DIVERSY FUND

DF INDEPENDENT PARTNERS LLC

Symphony Tower
750 B Street, Suite 1930
San Diego, CA 92127

PRIVATE PLACEMENT MEMORANDUM

January 12, 2023

This memorandum (the "Memorandum") has been prepared on a confidential basis, solely for the benefit of selected qualified investors, in connection with the private placement of securities of DF INDEPENDENT PARTNERS LLC. This Memorandum and the information contained herein may not be reproduced or used for any other purpose without the express written consent of DF INDEPENDENT PARTNERS LLC.

Prospective purchasers of the securities offered hereby should read the entire Memorandum together with appendices and related documents carefully. This offering involves a high degree of risk and the Units should be purchased only by persons who can afford to risk loss of their entire investment. Investors should consider, among other things, the risk factors set forth in the Memorandum before purchasing the securities offered hereby.

CONFIDENTIAL
PRIVATE PLACEMENT MEMORANDUM

DF INDEPENDENT PARTNERS LLC

Up to 10,735,050 Class A Units of Membership Interest

$1.00 per Class A Unit

Minimum Purchase: $50,000

DF INDEPENDENT PARTNERS LLC, a Delaware limited liability company (the "**Company**"), is offering to sell up to 10,735,050 Class A Units (the "**Units**" or **Class A Units**") of membership interest in the Company at a price of $1.00 per Unit to selected accredited investors (the "**Offering**"). Unless otherwise determined by the Manager (defined below), in its sole discretion, each investor must subscribe for a minimum of 50,000 Units and additional investment must be in whole unit increments.

The Company's primary investment objective is to acquire and improve a multi-family housing project known as the "Independent Apartments" and located at approximately 600 Ortiz Avenue, Sand City, California 93955 (the "**Project**"). The Company will be managed by DWB Capital, LLC., a Delaware limited liability company (the "**Manager**"). The Company will not own any real property or assets other than the Project.

Investors will contribute capital necessary to become a minority owner of the Company and are expected to own up to approximately 60% of the Units of the Company. The remaining Units of the Company will be owned by DF Growth REIT, LLC, a Delaware limited liability company ("**REIT**"). REIT and the Manager are affiliates, as the Manager's manager, DiversyFund, Inc., a Delaware corporation ("**DiversyFund**") is the sole manager of REIT's manager, DF Manager, LLC, a Delaware limited liability company ("**REIT Manager**").

The Units offered pursuant to this Offering are expected to remain available for purchase for up to 12 months from the date set forth on the cover page, *provided* that this Offering may be earlier terminated in the sole discretion of the Manager (such date, the "**Closing**").

INVESTMENT IN THE UNITS INVOLVES A HIGH DEGREE OF RISK AND NO INVESTMENT SHOULD BE MADE UNLESS YOU ARE ABLE TO SUSTAIN THE LOSS OF YOUR ENTIRE INVESTMENT. THE UNITS HAVE LIMITED VOTING RIGHTS AND LIMITED LIQUIDATION RIGHTS TO THE ASSETS OF THE COMPANY. NEITHER THE SECURITIES AND EXCHANGE COMMISSION ("**SEC**") NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), NOR UNDER THE SECURITIES ACTS OF ANY STATES.

Certain Matters Concerning the Offering

THE INFORMATION CONTAINED IN THIS CONFIDENTIAL OFFERING MEMORANDUM AND APPENDICES (THE "MEMORANDUM") IS CONFIDENTIAL AND PROPRIETARY TO THE COMPANY. IT IS BEING SUBMITTED TO PROSPECTIVE INVESTORS SOLELY FOR SUCH INVESTORS' CONFIDENTIAL USE, WITH THE EXPRESS UNDERSTANDING THAT, WITHOUT THE PRIOR PERMISSION IN WRITING FROM THE MANAGER, PROSPECTIVE INVESTORS WILL NOT (A) DISCLOSE OR DISCUSS THIS DOCUMENT OR THE INFORMATION CONTAINED HEREIN WITH ANY PERSON OTHER THAN PERSONS AUTHORIZED BY THE MANAGER, (B) COPY THIS DOCUMENT OR ANY PORTION OF IT OR (C) USE ANY INFORMATION CONTAINED HEREIN FOR ANY PURPOSE OTHER THAN EVALUATING A POTENTIAL INVESTMENT IN THE UNITS BEING OFFERED HEREBY. YOU AGREE TO THE FOREGOING BY ACCEPTING DELIVERY OF THIS MEMORANDUM.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY BY ANYONE IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION, OR TO ANY PERSON OTHER THAN THE OFFEREE TO WHOM THIS MEMORANDUM HAS BEEN DELIVERED.

