rates or below the rental rates that the Fund currently charges its tenants, it may lose potential tenants, and may be pressured to reduce the rental rates below those it currently charges in order to retain tenants when their leases expire. As a result, the Fund's financial condition, results of operations, cash flow and ability to make distributions could be materially and adversely affected.

Additionally, if such competitors sell similar assets in the market at and/or below valuations of the Fund's assets, the Fund may be unable to divest its assets at favorable pricing or on favorable terms or at all.

**Compliance With Changing Laws:** Compliance with or changes in (i) laws increasing the potential liability for environmental conditions existing on the Property or the restrictions on discharges or other conditions or (ii) rent control or rent stabilization laws or other laws and regulations regulating housing, such as the Americans with Disabilities Act and the Fair Housing Amendments Act of 1988, may result in significant unanticipated expenditures or unanticipated reductions in revenue, which could adversely affect the Fund's cash flow from operations and the ability to make distributions to Investors.

**Operating Expenses and Illiquidity:** Operating expenses may increase beyond the rent levels obtainable by the Fund or rental income may decline due to vacancies, which can be the result of improper management, a change in the social patterns in the area, and/or downturn in the local economy that negatively effects prospective tenants' financial condition. If such events were to occur, Fund may not have the revenues necessary to conduct operations and may be required to seek additional financing option or look to sell the assets earlier than anticipated.

Real estate is illiquid in that it may be harder to sell than other assets. It is fixed in location and is subject to adverse social and economic changes and uses, rising operating costs (including taxes, insurance, utilities, and maintenance), construction-related deficiencies, vacancies and collection difficulties. The Fund may not be able to sell a Property in a timely manner under such adverse conditions or for a desirable price.

**Natural Disasters:** The Properties may be located in an area that may experience catastrophic weather and other natural events from time to time, including fires or other severe inclement weather. These adverse weather and natural events could cause damage or losses that may be greater than insured levels. In the event of a loss in excess of insured limits, investors could lose their capital invested in the Properties, as well as anticipated future revenue from the Properties. The Fund would also continue to be obligated to repay any indebtedness or other obligations related to the Properties. Any such loss could adversely affect the Manager's business, financial condition and results of operations.

**Effect of Market Conditions on Holding Periods:** Determining when a Property will be sold will be made by the Manager in its sole discretion, with consideration of relevant factors including existing economic conditions in real estate and capital markets. There is a risk that at the time of the projected sale, the marketplace may differ from that which was projected. This may require the Fund to hold on to a Property longer than anticipated, or sold at a loss. Despite the Manager's projections, an Investor should be prepared to leave their Capital Contribution with the Fund until all or substantially all of the Fund's assets are sold. There can be no guarantee that the Fund can sell its assets or sell them on favorable terms to Investors.

**Risks from COVID-19:** As a result of the COVID-19 pandemic, the world economy suffered the sharpest and most severe slowdown since at least the Great Depression. Although some segments of the economy have recovered, others have not. Moreover, the recovery has been fueled by enormous deficit spending by the Federal government and historic actions by the Federal Reserve to provide liquidity, neither of which is sustainable in the long term. The lingering effects of COVID-19 will affect real estate assets in a number of ways, both positively and negatively. The Manager believes this investment will be successful notwithstanding any negative effects, but neither the Manager nor anyone else knows for certain what the real estate landscape will look like in the future.

#### **OPERATING RISKS**

**Lack of Operating History:** The Fund is recently-formed and has no operating history. Accordingly, Investors cannot evaluate the merits of this investment based on the past performance of the Fund. Additionally, the Fund has limited financial resources and may not be able to meet its financial obligations.

**Reliance on Management Team:** The Manager will exercise full control over all activities relating to the Fund and Investors will have no right to participate in the management of it. Investors must rely upon the judgment of the Manager regarding every aspect of the business and should invest only if they are confident in the Manager's ability to operate the business.

No assurance can be given that the Fund will operate at a profit or achieve objective returns. The Fund's operations and success will depend to a large degree on the continued service of the Manager. Failure of the Manager to fulfill its obligations to manage the Fund could materially adversely affect the Fund's operations and may cause the Fund to be unable to successfully execute its investment strategy.

The Manager is a small company, with only a few principals. If a key member of the management team, were to die, become seriously ill, or leave, it could damage the Fund's operations.

It is possible that there are facts and circumstances regarding the Manager (or its principals) that the public, including the Investors, are not aware of and/or that information provided by the Manager (or its principals), is not all the information that an Investor would want or need to have to make an accurate assessment of the Manager's ability to manage the Fund in the most profitable manner.

Even if the management team has a successful track record, past performance is not indicative of future success and should not be relied on when making an investment decision.

**Risks of Relying on Third Parties:** The Fund may engage third parties (such as property managers, accountants, or construction companies) to provide some essential services. If such third party performs poorly or becomes unable to fulfill its obligations, the Fund's business could be disrupted. Disputes between the Fund and such third-party service providers could disrupt the business and may result in litigation or other forms of legal proceedings (e.g., arbitration), which could require the Fund to expend significant time, money, and other resources. The Fund might also be subject to, or become liable for, legal claims by tenants or other parties relating to work performed by the third-party service providers, even if the Fund has sought to limit or disclaim its liability for such claims or have sought to insure the itself against such claims.

**Failing to Raise Enough Capital:** This Offering is being conducted on a "best efforts" basis. No guarantee can be given that sufficient capital will be raised to meet the Fund's objectives. If the Fund fails to raise enough capital, the Manager may, in its sole discretion, return the funds to the Investors in which case, Investors would have lost the ability to invest funds elsewhere during that time. There is also a risk that the Fund may use funds to conduct this Offering and/or operations of the Fund and therefore, the amount an Investor receives back may be less than they contributed.

If the Manager purchases a Property and/or begins development efforts prior to the Maximum Offering Amount being raised, and the Fund is not able to raise the Maximum Offering Amount (or such other amounts as the Manager may determine in its sole discretion to be sufficient), then the Manager may be required to sell the Property in order to return Investor's capital. No assurance can be given that the Property, will be sold in a timely manner, or sold on terms advantageous to the Fund.

**Need for Additional Capital:** Even if this Offering is successful, the Fund might require more capital, whether to finance cost overruns, to cover cash flow shortfalls, or otherwise. There is no assurance that additional capital will be available at the times or in the amounts needed, or that, if capital is available, it will be available on acceptable terms. For example, if capital is available in the form of a loan, the loan might bear interest at very high rates, or if capital is available in the form of equity, the new investors might have rights superior to those of Investors. If the Fund seeks to raise additional capital in the form of equity, Investors may be diluted.

**Possible Lack of Distributions:** There can be no guarantee distributions of any kind. Distributions of cash flow during operations will be available only to the extent revenue exceeds expenses (which may include unforeseen expenses that may arise). Additionally, even if there is cash flow from operations, the Manager, in its sole discretion, may cause the Fund to retain some or all of such funds for working capital

purposes, further renovations, reserves or any other purpose the Manager deems necessary to carry out the purpose of the Fund. Therefore, there can be no assurance as to if or when there will be any distributions available from cash flow.

Additionally, distribution of proceeds from a Capital Transaction, will only be available after all obligations (including any debts) are satisfied by the Fund and after all expenses related to the Capital Transaction are paid. In the event obligations and expenses exceed proceeds from a Capital Transaction, Investors may not receive distributions from such an event. Accordingly, there can be no guarantee that Investors will receive a return of their Capital Contributions.

**Leverage:** In addition to the funds raised in this Offering, the Manager anticipates using financing from private or institutional lenders (i.e., debt) as leverage, to purchase the Properties. Such leverage could increase the risk of foreclosure. A decrease in revenues of the Properties may materially and adversely affect the Properties' cash flow. There can be no assurance that future cash flows will be sufficient to make debt service payments on the debt and also cover operating expenses. If the revenue from the Properties is insufficient to pay any debt payments and operating expenses, the Fund would have to use working capital or seek additional funds. There can be no assurances that additional funds would be available if needed, or, if such funds were available, that they would be available on acceptable terms. If the Fund cannot make debt payments, a lender could foreclose on the Properties and Investors would be likely to lose some or all of their investment.

There is also the risk that at the time of sale of the Properties, the sales proceeds may be less than the amount needed to pay off the total remaining balance of the debt.

**Increased Interest Rates:** Many commercial loans in the present market require variable as opposed to fixed interest rates. With a variable rate loan, the interest rates can increase substantially. The Manager has no control over interest rates and can give no assurance that interest rates on the loans it obtains will not rise substantially. A rise in interest rates may increase the working capital needed to make its debt service payments. Additionally, higher interest rates could negatively impact the market value of the Properties and the ability of prospective purchasers to finance the acquisition of the Properties from the Fund, thus causing the holding period to be longer than projected and negatively impacting Investors' overall returns.

**Refinance Risk:** The Fund may repay only a small portion of the principal of the Fund's debt prior to maturity. Accordingly, the Fund may need to refinance at least a portion of its outstanding debt as it matures. At the time the debt must be paid off, if the customary capitalization rate used for valuing a Property is substantially higher than today, then a Property might be valued substantially lower, and the debt to value ratio allowed by lenders might not allow a new loan amount sufficient to pay off the existing debt. The Fund may either (i) not be able to refinance existing debt or (ii) the terms of any refinancing may not be as favorable as the terms of its existing debt. This risk may be exacerbated by continued lagging growth and future adverse economic conditions. If the Fund is unable to refinance or extend principal payments due at maturity, then the Fund may not be able to repay all such maturing debt which could result in the Fund prematurely selling its assets. Furthermore, if prevailing interest



rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase and the Fund's business could be materially and adversely affected.

**Financial Projections Could Be Wrong:** Prior to the acquisition of a Property, the Manager will make significant estimates and assumptions, including the time it will take to purchase a Property, and the time between acquiring the Property, and having it fully developed, improved, and/or leased. Other assumptions are made concerning the annual operating costs, estimated sales price, rental rates and tenant default rates. Over time, assumptions the Manager makes may prove to have been incorrect, and unanticipated events and circumstances may occur. A variety of factors could cause results to differ materially from projections and could cause the Fund to overpay for a Property, surcharge its working capital budget, or overvalue a Property. Therefore, there are likely to be differences between projected results and actual results, and the differences could be material.

**Risk of Co-Investing:** The Fund may structure the purchase of a Property as a joint venture (a "JV"), the partners of which will be referred to as "JV Partners." The risks associated with such co-investing include, without limitation, the following:

- The Fund's interests will be subordinate to both general and secured creditors of the Property. This subordination could increase the Fund's risk of loss.
- Investor's interests and rights in the Fund may be subordinate to the rights of the JV Partners.
- Any agreement entered into between the Fund and the JV Partners may be limit the Fund's control with respect to the management of the Property including, without limitation, when to sell or refinance the Property.
- JV Partners might have economic and/or other business interests or goals which are inconsistent with the business interests or goals of the Fund.
- In certain circumstances, the Fund may be liable for actions of the JV Partners. Actions taken by the JV Partners may subject the Fund to liabilities in excess of or other than those contemplated by the Manager.
- In the event of bankruptcy, insolvency, disability or dissolution of the JV Partners, the Fund may be required to purchase the interests of the JV Partners. The Fund may have insufficient funds or otherwise be unable to finance such a buy-out and may be required to liquidate some or all of the Fund's assets to finance such a purchase.
- Conflicts, disputes, or deadlocks may arise between the Fund and the JV Partners. The Fund may incur significant costs to resolve such disputes.
- The JV Partners may receive additional compensation in connection with the joint-venture which could decrease the revenue the Fund receives.

- The Fund may not be able to sell the Fund's interest in the Property on a timely basis or on acceptable terms if an exit from the venture is desired for any reason, particularly if the interest is subject to a right of first refusal of the JV Partners.

**Banking Risks:** The Fund intends to open bank accounts at FDIC-insured banks for the operation of the business (which may include a segregated account which holds Investor's funds until such funds are deployed). Such banks shall be determined in the sole discretion of the Manager. There is a risk that these banks became insolvent, the FDIC insurance may be insufficient to provide such funds back to the Fund.

**Breaches of Security:** It is possible that the Fund's systems would be "hacked," leading to the theft or disclosure of confidential information you have provided to us. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, the Fund, the Manager and its vendors may be unable to anticipate these techniques or to implement adequate preventive measures.

#### **SECURITIES RISKS**

**No Market for the Class A Shares:** The Class A Shares are illiquid meaning there will be no public market for your Class A Shares, meaning you could have a hard time finding a buyer. Additionally, by law, Investor's may not sell their Class A Shares unless they are registered under applicable securities statutes or the transfer is eligible for an exemption from registration. Taking this into account, Investor's should plan to own their Shares until the Fund is dissolved.

**Shares are Not Insured:** The Shares are not insured or guaranteed by the Federal Deposit Insurance Corporation (the "FDIC"), the Securities Investor Protection Corporation (the "SIPC") or any other governmental agency or any other public or private entity, in contrast to certificates of deposit or accounts offered by banks, savings and loan associations or credit unions. Investors will be dependent on the Manager's ability to effectively manage the Fund's business to generate sufficient cash flow for the repayment of Investor's capital and the generation of any profit. If Fund cash flow proves inadequate, Investors could lose part or all their investments.