DISTRIBUTION OF THE UNITS WILL BE MADE BY THE MANAGER ONLY TO INVESTORS MEETING CERTAIN SUITABILITY STANDARDS. THE UNITS ARE BEING OFFERED SUBJECT TO PRIOR SALE, WITHDRAWAL, CANCELLATION OR MODIFICATION OF THE OFFER AND TO FURTHER CONDITIONS SET FORTH HEREIN. ONLY THOSE UNITS DESCRIBED HEREIN WILL BE SOLD. THE MANAGER RESERVES THE RIGHT, IN ITS ABSOLUTE DISCRETION, TO DECIDE WHICH SUBSCRIPTIONS WILL BE ACCEPTED AND WHICH WILL BE REJECTED, AND TO ALLOT TO ANY INVESTORS FEWER THAN THE NUMBER OF UNITS SUBSCRIBED FOR BY SUCH INVESTOR.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MAY NOT BE RELIED UPON. PROSPECTIVE INVESTORS ARE ADVISED TO CONDUCT THEIR OWN THOROUGH INVESTIGATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, BEFORE MAKING AN INVESTMENT IN THE SECURITIES. PRIOR TO THE SALE OF THE SECURITIES, THE COMPANY WILL PROVIDE PROSPECTIVE INVESTORS THE OPPORTUNITY TO ASK QUESTIONS AND TO OBTAIN ANY ADDITIONAL INFORMATION CONCERNING THE COMPANY AND THE TERMS AND CONDITIONS OF THE OFFERING THAT THEY WISH TO OBTAIN.

THE SECURITIES OFFERED HEREBY ARE BEING OFFERED AND WILL BE SOLD IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED IN SECTION 4(2) AND RULE 506(C) OF REGULATION D TO A LIMITED NUMBER OF INVESTORS THAT ARE "ACCREDITED INVESTORS" WITHIN

THE MEANING OF RULE 501(A) OF REGULATION D UNDER THE SECURITIES ACT AND THAT HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO BE CAPABLE OF EVALUATING THE MERITS AND RISKS OF INVESTING IN THE SECURITIES.

THIS INVESTMENT IS SUITABLE ONLY FOR INVESTORS OF SUBSTANTIAL NET WORTH THAT ARE WILLING AND HAVE THE FINANCIAL CAPABILITY TO BEAR THE ECONOMIC RISK OF AN INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THERE IS NO PUBLIC TRADING MARKET FOR THE SECURITIES NOR IS IT CONTEMPLATED THAT ONE WILL DEVELOP IN THE FORESEEABLE FUTURE. ANY TRANSFER OR RESALE OF THE UNITS OR ANY INTEREST OR PARTICIPATION THEREIN WILL BE SUBJECT TO RESTRICTIONS UNDER THE SECURITIES ACT AND AS PROVIDED IN THE OPERATING AGREEMENT.

PURCHASERS OF THE UNITS WILL BE REQUIRED TO MAKE (PURSUANT TO A SUBSCRIPTION AGREEMENT AND INVESTOR QUESTIONNAIRE DELIVERED TO THE COMPANY) CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS UPON INITIAL ISSUANCE, INCLUDING REPRESENTATIONS WITH RESPECT TO THEIR NET WORTH OR INCOME AND THEIR AUTHORITY TO MAKE SUCH INVESTMENT, AS WELL AS REPRESENTATIONS THAT THEY ARE FAMILIAR WITH AND UNDERSTAND THE TERMS, CONDITIONS AND RISKS OF THIS OFFERING.

CERTAIN OF THE TERMS OF THE SUBSCRIPTION AGREEMENT AND OTHER DOCUMENTS ARE DESCRIBED HEREIN. THESE DESCRIPTIONS DO NOT PURPORT TO BE COMPLETE AND EACH SUMMARY DESCRIPTION IS SUBJECT TO, AND QUALIFIED IN ITS ENTIRETY BY REFERENCE TO, THE ACTUAL TEXT OF THE RELEVANT DOCUMENT. THE TERMS OF THE PURCHASE OF THE UNITS OFFERED HEREIN WILL BE SET FORTH IN A SUBSCRIPTION AGREEMENT AND A LIMITED LIABILITY COMPANY OPERATING AGREEMENT. ANY PURCHASE OF UNITS SHOULD BE MADE ONLY AFTER A COMPLETE AND THOROUGH REVIEW OF THE PROVISIONS OF SUCH AGREEMENTS. IN THE EVENT THAT ANY OF THE TERMS, CONDITIONS OR OTHER PROVISIONS OF THE AGREEMENTS IS INCONSISTENT WITH OR CONTRARY TO THE DESCRIPTION OF TERMS IN THIS MEMORANDUM, SUCH AGREEMENTS WILL GOVERN.

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK AND POTENTIALLY SUBSTANTIAL FEES TO THE MANAGER AND/OR ITS AFFILIATES. SEE "RISK FACTORS." AN INDEPENDENT INVESTIGATION SHOULD BE UNDERTAKEN BY EACH INVESTOR REGARDING THE SUITABILITY OF HIS, HER OR ITS INVESTMENT IN THE UNITS. OFFEREES ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY INFORMATION MADE AVAILABLE AS DESCRIBED BELOW AS LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN COUNSEL, ACCOUNTANT OR BUSINESS ADVISOR AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THE PURCHASE OF THE UNITS.

THE MARKET, FINANCIAL AND OTHER FORWARD-LOOKING INFORMATION PRESENTED IN THIS MEMORANDUM REPRESENTS THE SUBJECTIVE VIEWS OF THE MANAGER OF THE COMPANY AND IS BASED ON ASSUMPTIONS THE MANAGER BELIEVES ARE REASONABLE BUT THAT MAY OR MAY NOT PROVE TO BE CORRECT. THERE CAN BE NO ASSURANCE THAT THE MANAGER'S VIEWS ARE ACCURATE OR

THAT THE MANAGER'S ESTIMATES WILL BE REALIZED, AND NOTHING CONTAINED HEREIN IS OR SHOULD BE RELIED ON AS A PROMISE AS TO THE FUTURE PERFORMANCE OR CONDITION OF COMPANY. INDUSTRY EXPERTS MAY DISAGREE WITH THESE ASSUMPTIONS AND WITH THE MANAGER'S VIEW OF THE MARKET AND THE PROSPECTS FOR THE COMPANY.