**Arbitrary Share Price:** The price of the Shares has been arbitrarily determined by the Manager based primarily on the expenses incurred as a result of this Offering, the cost of organizing the Fund, the amount the Manager anticipates the Fund needs to meet the Fund's investment objectives, and other financial considerations. The Offering price of Shares is not necessarily indicative of the value of the Fund, the Shares, or any or all of the Fund's asset(s). The Fund cannot assure that any Shares, if transferable, can be sold for the Offering price or any amount.

**No Registration Under Securities Laws:** The Manager is not registered and does not intend to register as (i) an investment adviser under the Investment Advisers Act of 1940 or similar state laws; or (ii) an investment company under the Investment Company Act of 1940 or similar state laws; (collectively, the "Investment Acts") in reliance upon one or more exclusions or exemptions to registration under the Investment Acts. Additionally, the Shares will not be registered under the Act, and



the Fund is not and does not intend to register as an investment company under the Investment Company Act in reliance on one or more exemptions under such laws.

Therefore, the Manager and the Fund will be subject to less oversight by governmental regulators, and investors in the Fund will not receive certain legal rights and disclosures that they otherwise would be entitled to under the Investment Acts.

Additionally, the Manager, its Affiliates, or the Fund have not and will not register as broker-dealers under the Securities Exchange Act of 1934 (as amended, the "Exchange Act") or with the Financial Industry Regulatory Authority ("FINRA") and are consequently not subject to the recordkeeping and specific business practice provisions of the Exchange Act and the rules of the FINRA.

No opinion or no-action position with respect to the registration of the Manager or the Fund under the Investment Acts (or other applicable law) have been requested of, or received from, the SEC. If the SEC or a court of competent jurisdiction were to find that the Manager or Fund are required to but - in violation of the Investment Acts (or the Act, or other applicable law) - have failed to register as an investment company, an investment advisor, a broker/dealer with the SEC or FINRA, or failed to register the Shares with the SEC, the Fund could pay a substantial amount in penalties, expenses, and fees - including, without limitation, legal fees for defending such action, and legal fees required to come into compliance with the Investment Acts or the Act as well as ongoing legal and administrative fees to remain in compliance with Investment Acts or the Act.

Other possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) Members could sue the Fund and/or the Manager and recover any damages caused by the violation; and (iii) any contract to which the Fund is party whose performance involves a violation of the Investment Acts, or the Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Acts or the Act. If the Fund is subject to any or all of the foregoing findings by the SEC or a court of competent jurisdiction, the Fund and the Members would be materially and adversely affected.

**Risks of Reliance on Integration Exemption:** The Manager may, in its sole discretion, terminate this Offering which relies on Rule 506(b) of the Act and commence a subsequent Offering under Rule 506(c) of the Act provided it complies with all applicable requirements of both exemptions from registration of the Shares under the Act at the time each respective exemption is used. This is made possible by relying on Rule 152 of the Act which we refer to as the Integration Exemption. This is a relatively new rule and there is a lack of guidance of how this Integration Exemption may be properly used outside of what has already been provided by the SEC's comments upon adoption of the Rule 152. As a result, new guidance or rulings may be issued by the SEC and/or applicable courts that retroactively suggest that the Fund improperly relied on this Integration Exemption, or, in the Fund's appropriate reliance of it, did not take the necessary steps for the Integration Exemption to apply to its particular circumstances. In such a case, the Fund may incur fines, penalties for violations of applicable securities laws including legal fees incurred in defending any action brought against us for such violations.



**Incomplete Offering Information:** The Class A Shares are being offered pursuant to Rule 506(b) issued by the SEC. Rule 506(b) does not require the Fund to provide Investors with all the information that would be required in some other kinds of securities offerings, such as a public offering of securities. Although the Fund has tried to provide all the material information it believes is necessary for Investors to make an informed decision, and the Fund is ready to answer any questions Investors might have, it is possible that Investors would make a different decision if Investors had more information.

**Lack of Ongoing Information:** While the Fund will provide Investors with periodic statements concerning the Fund and its business, it will not provide nearly all of the information that would be required of a public reporting company.

### **TAX RISKS**

**FEDERAL, STATE AND LOCAL INCOME TAX RISKS GENERALLY:** THERE ARE VARIOUS RISKS ASSOCIATED WITH THE FEDERAL, STATE AND LOCAL INCOME TAX ASPECTS OF AN INVESTMENT IN THE FUND. IN VIEW OF THE COMPLEXITY OF THE TAX ASPECTS OF THIS OFFERING, PARTICULARLY IN LIGHT OF CHANGES IN THE LAW AND THE FACT THAT CERTAIN OF THE TAX ASPECTS OF THIS OFFERING WILL NOT BE THE SAME FOR ALL MEMBERS, EACH PROSPECTIVE INVESTOR IS STRONGLY URGED TO CONSULT HIS, HER, OR ITS OWN LEGAL AND TAX ADVISOR CONCERNING THE EFFECTS OF FEDERAL, STATE AND LOCAL INCOME TAX LAWS ON AN INVESTMENT IN THE UNITS AND ON HIS, HER, OR ITS INDIVIDUAL TAX SITUATION. NO ATTEMPT IS MADE HEREIN TO DISCUSS OR EVALUATE THE TAX CONSEQUENCES UNDER ANY FEDERAL LAW, STATE OR LOCAL TAX LAW AS TO ANY TYPE OF PROSPECTIVE INVESTOR.

**Tax Law Changes:** The existence and amount of particular credits and deductions, if any, claimed by the Fund may depend upon various determinations and allocations, characterizations of payments, and other matters which are subject to potential controversy on factual as well as legal grounds. Changes in the tax code and official interpretations thereof after the date of this PPM may eliminate or reduce any perceived tax benefits from an investment in the Shares. There can be no assurance that regulations having an adverse effect on the Fund or Investors will not be issued in the future and enforced by the courts. Any modification or change in the tax code or the regulations promulgated thereunder, or any judicial decision, could be applied retroactively to any investment in the Fund. In view of this uncertainty, prospective Investors are urged to consider ongoing developments in this area and consult their advisors concerning the effects of such developments on an investment in the Fund in light of their own personal tax situations.

Additionally, a shortfall in tax revenues for states and local jurisdictions in which the Properties are located may lead to an increase in the frequency and size of changes to the tax the state or local codes which may adversely affect the Fund. If such changes occur, the Fund may be required to pay additional state and local taxes. These increased tax costs could adversely affect the Fund's financial condition.