INVESTORS USING ASSETS SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 ("ERISA") OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986 (THE "CODE") SHOULD NOT ACQUIRE OR HOLD THE UNITS UNLESS SUCH ACQUISITION OR HOLDING IS EXEMPTED FROM THE PROHIBITED TRANSACTION RESTRICTIONS OF ERISA AND THE CODE.

INVESTORS WHOSE AUTHORITY IS SUBJECT TO LEGAL INVESTMENT RESTRICTIONS SHOULD CONSULT THEIR OWN LEGAL ADVISORS TO DETERMINE WHETHER, AND IF SO, TO WHAT EXTENT, THE UNITS WILL CONSTITUTE LEGAL INVESTMENTS FOR THEM.

THIS MEMORANDUM HAS NOT BEEN REVIEWED BY, AND THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY, THE SEC, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS MEMORANDUM PRESENTS INFORMATION WITH RESPECT TO THE COMPANY AS OF THE DATE HEREOF. THE DELIVERY OF THIS MEMORANDUM AT A TIME AFTER THE DATE ON THE COVER DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THAT DATE.

THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK

Conditions to Receiving this Memorandum

By accepting delivery of this Memorandum, you understand and agree to comply with the following:

- the information contained herein is confidential and may not be shared without the prior written permission of the Manager;
- you will not make any photocopies of this Memorandum or any related documents;
- you will not distribute this Memorandum or disclose any of its contents to any persons other than to those persons, if any, that you retain to advise you with respect to its contents;
- you will review this Memorandum, including statistical, financial and other numerical data, with your legal, regulatory, tax, accounting, investment or other advisors. Neither the Company nor the Manager intends in this Memorandum to furnish legal, regulatory, tax, accounting, investment or other advice;
- the Manager may reject any offer to purchase Units, in whole or in part, for any reason; and
- if you do not purchase Units or if the Offering is terminated, on request of the Company or the Manager, you will return this Memorandum and all attached documents to the address set forth below.

Notwithstanding the foregoing or any other express or implied agreement or understanding to the contrary, you and your employees, representatives and other agents are authorized by Company, the Manager, each of their respective affiliates and each person acting on behalf of the Company or the Manager, to disclose the tax aspects and structure (insofar as the structure may be relevant to the tax aspects) of this transaction to any and all persons, without limitation of any kind. You may disclose all materials of any kind (including opinions or other tax analyses) to the extent (but only to the extent) that they relate to the tax aspects and structure (insofar as the structure may be relevant to the tax aspects) of this transaction. This authorization is not intended to permit disclosure of any other information including without limitation: (i) any portion of any materials to the extent not related to the tax aspects or the structure of the transaction; (ii) the identities of participants or potential participants in the transaction; (iii) the existence or status of any negotiations; (iv) any financial information relating to the Company, the Manager or their respective affiliates; or (v) any other term or detail not related to the tax aspects or the structure of the transaction.

This Memorandum has been prepared for use by a limited group of accredited investors to consider the purchase of Units in the Company. The Company reserves the right to modify or terminate the offering process at any time.

The Manager should be the sole point of contact for the solicitation process and will assist prospective investors in their review of the Company. All inquiries should be directed to:

DWB CAPITAL, LLC
Attention: Investor Relations
Email: frank@diversyfund.com
Phone: +1 (858) 430-8528

Important Notice About Information in this Memorandum

The Company and the Manager will provide to each prospective purchaser prior to that investor's purchase of any Unit the opportunity to ask questions of, and receive answers and pertinent documentation from, the Company and the Manager concerning the Company, the Manager and their respective affiliates, the terms and conditions of the Offering and any other relevant matters, including additional information to verify the accuracy of the information set forth herein. By purchasing Units, you will be deemed to have represented and warranted that you have been provided this opportunity and have received the information requested.

This Memorandum contains summaries of certain documents believed to be accurate, but reference is hereby made to the actual documents for complete information concerning the rights and obligations of the parties thereto. Copies of such documents not otherwise provided in this Memorandum are available at the office of the Manager and all such summaries are qualified in their entirety by reference to these documents. Supplements, if any, to the material contained in this Memorandum will be attached hereto. Prospective investors should review the material contained in this Memorandum and the information contained in any such supplements.

This Memorandum has been prepared by the Company solely for use in connection with the initial offer and sale of the Units as described herein. It constitutes an offer only to the prospective purchaser to whom the offer was delivered by the Company or the Manager and not to the public generally. No person has authorized the use of or assumed any liability for this Memorandum in connection with any offer or sale of the Units other than the offer and sale by the Company to an initial purchaser of the Units.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Before purchasing any of the Units described in this Memorandum, you should read the section entitled "Risk Factors" in this Memorandum carefully. You should be prepared to accept any and all risks associated with purchasing the Units, including a complete loss of your investment.

Information contained in this Memorandum (including all attachments to this Memorandum) contains "forward-looking statements." Forward-looking statements reflect the Company's current expectations or forecasts of future events. Forward-looking statements can be identified by forward-looking terminology, including, but not limited to, the following words: "will," "intend," "plan," "seek," "estimate," "aim," "target," "project," "forecast," "predict," "potential," "believe," "expect," "may," "could," "should," or "anticipates" or, in each case, the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. The matters identified in the "Risk Factors" section constitute cautionary statements identifying important factors with respect to forward-looking statements, including certain risks and uncertainties. Other factors could also cause actual results to vary materially from the future results covered in the forward-looking statements contained herein.

Any projections, estimates or other forecasts contained in this Memorandum are forward-looking statements that have been prepared by the Company and are based on assumptions that the Company believes are reasonable. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

Forward-looking statements relate only to events as of the date on which the statements are made. None of the Company, the Manager or any of their respective affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances

arising after the date hereof or to reflect the occurrence of unanticipated events, even if underlying assumptions do not come to fruition.

PRIVACY NOTICE

Current regulations require issuers of securities (including the Company) to provide their investors with an initial and annual privacy notice describing the issuer's policies regarding the sharing of information about their investors. In connection with this requirement, we are providing this Privacy Notice to each of our investors.

We do not disclose nonpublic personal information about our investors or former investors to third parties other than as described below.

We collect information about you (such as name, address, social security number, assets and income) from our discussions with you, from documents that you may deliver to us (such as subscription documents) and in the course of providing services to you. In order to maintain your capital accounts and the operations of the Company, we may provide your personal information to our affiliates and to firms that assist us in maintaining your capital accounts that may have a need for such information, such as our financial institutions, attorneys, auditors, accountants, or tax professionals. We do not otherwise provide information about you to outside firms, organizations or individuals except as required or permitted by law. Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation and is not permitted to share or use this information for any other purpose.

These materials are for the personal use of the person whose name appears above and are not to be transferred or electronically forwarded to any other person.

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APPENDICES

WHO MAY INVEST

We will offer and sell the Units in reliance on an exemption from the registration requirements of the Securities Act and state laws under Rule 506(c) of the Securities Act. Accordingly, distribution of the Memorandum has been strictly limited to persons who meet the requirements and make the representations set forth below. We reserve the right, in our sole discretion, to reject any subscription based on any information that may become known or available to us about the suitability of an investor or for any other reason.

An investment in the Units involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in this investment. Only investors who (i) purchase the minimum Membership Interest amount set forth in the Memorandum, and (ii) represent in writing that they meet the investor suitability requirements set by us and as may be required under federal or state law, may acquire Units. The written representation you make will be reviewed to determine your suitability.

The investor suitability requirements stated below represent minimum suitability requirements established by the Company. However, your satisfaction of these requirements will not necessarily mean that the Units are a suitable investment for you, or that we will accept you as an investor. Furthermore, we may modify such requirements in our sole discretion, and such modification may raise the suitability requirements for investors.

You must represent in writing that you meet certain requirements, including, but not limited to, all of the following requirements (the "**Investor Suitability Requirements**"):

(1) You have received, read and fully understand the Memorandum and are basing your decision to invest on the information contained in the Memorandum. You have relied only on the information contained in the Memorandum and have not relied on any representations made by any other person;

(2) You understand that an investment in the Units is highly speculative and involves substantial risks and you are fully cognizant of and understand all of the risks relating to an investment in the Units, including those risks discussed in the "Risk Factors" section of the Memorandum;

(3) Your overall commitment to investments that are not readily marketable is not disproportionate to your individual net worth, and your investment in the Units, will not cause such overall commitment to become excessive;

(4) You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in this investment;

(5) You can bear and are willing to accept the economic risk of losing your entire investment in the Units;

(6) You are acquiring the Units for your own account and for investment purposes only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale, or subdivision of the Units;

(7) You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits of investing in the Units and have the ability to protect your own interests in connection with such investment; and

(8) Notwithstanding anything to the contrary in this Memorandum (including subsection (9) below), you are <u>not</u> (a) an investment company under the Investment Company Act of 1940 ("**Investment**

Company Act"), (b) a private investment company exempt from registration and regulation under the Investment Company Act pursuant to the exclusion provided by Section 3(c)(1), or (c) a private investment company exempt from registration and regulation under the Investment Company Act pursuant to the exclusion provided by Section 3(c)(7).

(9) You are an "Accredited Investor" as defined in Rule 501(a) of Regulation D under the Securities Act. An "**Accredited Investor**" is any:

(a) Natural person that:

(i) has an individual net worth, or joint net worth with their spouse, or spousal equivalent, of more than $1,000,000;

(ii) has an individual income in excess of $200,000, or joint income with their spouse or spousal equivalent in excess of $300,000, in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year; or

(iii) holds, in good standing: (1) a General Securities Representative (Series 7) license, (2) an Investment Adviser Representative (Series 65) license, (3) a Private Securities Offerings Representative (Series 82), or (4) or other professional certification or designation or credential from an accredited educational institution that the SEC has designated as qualifying a natural person for accredited investor status;

(b) Corporation, partnership, limited liability company, Massachusetts or similar business trust, or organization described in Section 501(c)(3) of the Internal Revenue Code (the "**Code**"), not formed for the specific purpose of acquiring the Units, with total assets over $5,000,000;

(c) Trust with total assets over $5,000,000, not formed for the specific purpose of acquiring Units and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Units as described in Rule 506(b)(2)(ii) under the Securities Act;

(d) Entity (i) of a type not listed herein, owning investments in excess of $5,000,000, that is not formed for the specific purpose acquiring the Units, or (ii) in which all of the equity owners are Accredited Investors;