**Absence of Ruling or Opinion:** The Fund will not seek a ruling from the IRS or an opinion of counsel with respect to any tax matters described in this PPM. The IRS, on audit, may determine the tax liability to the Fund to be greater than anticipated (e.g., if the IRS determines that the Fund is a corporation for tax purposes) which could adversely impact the Fund.

**Risk of Audit:** Information returns filed by the Fund are subject to audit by the federal, state or local tax authority. An audit of the Fund's returns may lead to adjustments of an Investor's return with respect to items other than those relating to the Investor's investment in the Fund, the costs of which would be borne by the affected Investors. The tax treatment of items of partnership income, loss, deductions, and credits will be determined at the partnership level in a unified partnership proceeding, and the Fund's tax matters representative (as determined by the provisions set forth in the Operating Agreement), who may, under certain circumstances, represent and bind all of the Investors. Any adjustment made to the Fund's or an Investor's return could result in the affected Investors being subject to an imposition of interest, additional taxes and penalties. An audit of the Fund may also result in an audit of an Investor which could also result in interest, additional taxes and penalties.

**Phantom Income:** It is possible that Investors could be allocated taxable income in a given taxable year without corresponding distributions of cash or property by the Fund to pay such tax liabilities.

**Disallowance of Deductions:** The availability, timing and amount of deductions or allocations of income of the Fund 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 deductible on the ground that such payments are excessive or constitute nondeductible distributions to the Manager or an Affiliate or otherwise and the allocation of basis to buildings, land, leaseholds and personal property. If the IRS were successful, in whole or in part, in challenging the Fund on these issues, the federal income tax benefits of an investment in the Fund could be materially reduced.

**THE FOREGOING ARE NOT NECESSARILY THE ONLY RISKS OF INVESTING.**

**PLEASE CONSULT WITH YOUR PROFESSIONAL ADVISORS.**

## SUMMARY OF THE OPERATING AGREEMENT

Ownership of Shares will be governed by the Operating Agreement of the Fund, and any amendments to that Agreement (whether adopted now or in the future), and by the laws of the state of Delaware. A copy of the Operating Agreement will be available in the Investor Portal. Certain terms of the Operating Agreement are discussed below.

### Initial Capital Contributions

Upon execution of the Subscription Agreement, each Investor shall contribute capital to the Fund in the amount set forth in the Subscription Agreement.

### Additional Capital Contributions

If the Manager believes the Fund needs more than the aggregate amount of the Investor's initial Capital Contributions, the Manager may, at its election and discretion, (i) issue additional Shares with rights and obligations it determines, which may be different than the Shares described herein, (ii) obtain financing at commercially reasonable terms acceptable to the Manager (iii) accept loans from a Member (or Members), or from the Manager or its Affiliates or, (iv) request that each Investor contribute their proportionate share (based on ownership of Class A Shares) of additional capital.

If, in accordance with the Operating Agreement, the Manager elects to make a capital call, and an Investor fails to contribute their proportional share of additional capital required (a "Noncontributing Investor"), such Investor will get diluted by the amount they were required to contribute. The Manager may elect other remedies set forth in the Operating Agreement including the following:

- The Manager may allow other Investors to make up the shortfall of the capital call. In such a case the Investors who make up such shortfall will be considered to have given a loan to the Noncontributing Investor. Such loan will be paid by distributions that would otherwise be made to the Noncontributing Investor.

### Distributions

Distributions will be made in accordance with the Operating Agreement. See section entitled "DISTRIBUTIONS."

### Limitation on Distributions

Pursuant to the Operating Agreement, no Member is guaranteed a distribution of any amount and has no right to any form of distribution other than cash. No distribution shall be made to any Member if, in the discretion of the Manager, (i) the Fund would not be able to pay its debts as they become due in the usual course of business; (ii) the Fund's total assets would be less than the sum of its total liabilities; or (iii) such distribution would otherwise constitute a violation of any law. **A Member who receives a distribution which is otherwise prohibited by the Operating Agreement will be liable for the return of such distribution along with any reasonable expenses incurred by the Fund to enforce its right.**



## **Electronic Payments**

In the discretion of the Manager, payments with respect to Class A Shares may be made as Automated Clearing House (ACH) deposits into an account each Investor designates.

## **Side Letters**

The Manager may amend the Operating Agreement to increase the distributions to one or more Members, or to give such Members additional rights, or require different obligations, without the consent of any other Member, provided that any such increase does not decrease the distributions to any other Members, or any additional rights given do not adversely impact the rights of any other Member. Any such amendment may be affected by a letter agreement between the Manager and the affected Member(s) (each a "Side Letter").

## **Reports to Investors and Right to Inspection**

Within a reasonable period after the close of each fiscal year, the Fund shall furnish reports to each Investor with respect to such fiscal year which may include (i) a statement showing in reasonable detail the computation of the amount distributed and the manner in which it was distributed (ii) a balance sheet of the Fund, (iii) a statement of income and expenses, and (iv) such additional information as may be required by law. The Manager may, in its discretion, deliver to Members the foregoing reports within a reasonable time after each fiscal quarter. The financial statements of the Fund need not be audited by an independent certified public accounting firm unless the Manager so elects or the law so requires.

An IRS Schedule K-1 will be issued to each Investor each year, reflecting each Investor's share of the Fund's income, profits, gains, expenses and deductions for Federal income tax purposes, and equivalent schedules for state income tax purposes. The Manager will use reasonable best efforts to deliver K-1s to Investors within a reasonable time after the close of each year.

Members may request to review the books and records of the Fund upon written request to the Manager. The Member's rights to inspection are limited by the Operating Agreement.

## **Restrictions on Transfers**

Pursuant to the Operating Agreement, no Investor may transfer their Class A Shares without the consent of the Manager. The only exceptions are for certain transfers to family members and/or certain entities in which the transferring Investor maintains control of. Pursuant to Rule 144 of the Act, a Member is prohibited from selling their Shares for at least one (1) year after purchase and then it may transfer their Shares in accordance with the transfer provisions provided in the Operating Agreement. The Manager may impose additional requirements on proposed transfers, including requiring a legal opinion stating that the transfer will not violate the Securities Act of 1933 or any applicable state securities laws.

An Investor who wants to sell their Class A Shares must first offer them to the Manager.

### **Mandatory Buy-Out**

Under some circumstances the Manager has the right to purchase the Class A Shares owned by an Investor. For example, the Manager would have the right to buyout an Investor who had made material misrepresentations to the Fund; or if the Manager determines that the continued participation of an Investor in the Fund would be reasonably likely to result in a violation of any law or regulation applicable to the Fund (including, without limitation, anti-money laundering or anti-terrorism laws or regulations). An Investor who is required to withdraw would receive a distribution equal to 90% of the amount such Investor would have received had the Fund been liquidated.

### **Binding Arbitration**

Under the Operating Agreement, Investor's claims against the Manager or the Fund would be resolved through arbitration, rather than through the court system. Any such arbitration would be conducted in Orlando, Florida, which might not be convenient for Investors. Furthermore, (i) Investors would not be entitled to a jury trial; (ii) would not be entitled to recover any lost profits or special, consequential, or punitive damages and, (iii) if they lost their claim against the Manager or the Fund, the Investor may be required to pay their expenses, including reasonable attorneys' fees.

Any dispute under the Operating Agreement not otherwise settled through arbitration will be governed by Delaware law and handled in such courts.

### **Electronic Communications and Delivery**

The Manager anticipates that all communications with Investors, including but not limited to all tax forms, will be made *via* electronic delivery, *e.g.*, by email or through the Investor Portal or another electronic method the Manager determines to be reasonable.





## **TAX CONSEQUENCES OF INVESTING**

The following summarizes some of the U.S. Federal income tax consequences of acquiring Class A Shares. This summary is based on the Code and the Regulations, and administrative rulings and court decisions, all as they exist today. Changes in the tax laws, or administrative or judicial action could significantly change the tax aspects, and therefore the federal income tax consequences of acquiring Class A Shares, could change in the future.

This is only a summary, applicable to a generic Investor who is an individual and a citizen or resident of the United States. Your personal situation could differ. We encourage you to consult with your own tax advisor before investing.

This summary does not address the tax laws of any jurisdiction other than the United States.

### **Classification as a Partnership**

The Fund intends to be treated as a partnership for Federal income tax purposes. If the Fund were treated as a corporation and not as a partnership, the profits and gains from the Fund receives would generally be subject to at least two levels of Federal income taxation. This would substantially reduce the economic return to Investors.

### **Federal Income Taxation of the Fund and its Members**

Because it is treated as a partnership, the Fund itself will not be subject to Federal income taxes. Instead, each Investor will be required to report on their personal Federal income tax return his, her, or its distributive share of the Fund's income, gains, losses, deductions and credits for the taxable year, whether or not the Investor receives any actual distributions. Each Investor's distributive share of such items will be determined in accordance with the Operating Agreement.

### **20% Deduction for Pass-Through Entities**

In general, the owners of a partnership, or an entity (like the Fund) that is treated as a partnership for Federal income tax purposes, may deduct up to 20% of the amount of taxable income and gains allocated to them by the partnership, excluding certain items like interest and capital gains. However, the deduction claimed by any owner may not exceed the greater of (a) The owner's share of 50% of the wages paid by the partnership; or (b) the sum of (i) the owner's share of 20% of the wages paid by the partnership; plus (ii) the owner's share of 2.5% of the cost of certain depreciable assets of the partnership.

The Fund will not pay wages but will own depreciable assets directly or indirectly. Consequently, Investors should be entitled to a deduction for a portion of the ordinary business income of the Fund allocated to them, but it is impossible to predict how much. Investors should consult with their personal tax advisors concerning the availability of this deduction in their personal tax circumstances.

### **Deduction of Losses**

Each Investor may deduct their allocable share of the Fund's losses, if any, subject to the basis limitations of Code §704(d), the "at risk" rules of Code §465, and the "passive activity loss" rules of Code §469. Unused losses generally may be carried forward indefinitely. The use of tax losses generated by the Fund against other income may not provide a material benefit to Investors who do not have taxable passive income from other passive activities.

### **Tax Basis**

Code §704(d) limits an Investor's loss to his, her, or its tax "basis" in his, her, or its Class A Shares. An Investor's tax basis will initially equal his, her, or its capital contribution (*i.e.*, the purchase price for your Class A Shares). Thereafter, the Investor's basis generally will be increased by further capital contributions made by the Investor; his, her, or its allocable share of the Fund's taxable and tax-exempt income; and his, her, or its share of certain liabilities of the Fund. The Investor's basis generally will be decreased by the amount of any distributions he, she, or it receives; his, her, or its allocable share of the Fund's losses and deductions; and any decrease in his, her, or its share of the Fund's liabilities.

### **Limitations of Losses to Amounts at Risk**

In the case of certain taxpayers, Code §465 limits the deductibility of losses from certain activities to the amount the taxpayer has "at risk" in the activities. An Investor subject to these rules will not be permitted to deduct their allocable share of the Fund's losses to the extent the losses exceed the amount the Investor is considered to have at risk in the Fund. If an Investor's at-risk amount should fall below zero, they would generally be required to "recapture" such amount by reporting additional income. An Investor generally will be considered at risk to the extent of their cash contribution (*i.e.*, the purchase price for the Shares); their basis in other contributed property; and their personal liability for repayments of borrowed amounts. The Investor's amount at risk will generally be increased by further contributions and their allocable share of the Fund's income, and decreased by distributions they receive and their allocable share of the Fund's losses. With respect to amounts borrowed for investment in the Fund, an Investor will not be considered to be at risk even if they are personally liable for repayment if the borrowing was from a person who has certain interests in the Fund other than an interest as a creditor. In all events, an Investor will not be treated as at risk to the extent their investment is protected against loss through guarantees, stop-loss agreements or other similar arrangements.

### **Limitations on Losses from Passive Activities**

In the case of certain taxpayers, Code §469 generally provides for a disallowance of any loss attributable to "passive activities" to the extent the aggregate losses from all such passive activities exceed the aggregate income of the taxpayer from such passive activities. Losses that are disallowed under these rules for a given tax year may be carried forward to future years to be offset against passive activity income in such future years. Furthermore, upon the disposition of a taxpayer's entire interest in any passive activity, if all gain or loss realized on such disposition is recognized, and such disposition is not to a related party, any loss from such activity that was not previously allowed as a deduction and any loss from the activity for the current year is allowable as a deduction in such year, first against income or gain

from the passive activity for the taxable year of disposition, including any gain recognized on the disposition, next against net income or gain for the taxable year from all passive activities and, finally, against any other income or gain.

The Fund will be treated as a passive activity to Investors. Hence, Investors generally will not be permitted to deduct their losses from the Fund except to the extent they have income from other passive activities. Similarly, tax credits arising from passive activity will be available only to offset tax from passive activity. However, all such losses, to the extent previously disallowed, will generally be deductible in the year an Investor disposes of their entire Interest in a taxable transaction.