(e) Broker-dealer registered under Section 15 of the Securities and Exchange Act of 1934, as amended;

(f) Investment company registered under the Investment Company Act or a business development company (as defined in Section 2(a)(48) of the Investment Company Act);

(g) Small business investment company licensed by the Small Business Administration under Section 301 (c) or (d) of the Small Business Investment Act of 1958, as amended;

(h) Rural Business Investment Company as defined in Section 384A of the Consolidated Farm and Rural Development Act;

(i) Employee benefit plan within the meaning of ERISA, if the investment decision is made by a plan fiduciary (as defined in Section 3(21) of ERISA), which is either a bank, savings and

loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors;

(j) Private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**");

(k) Bank as defined in Section 3(a)(2) of the Securities Act, any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity, or any insurance company as defined in Section 2(13) of the Securities Act;

(l) Plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets of more than $5,000,000; or

(m) Investment adviser (i) registered pursuant to the Investment Advisers Act or the laws of any state, or (ii) relying on the exemption from registering with the SEC under section 203(l) or (m) of the Investment Advisers Act.

(n) "Family Office," as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act, (i) that is not formed for the specific purpose of acquiring the securities being offered, (ii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that the family office capable of evaluating the merits and risks of the prospective investment in the Units, and (iii) with assets under management in excess of $5,000,000; and

(o) "Family Client" as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act, of a family office meeting the requirements above and whose prospective investment in the Company is directed by the family office pursuant to (p)(iii) above.

For purposes of calculating your net worth, "net worth" means the excess of total assets at fair market value (including personal and real property but excluding the estimated fair market value of your primary home) over total liabilities. Total liabilities excludes any mortgage on the primary home in an amount of up to the home's estimated fair market value as long as the mortgage was incurred more than 60 days before the securities were purchased, but includes (i) any mortgage amount in excess of the home's fair market value and (ii) any mortgage amount that was borrowed during the 60-day period before the closing date for the sale of securities for the purpose of investing in the securities. In the case of fiduciary accounts, the net worth and/or income suitability requirements must be satisfied by the beneficiary of the account, or by the fiduciary, if the fiduciary directly or indirectly provides funds for the purchase of the Units.

In addition, the SEC has issued certain no action letters and interpretations in which it deemed certain trusts to be Accredited Investors, such as trust where the trustee is a bank as defined in Section 3(a)(2) of the Securities Act and revocable grantor trusts established by individuals who meet the requirements of clause (i) or (ii) of the first sentence of this paragraph (h). However, these no-action letters and interpretations are very fact specific and should not be relied upon without close consideration of your unique facts.

SUMMARY OF THE OFFERING

IN THIS SUMMARY, SELECTED INFORMATION IS HIGHLIGHTED REGARDING THE UNITS AND THE OFFERING. THE SUMMARY DOES NOT CONTAIN ALL THE INFORMATION INVESTORS NEED TO CONSIDER IN MAKING AN INVESTMENT IN THE COMPANY. TO UNDERSTAND THE TERMS OF THE OFFERING, CAREFULLY READ THIS ENTIRE MEMORANDUM AND REVIEW COPIES OF EACH OF THE DOCUMENTS ATTACHED AS APPENDICES OR REFERENCED HEREIN.

Company

DF INDEPENDENT PARTNERS LLC, a Delaware limited liability company (the "**Company**"). A copy of the Company's certificate of formation is available upon request.

The Offering & Investors' Capital Contributions

The Company is offering to sell up to 10,735,050 Class A Units (the "**Class A Units**" or "**Units**") of membership interest in the Company to selected accredited investors (the "**Offering**").

Purchasers of Units in this Offering (each a "**Member**") will contribute $1.00 per Unit. The minimum investment by a Member is $50,000. The Manager in its sole discretion may accept investments of less than the $50,000 minimum.

Securities Offered & Overview of Investment

The Company is raising up to $10,735,050 of capital contributions in the Offering in order to pursue its primary investment objective of acquiring and improving a multi-family housing project known as the "Independent Apartments" and located at approximately 600 Ortiz Avenue, Sand City, California 93955 (the "**Project**"). The Company will be managed by DWB Capital, LLC, a Delaware limited liability company (the "**Manager**"). THERE CAN BE NO ASSURANCES THAT THE COMPANY WILL RAISE THE ENTIRE AMOUNT PROVIDED ABOVE.

The Company will not own any property or assets other than its ownership of the Project. The Company's membership units will be owned as follows: (i) investors will own up to approximately 60% of the Company's Class A Units and (ii) DF Growth REIT, LLC, a Delaware limited liability company and affiliate of the Manager ("**REIT**"), will own the remaining Units. As described in further detail below, REIT and the Manager are affiliates.

The Manager will own all (100%) of the Company's Class B Units.

Investment Objectives

The principal objectives are to (i) preserve Members' capital contributions, (ii) earn a profit upon the sale of the Project at some future date and (iii) make periodic distributions to Members as income is available. THERE IS NO ASSURANCE THAT ANY OF THESE OBJECTIVES WILL BE ACHIEVED.

The intention of the Company is to acquire and improve the Project and to eventually sell the Project after remodeling and rehabilitation of the Project is complete. It is estimated that the planned renovations may be completed within two years, the operations may be stabilized after an additional three years, and the Project may be sold at any time thereafter. *As of the date of this*

Memorandum, the Manager and the Company anticipate retaining the Project for approximately five years. If the Project is eventually sold, the net proceeds will be distributed to, as applicable, the Company and REIT as provided herein. Distributions may also be made from net income generated from the Project to the extent the Manager deems it appropriate.