### **Limitation on Capital Losses**

An Investor who is an individual may deduct only \$3,000 of net capital losses every year (that is, capital losses that exceed capital gains). Net capital losses in excess of \$3,000 per year may generally be carried forward indefinitely.

### **Limitation on Investment Interest**

Interest that is characterized as “investment interest” generally may be deducted only against investment income. Investment interest would include, for example, interest paid by an Investor on a loan that was incurred to purchase a Class A Share and interest paid by the Fund to finance investments, while investment income would include dividends and interest but would not generally include long term capital gain. Thus, it is possible that an Investor would not be entitled to deduct all of his, her, or its investment interest. Any investment interest that could not be deducted may generally be carried forward indefinitely.

### **Treatment of Liabilities**

When the Fund (or an entity in which the Fund owns an interest) borrows money or otherwise incurs indebtedness, the amount of the liability will be allocated among all of the Investors in the manner prescribed by the Regulations. In general (but not for purposes of the “at risk” rules), each Investor will be treated as having contributed cash to the Fund equal to their allocable share of all such liabilities. Conversely, when an Investor’s share of liabilities is decreased (for example, if the Fund repays loans or an Investor disposes of their Class A Shares) then the Investor will be treated as having received a distribution of cash equal to the amount of such decrease.

### **Allocations of Profits and Losses**

The profits and losses of the Fund will be allocated among all the owners of the Fund in the manner described in the Operating Agreement. In general, it is intended that profits and losses will be allocated in a manner that corresponds with the distributions each Investor is entitled to receive; *i.e.*, so that tax allocations follow cash distributions. Such allocations will be respected by the IRS if they have “substantial economic effect” within the meaning of Code §704(b). If they do not, the IRS could re-allocate items of income and loss among the Members.

## **Sale or Exchange of the Class A Shares**

In general, the sale of Class A Shares by an Investor will be treated as a sale of a capital asset. The amount of gain from such a sale generally will be equal to the difference between the selling price and the Investor's basis. Such gain will generally be eligible for favorable long-term capital gain treatment if the Interest has been held for at least 12 months. However, to the extent any of the sale proceeds are attributable to substantially appreciated inventory items or unrealized receivables, as defined in Code §751, the Investor will recognize ordinary income.

If, as a result of a sale of Class A Shares, an Investor's share of liabilities is reduced, such Investor could recognize a tax liability greater than the amount of cash received in the sale.

Code §6050K requires any Investor who transfers Class A Shares at a time when the Fund has unrealized receivables or substantially appreciated inventory items to report such transfer to the Fund. For these purposes, "unrealized receivables" includes depreciation subject to "recapture" under Code §1245 or Code §1250. If so notified, the Fund must report the identity of the transferor and transferee to the IRS, together with other information described in the Regulations. Failure by an Investor to report a transfer covered by this provision may result in penalties.

A gift of Class A Shares will be taxable if the donor-Investor's share of liabilities is greater than his, her, or its adjusted basis in the gifted Class A Shares. The gift could also give rise to Federal gift tax liability. If the gift is made as a charitable contribution, the donor-Investor is likely to realize gain greater than would be realized with respect to a non-charitable gift, since in general the Investor will not be able to offset the entire amount of his, her, or its adjusted basis in the donated Class A Shares against the amount considered to be realized as a result of the gift (*i.e.*, the Fund's debt).

Transfer of Class A Shares by reason of death would not in general be a taxable event, although it is possible that the IRS would treat such a transfer as taxable where the deceased Investor's share of liabilities exceeds their pre-death basis in their or her Class A Shares. The deceased Investor's transferee will get a basis in the Class A Shares equal to its fair market value at death (or, in certain circumstances, on the date six (6) months after death), increased by the transferee's share of liabilities. For this purpose, the fair market value will not include the decedent's share of Fund taxable income to the extent attributable to the pre-death portion of the taxable year.

## **Treatment of Distributions**

Upon the receipt of any distribution of cash or other property, including a distribution in liquidation of the Fund, an Investor generally will recognize income only to the extent that the amount of cash and marketable securities such Investor receives exceeds his, her, or its basis in the Class A Shares. Any such gain generally will be considered as gain from the sale of the Class A Shares.

## **Alternative Minimum Tax**



The Code imposes an alternative minimum tax on individuals and corporations. Certain items of the Fund's income and loss may be required to be taken into account in determining the alternative minimum tax liability of Investors.

### **Taxable Year**

The Fund will report its income and losses using the calendar year and each Investor that is an individual or an entity with a calendar fiscal year will report their or its share of income and losses for the calendar year. Entity Investors using a non-calendar fiscal year will report income and losses for the Fund's taxable year ending on the December 31<sup>st</sup> that falls within the fiscal year of such entity Investor.

### **Section 754 Election**

The Fund may, but is not required to, make an election under Code §754 on the sale of Class A Shares or the death of an Investor. The result of such an election is to increase or decrease the tax basis of the Fund's assets for purposes of allocations made to the buyer or beneficiary that would, in turn, affect depreciation deductions and gain or loss on sale, among other items.

### **Unrelated Business Taxable Income for Tax-Exempt Investors**

A church, charity, pension fund, or other entity that is otherwise exempt from Federal income tax must nevertheless pay tax on unrelated business taxable income ("UBTI"). In general, interest and gains from the sale of property (other than inventory) are not treated as unrelated business taxable income. However, interest and gains from property that was acquired in whole or in part with the proceeds of indebtedness may be treated as unrelated business taxable income. Under these rules, some of the income of the Fund could be subject to tax in the hands of tax-exempt entities. **Due to the likely presence of UBTI, an investment in the Shares is not appropriate for certain tax-exempt entities.**

### **Tax Returns and Tax Information; Audits; Penalties; Interest**

The Fund will furnish each Investor with the information needed to be included in their federal income tax returns. Each Investor is personally responsible for preparing and filing all personal tax returns that may be required as a result of his, her, or its purchase (or ownership) of Class A Shares. The Fund's tax returns will be prepared by accountants selected by the Fund.

If the Fund's tax returns are audited, it is possible that substantial legal and accounting fees will have to be paid to substantiate the Fund's reporting position on its returns and such fees would reduce the cash otherwise distributable to Investors. Such an audit may also result in adjustments to the Fund's tax returns, which adjustments, in turn, would require an adjustment to each Investor's personal tax return. An audit of the Fund's tax returns may also result in an audit of non-Fund items on each Investor's personal tax returns, which could result in adjustments to such items. The Fund is not obligated to contest adjustments proposed by the IRS.