Sponsorship Investment

Other than as described above, it is anticipated that none of the Offering's total committed capital will be provided by principals or affiliates of the Manager.

Company's Assets

Investors, as Class A Members of the Company, will have limited voting rights and liquidation rights. The Company, other than its ownership of the Project, will not directly own any assets or property. *Accordingly, the investor's investment in the Company involves a high degree of risk*.

Management of the Company

The business and affairs of the Company are managed by the Manager. The Manager is also an affiliate of REIT. Investors should read and familiarize themselves with the Company's Operating Agreement.

With respect to the Company, the Manager may be removed only by the affirmative vote of the Members holding at least 75% of the Units entitled to vote.

Conflicts of Interest

REIT and the Manager are affiliates, as the Manager's manager, DiversyFund, Inc., a Delaware Corporation ("**DiversyFund**"), is the sole manager of REIT's manager, DF Manager, LLC, a Delaware limited liability company ("**REIT Manager**"). The principals for each of the entities are provided below:

- The Manager is wholly owned by DiversyFund, which is owned by the following principals: Craig Cecilio and Alan Lewis, along with approximately 260 additional shareholders.
- REIT Manager is managed by DiversyFund and is a wholly owned subsidiary of DiversyFund.
- REIT is managed by REIT Manager.

Accordingly, given the affiliations outlined above and in Appendix III attached to this Memorandum, principals of the Manager, REIT Manager or REIT may have control or participate in decisions involving the Manager, the Company and the Project, and thus, an investor's investment may be subject to the decisions of such other principals whose interests may not be aligned with those of the Company or the Project.

Units & Voting

The Company has authorized two classes of units: Class A Units and Class B Units. The Class A Units will be owned by investors and REIT, and all (100%) of the Class B Units will be owned by the Manager.

Members will have limited voting rights, and, as such, will only be permitted under the Operating Agreement to vote on the following matters:

- Removal of the Manager;
- Admission of the Manager or election to continue the business of the Company after the Manager ceases to be the Manager when there is no remaining Manager;
- Certain amendments of the Operating Agreement, subject to the limitations set forth in the Operating Agreement;
- Any merger or combination of the Company or roll-up of the Company; and
- Dissolution and winding up of the Company.

Company Operating Agreement

The Company will be governed by an operating agreement (the "**Operating Agreement**") substantially in the form attached as Appendix I to this Memorandum, with such changes as the Manager may adopt with the vote of the Members from time to time as provided in the Operating Agreement. *All capitalized terms not otherwise defined herein have the meaning set forth in the Operating Agreement.*

Manager Loans

The Manager and its Affiliates may, but will have no obligation to, make loans to the Company. Any such loan will bear interest at an annual rate not to exceed twelve percent (12%).

Additional Capital Contributions

Members will not be required to make any additional capital contributions; *provided* that in the event the Manager requests voluntary additional contributions from Members, Members who elect not to participate may have their ownership interests in the Company diluted.

Distributions by the Company

In accordance with the Operating Agreement, the Members shall receive distributions of Distributable Cash from Capital Transactions or operations of the Company, as determined by the Manager in its sole discretion, in the following order of priority:

(a) First, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions sufficient to provide them a 7.0% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution (the "**Preferred Return**");

(b) Second, to the Manager, as the sole Class B Member, pro rata in accordance with its Class B Units, until the Manager, as the Class B Member, has received distributions sufficient to provide it an amount that bears the same proportion to the total Preferred Return paid to the Class A Members to date as 35 bears to 65; and

(c) Third, (a) 65% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 35% to the Manager, as the sole Class B Member, pro rata in accordance with its Class B Units, until the Class A Members have received a 12% cumulative, non- compounded annual internal rate of return on their Unreturned Capital Contribution.

All calculations of internal rates of return will be determined using the XIRR function in Microsoft Excel.

As provided in the Operating Agreement, a number of conditions must be met before any distributions from the Project may be made to any Member.

The Manager will cause the Company to establish such reserves as may be reasonably necessary for payment of all expenses of the Company. To the extent the Company has sufficient cash from operations, in its sole determination, the Manager will cause the Company to make distributions as set forth in the Operating Agreement.

There can be no assurance that the Company's objectives will be satisfied or that Members of the Company will receive any distributions.

Distributions from Disposition of Project

In accordance with the Operating Agreement, and subject to the provisions thereof, the Members shall receive distributions of Cash from Disposition of the Company, as determined by the Manager in its sole discretion, in the following order of priority:

(a) First, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions sufficient to provide them with a return of their Unreturned Capital Contribution;

(b) Second, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions sufficient to provide them with a 7.0% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution (the "**Preferred Return**");

(c) Third, to the Manager, as the sole Class B Member, pro rata in accordance with its Class B Units, until the Manager has received distributions sufficient to provide it with an amount that bears the same proportion to the total Preferred Return paid to the Class A Members to date as 35 bears to 65;

(d) Fourth, (a) 65% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 35% to the Manager, as the sole Class B Member, until the Class A Members have received a 12% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution; and

(e) Finally, any remaining distributions shall be made (a) 50% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 50% to the Manager, as the sole Class B Member.