Each Investor must either report Fund items on their tax return consistent with the treatment on the Fund's information return or file a statement with their tax return identifying and explaining the inconsistency. Otherwise, the IRS may treat such inconsistency as a computational error and re-compute and assess the tax without the usual procedural protections applicable to Federal income tax deficiency proceedings.

The Manager will generally control all proceedings with the IRS.

The Code imposes interest and a variety of potential penalties on underpayments of tax.

### **Backup Withholding and Reporting**

We will be required to report information to the IRS on certain distributions. In addition, we will be required to withhold tax from our payments to you under some circumstances. Any amounts withheld will be allowed as a refund or a credit against your U.S. Federal income tax liability provided the required information is furnished to the IRS on a timely basis.

### **Other Tax Consequences**

The foregoing discussion addresses only selected issues involving Federal income taxes, and does not address the impact of other taxes on an investment in the Fund, including Federal estate, gift, or generation-skipping taxes, State and local income or inheritance taxes, or taxes imposed by non-U.S. jurisdictions. Prospective Investors should consult their own tax advisors with respect to such matters.



## **HOW TO SUBSCRIBE TO PURCHASE SHARES**

A prospective Investor may subscribe to purchase Class A Shares either online through the Investor Portal or offline by contacting Patrick Traynor at (518) 253-2468 or [ptraynor@gammaincome.com](mailto:ptraynor@gammaincome.com) to receive this Private Placement Memorandum and the other documents related to this Offering.

Each Investor will be required to (i) review this PPM and all other documents related to this Offering, (ii) provide all required information, including personal information and the amount such Investor would like to invest, (iii) confirm that they are qualified to invest, (iv) sign (electronically or otherwise) the Fund's Subscription Agreement and any other documents necessary to document their investment, (v) provide payment for the Class A Shares to the Fund in accordance with the information provided by the Manager.

### **INVESTOR'S SUBSCRIPTION**

The package Investors submit, whether *via* the Investor Portal or otherwise, including a signed Subscription Agreement, is called your "subscription." The Manager will review each Investor's subscription and decide whether to accept it. The Manager has the right to accept or reject subscriptions, in whole or in part, in its sole discretion, for any reason or for no reason.

The Manager may, but shall not be required to, hold Investor's capital in segregated bank account with an FDIC-insured bank. In any event, such Investor's capital will not be deployed until the Capital Release Conditions have been met. If one or more of the Capital Release Conditions is not satisfied, the Fund will return Investor's capital without interest or deduction.

Investors will be notified by email if and when their subscription has been accepted and the Fund has issued Class A Shares to the Investors, and/or if their subscription was not accepted - though the Manager retains discretion as to whether or not to provide an explanation.

### **OVER-SUBSCRIPTION**

If the Fund receives subscriptions from qualified investors for more than the total amount it is seeking to raise, the Manager has the right to (i) increase the total amount of the raise, (ii) reject some of the subscriptions, or (iii) reduce subscriptions. If the Manager elects to reduce subscriptions, it may reduce all subscriptions on a *pro rata* basis. Notwithstanding the foregoing, the Manager retains the right to reduce subscriptions in any manner it deems appropriate. Investors will not have the right to revoke their subscription just because the amount of such subscription has been reduced. Furthermore, there is a risk that Investors may end up with fewer Shares than they subscribed for or none at all.

## **DEFINITIONS**

**“Act”** means the Securities Act of 1933, as amended.

**“ADA”** means the Americans with Disabilities Act, as amended.

**“Affiliate”** means, with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person (as applicable). For purposes of this definition, “control,” when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms “controlling” and “controlled” shall have correlative meanings.

**“Agreement” or “Operating Agreement”** means the agreement of the Fund that will be executed between the Members and the Manager that govern the affairs of the Fund. A copy of the Agreement accompanies this PPM and will be available in the Investor Portal.

**“Capital Contribution”** means any contribution of cash, property, or services contributed to the Fund by a Member.

**“Capital Transaction”** means the sale, refinance or other disposition of all or substantially all of the Properties, or a sale of all or substantially all of the assets of the Fund (in which case the Fund may be liquidated, wound up and dissolved).

**“Capital Release Conditions”** means the conditions that must be met prior to the Manager deploying the funds of an Investor. The Capital Release Conditions are as follows: (i) the Manager has confirmed that an Investor is qualified to invest; (ii) the Manager decides to accept such Investors subscription which it may reject in whole or in part in its sole discretion; and (iii) the Manager has received subscriptions from other Investors who are qualified to invest (who may be owners or Affiliates of the Manager) in the amounts satisfactory to the Manager in its sole discretion. If one or more of the Capital Release Conditions is not satisfied, the Fund will return the Investor’s funds without interest.

**“Class A Members”** means Persons who subscribe to purchase Class A Shares and whom the Manager admits as a Class A Member and whose names are listed in the Register of the Fund. References herein to Class A Members, unless specified otherwise, shall apply to all Class A-1, Class A-2, and Class A-3 Members.

**“Class A Shares”** means the limited liability company interests in the Fund being offered to Investors in the Offering pursuant to this Private Placement Memorandum. References herein to Class A Shares, unless specified otherwise, shall apply to all Class A-1, Class A-2, and Class A-3 Shares.

**“Class A-1 Members”** means Members admitted to the Fund by the Manager as Class A-1 Members and whose names appear in the Register.





**“Class A-1 Preferred Return”** means for each Class A-1 Member, a cumulative, non-compounding return of 10.0% per year on the Class A-1 Member’s initial Capital Contributions. The Preferred Return shall begin to accrue on the date the Class A-1 Member’s Capital Contribution is deployed by the Fund. The Class A-1 Preferred Return is not guaranteed and will be paid only if there are funds available (as determined by the Manager) to pay it.

**“Class A-1 Shares”** means Shares held by a Class A-1 Member.

**“Class A-2 Account”** means the book-keeping account created and used to capture the Class A-2 Member’s proportional distribution of the Operating Cash Flow and Net Capital Proceeds.

**“Class A-2 Members”** means Members admitted to the Fund by the Manager as Class A-2 Members and whose names appear in the Register.

**“Class A-2 Preferred Return”** means for each Class A-2 Member, a cumulative, non-compounding return of 8.0% per year on the Class A-2 Member’s initial Capital Contributions. The Preferred Return shall begin to accrue on the date the Class A-2 Member’s Capital Contribution is deployed by the Fund. The Class A-2 Preferred Return is not guaranteed and will be paid only if there are funds available (as determined by the Manager) to pay it.