All calculations of internal rates of return will be determined using the XIRR function in Microsoft Excel.

In the event that the Company terminates and is dissolved, and subject to the terms set forth in the Operating Agreement, liquidating distributions will be made to the Members and the Manager in accordance with the provisions above regarding distribution.

There can be no assurance that the Project will be sold or that the Project will be sold at purchase price that allows Members of Company to receive any distributions

Manager Compensation

Each investor hereby acknowledges and agrees to the payment of the following fees, *in addition to the Distributions and expense reimbursement described in the Operating Agreement*, to be paid by the Company to the Manager, and/or its affiliated entities, in consideration of its services as manager of the Company:

- The Manager or its Affiliates shall receive an acquisition and development fee of up to 4.0% of the actual costs incurred by the Company related to completing the Company's "value add" business plan on the Project, including but not limited to, the cost of purchasing the Project and any related Property, all budgeted hard and soft construction costs, including budgeted contingency line items, for the renovation of the Project and carrying costs of the Project.
- The Manager or its Affiliates shall receive a financing fee of up to 1.0% of the amount of any loan made to or assumed by the Company, whether for acquisition of the Project or for refinance of an existing loan.
- The Manager or its Affiliates shall receive a disposition fee equal to 1.0% of the sales price of the Project upon the disposition of the Project by the Company.
- The Manager or its Affiliates shall receive a property management fee equivalent to 2.0% of the Company's effective gross income.
- To the extent the Manager or its Affiliates perform any construction management services for the Company, the Manager and its Affiliates shall receive a fee equal to 7.5% of the construction costs.
- The Company may pay a guaranty fee of up to 0.5% of the acquisition and construction loan amount to the Person(s) required by the lender to sign as guarantor on the "bad boy" carve outs on the acquisition loan documents, which Person(s) may be an Affiliate of the Manager.

Operating Expenses

Subject to the limitations set forth in the Operating Agreement, the Company will pay directly, or will reimburse the Manager or its Affiliates for, as the case may be, the costs and expenses of the Company's operations, including, without limitation, the following costs and expenses:

- all Organization and Offering Expenses advanced or otherwise paid by the Manager;
- all costs of personnel employed by the Company who are directly involved in the Company's business;
- advertising and public notice costs;

- costs of personnel employed by the Manager or its Affiliates who are directly involved in the business of the Company;
- all costs of borrowed money, taxes and assessments on the Project and other taxes applicable to the Company;
- legal, accounting, audit, brokerage, and other professional fees related to the Project;
- fees and expenses paid to the Manager as described above in "Manager Compensation", independent contractors, mortgage bankers, real estate brokers, and other agents;
- costs of leasing, acquiring, owning, developing, constructing, improving, operating, and disposing of the Project;
- expenses incurred in connection with the development, construction, alteration, maintenance, repair, remodeling, refurbishment, leasing and operation of the Project;
- all expenses incurred in connection with the maintenance of Company books and records, the preparation and dissemination of reports, tax returns or other information to Members and the making of Distributions to Members;
- expenses incurred in preparing and filing reports or other information with appropriate regulatory agencies;
- expenses of insurance as required in connection with the business of the Company;
- costs incurred in connection with any litigation in which the Company may become involved, or any examination, investigation, or other proceedings conducted by any regulatory agency, including legal and accounting fees;
- the actual costs of goods and materials used by or for the Company;
- the costs of services that could be performed directly for the Company by independent parties such as legal, accounting, fund administration, asset management, construction management, property management, secretarial or clerical, reporting, transfer agent, data processing and duplicating services but which are in fact performed by the Manager or its Affiliates;
- expenses of Company administration, accounting, legal, documentation and reporting;
- expenses of revising, amending, modifying, or terminating the Operating Agreement; and
- all other costs and expenses incurred in connection with the Company's business, including travel to and from the Project and the portion of the Manager's payroll expenses allocable to work performed for the Company, except as otherwise set forth in the Operating Agreement.

Transfer and Other Limitations of Member Rights

Transfers of Units are prohibited without the prior consent of the Manager, which consent may be withheld or granted in the discretion of the Manager.

No Member will have the right to (i) withdraw or reduce such Member's Capital Contribution, (ii) receive any distributions from the Company, except

as otherwise provided in the Operating Agreement, (iii) demand or receive any Company property, (iv) unilaterally dissociate from Company; (v) require that such Member's interest in the Company be redeemed, in whole or in part; bring an action for partition against the Company; or (vi) demand or receive property other than cash in return for such Member's Capital Contribution.

Member Restrictions

Pursuant to the Operating Agreement, Members will not be allowed to:

- Disclose to any non-Member, other than such Member's lawyers, accountants or consultants, and/or commercially exploit any of the Company's business practices, financial results, reports, trade secrets or any other information not generally known to the business community;
- Do any other act or deed with the intention of harming the business operations of the Company;
- Make any statement, whether written or oral, directly or indirectly, including but not limited to on social media, or perform any act which in any way would (i) injure an interest of or disparage or be construed negatively about the Company, the Manager or any of their respective principals, officers, managers or employees or (ii) be detrimental to the Company's relationships and dealings with existing or potential customers, investors and lenders; or
- Do any act contrary to the Operating Agreement.

Return of Capital by Member

In accordance with the Delaware Limited Liability Company Act, a Member may, under certain circumstances, be required to return to the Company, for the benefit of the Company's creditors, amounts previously distributed to the Member. If any court of competent jurisdiction holds that any Member is obligated to make any such payment, such obligation shall be the obligation of such Member and not of the Company, the Manager or any other Member.