**“Class A-2 Shares”** means Shares held by a Class A-2 Member.

**“Class A-3 Account”** means the book-keeping account created and used to capture the Class A-3 Member’s proportional distribution of the Operating Cash Flow and Net Capital Proceeds.

**“Class A-3 Members”** means Members admitted to the Fund by the Manager as Class A-3 Members and whose names appear in the Register.

**“Class A-3 Preferred Return”** means for each Class A-3 Member, a cumulative, non-compounding return of 8.0% per year on the Class A-3 Member’s initial Capital Contributions. The Preferred Return shall begin to accrue on the date the Class A-3 Member’s Capital Contribution is deployed by the Fund. The Class A-3 Preferred Return is not guaranteed and will be paid only if there are funds available (as determined by the Manager) to pay it.

**“Class A-3 Shares”** means Shares held by a Class A-3 Member.

**“Class B Members”** means, initially, the Manager and/or members and/or its Affiliates but may include others to whom the Manager grants or sells Class B Shares and whose names are listed in the Register of the Fund.

**“Class B Shares”** means Shares held by Class B Manager.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Fund”** means Rethink Self Storage Fund, LLC, a Delaware limited liability company.

**“ICA”** means the Investment Company Act of 1940 as amended.



**“Investor Portal”** means the online portal, website, virtual data room, or any electronic medium the Manager may use in order to provide Offering Materials and other services (such as collection of investments and distributions of K-1s) to Investors.

**“Investors”** means Persons who subscribe to purchase Class A Shares.

**“IRS”** means Internal Revenue Service.

**“Manager”** means Rethink Self Storage Fund Management, LLC.

**“Maximum Offering Amount”** means the \$5,000,000 that the Fund intends to raise in this Offering. The Fund may raise more than the Maximum Offering Amount if circumstances warrant it, and in the Manager’s sole discretion. The Manager may raise a lesser amount. There is no minimum amount the Fund is required to raise in this Offering prior to deploying its capital.

**“Members”** means Class A and/or Class B Members.

**“Minimum Investment Amount”** means the minimum amount of capital required to be invested in the Fund by an Investor to become a Class A Member. In this Offering, the Minimum Investment Amount is \$50,000, but the Manager has the discretion to accept a lesser amount.

**“Net Capital Proceeds”** means the proceeds from a Capital Transaction (including proceeds from condemnation or insurance from damage or destruction to the extent not reinvested, other than business interruption or rental loss insurance proceeds) minus (i) the expenses the Fund incurs with respect to the Capital Transaction, (ii) any repayments of debt made in connection with the Capital Transaction, (iii) brokerage commissions, (iv) other costs customarily taken into account in calculating net proceeds, and (v) amounts added to Reserve Accounts.

**“Offering”** means the offering of Class A Shares pursuant to this Private Placement Memorandum.

**“Offering Materials”** means the material the Fund may use to communicate benefits and other aspects of the Offering, including investor presentations, executive summaries, financial models and projections, budgets, sponsor biographies, plans, drawings, renderings, material contracts and other items. Such Offering Materials will accompany this PPM and will be made available in the Investor Portal.

**“Operating Cash Flow”** means the cash flow from the ordinary operations of the Properties (not from Capital Transactions), as determined in the sole discretion of the Manager, taking into account all revenue and all expenses of the Fund and any additions to or withdrawals from Reserve Accounts.

**“Person”** means an individual, partnership, a limited liability company (foreign or domestic), a trust, estate, individual retirement account, a corporation, association or any other legal entity.

**“Private Placement Memorandum”** or **“PPM”** means this Private Placement Memorandum, its exhibits and any supplements or addenda.



**“Project”** means the business of the Fund which is to acquire, own, develop, manage, lease, and ultimately sell the Properties and all related activities.

**“Property” or “Properties”** means the real properties which the Manager will identify and cause the Fund to purchase based on the Manager’s pre-determined criteria and in its sole discretion. Such Properties may be purchased through a joint venture and/or through a special purpose entity.

**“Register”** means the records maintained by the Manager setting forth, with respect to each Member, the name, address, amount of Capital Contributions, and class of each Member, and the ownership percentage of each class of Shares and such other information as the Manager may deem necessary or desirable. The Manager will update the Register as the Manager deems necessary or advisable, including, without limitation, to reflect the admission of subsequent Members or increase in ownership interest of Members without the need to obtain consent from any Member.

**“Regulations”** means the regulations issued by the U.S. Department of Treasury or Internal Revenue Service.

**“Reserve Accounts”** means the accounts established and maintained by the Fund to pay for anticipated cash needs. If the Fund is obligated by law or contract to keep certain amounts in the Reserve Accounts, such amounts shall be maintained at all time unless or until the Fund’s obligations have been fulfilled. In addition, the Manager may, in its sole discretion determine the amounts to be kept in such Reserve Accounts and may determine to make distributions of such reserves, if possible, in accordance with the Agreement.

**“SEC”** means the United States Securities and Exchange Commission.

**“Shares” or “Interests”** means the limited liability company interests of the Fund (divided into Class A Shares/Interests, Class B Shares/Interests, or such other class of Shares/Interests which the Manager may issue from time to time) which represents a Member’s rights in the Fund including a Member’s rights to share in the income, gains, losses, deductions, credit or similar items, and any rights under the Operating Agreement or applicable law.

**“Sponsors”** means the members of the Manager or such other key Persons of the Fund whom may be designated as such by the Manager and who provide services to the Fund.

**“Subscription Agreement”** means the legal contract governing the purchase of the Class A Shares which accompanies this PPM and is available in the Investor Portal.

**“Super Majority Vote”** means a vote of Class A Members holding at least 80% of the total Class A Shares then issued and outstanding.

**“Unrecovered Capital Contribution”** means the amount of a Class A Member’s Capital Contribution reduced by any capital returned at a Capital Transaction.



## ADDITIONAL INFORMATION

The Manager will make available to (or provide access to) any potential Investor, or his, her or its attorney, business, investment or tax adviser, or investment representative any other material information deemed necessary or appropriate by such person, to the extent such information can be obtained without unreasonable effort or expense. The Fund will maintain an Investor Portal with relevant information about the Offering, the Fund, its business, and the Manager and the management team. **The Fund hereby disclaims any duty or responsibility to update or supplement this PPM or other Offering Materials based upon events that occur, or information that becomes available, hereafter. For additional information, please contact Patrick Traynor at [ptraynor@gammaincome.com](mailto:ptraynor@gammaincome.com).**

### Offering Material

The Offering Materials available in the Investor Portal include, among other items, the items listed below:

The Fund's Operating Agreement
The Fund's Subscription Agreement
The Fund's Investment Strategy