Arbitration

Any and all claims, disputes or controversies arising from or related to a Member's Units or investment in the Company will be submitted to binding arbitration under the Delaware Rapid Arbitration Act, as amended from time to time (the "**DRAA**"), and the rules for DRAA arbitrations adopted by the DRAA and the Delaware courts shall govern all aspects of the arbitration. Moreover, in no event will class arbitration be permitted, and the arbitrator will not have the authority to conduct any class arbitration.

Term of the Offering

The subscription period will continue until the Closing. The Manager will accept or reject each subscription agreement in its discretion within approximately 10 days of receipt. If the Manager accepts the subscription agreement, a confirmation will be sent to the investor. If the Manager rejects a subscription agreement, the accompanying subscription payment will be returned to the investor promptly after such rejection, without payment of any interest thereon.

Investor Qualifications and Suitability Standards

The Offering is limited to selected accredited investors, as such term is defined in Regulation D promulgated under the Securities Act. Each investor will be required to represent that it is acquiring the Units for investment

purposes only, with no intention to resell or further distribute the Units and that the Units will not be transferred or otherwise resold except in compliance with the Securities Act and any applicable state securities laws.

Each investor will be required to make certain representations concerning the appropriateness of this investment. Such representations are contained in the subscription documents that each investor will be required to complete and furnish to the Manager. Representations are also contained in the Operating Agreement. The Manager, in its sole discretion, may require independent verification of the accuracy of the information and representations provided by investors, in order to assure compliance with applicable federal and state securities laws. The Manager will have sole discretion regarding acceptance of any subscription.

The investor standards in the subscription documents represent minimum requirements for investors, and the satisfaction of such standards does not necessarily mean that the Units are an appropriate investment for an investor. It is anticipated that comparable standards will be imposed by the Manager in connection with any resale of the Units, as well as various other restrictions.

Securities Regulation

The Offering of the Units will not be registered under the Securities Act or the securities laws of any state in reliance on exemptions from such registration.

The Company will not be registered as an investment company under the Investment Company Act.

Tax Matters

See the sections entitled "Risks Related to Tax Matters Generally" and "United States Federal Income Tax Consequences."

Subscription Procedure

All investors who desire to subscribe for and purchase Units must complete, execute and deliver to Manager a subscription agreement and investor questionnaire. To subscribe for Units, each subscriber must deliver all the completed documents provided in Appendix IV.

Side Letter Agreements

The Manager, in its own name or on behalf of the Company, may enter into side letters or other written agreements to or with any investor or any Member, without the consent of or disclosure to other Members, to provide additional rights or obligations pertinent to an investment in the Company. See the section entitled "Side Letters and Separate Understandings with Certain Members."

Depository Accounts

Cash tendered by the members in payment for Units will be held in an account at Silicon Valley Bank until Closing.

Risk Factors

INVESTMENT IN THE UNITS IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK, AND SHOULD BE CONSIDERED ONLY BY ACCREDITED INVESTORS WHO CAN BEAR THE ECONOMIC RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME AND WHO CAN AFFORD TO SUSTAIN A TOTAL LOSS OF

THEIR INVESTMENT. PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION PROVIDED, INCLUDING THE RISK FACTORS DESCRIBED BELOW. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

Restrictions on Resale The Units offered hereby will not be registered under the Securities Act, and any certificates representing these securities will contain a legend restricting the distribution, resale, transfer, pledge, hypothecation or other disposition unless and until such securities are registered under the Securities Act or the Manager receives an opinion of counsel acceptable to the Manager that registration is not required under the Securities Act. Additionally, these securities will be subject to certain restrictions on transfer pursuant to the Operating Agreement and otherwise.

Mergers and Sales The Manager may approve and consummate any merger, conversion, sale of all or substantially all of the assets of the Company, or sale of all or substantially all of the Units of the Company, in a single or series of related transactions.

Legal Counsel Ray Quinney & Nebeker P.C. acts as counsel to the Company in connection with the Offering of the Units. However, such firm has not: (i) passed upon the adequacy of this Memorandum or the completeness or fairness of the disclosure herein, (ii) undertaken any obligation to update this Memorandum, (iii) undertaken to monitor the affairs of the Company or the Manager, (iv) obtained knowledge of all facts or circumstances which could have a bearing on the Manager, the Company or the Company's investment in the Project, or (v) investigated or verified the accuracy and completeness of information set forth in this Memorandum. In connection with the Offering of the Units and subsequent advice to the Company, Ray Quinney & Nebeker P.C. will not represent any Members of the Company, including any investors who subscribe to the Offering. The Company and the Manager have not engaged independent counsel to represent the Members, including investors investing in the Units offered hereby. By investing in the Units, all Members expressly consent to Ray Quinney & Nebeker P.C.'s representation of the Company or the Manager, and their respective affiliates, in any dispute or controversy that may arise between such Member and any of the Company and the Manager or any of their respective affiliates.

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THE INVESTMENT

DF INDEPENDENT PARTNERS LLC

DF INDEPENDENT PARTNERS LLC, a Delaware limited liability company (the "**Company**"), is raising up to $10,735,050 of Capital Contributions (as defined in the Company's Operating Agreement), and is offering to sell up to 10,735,050 Class A Units (the "**Class A Units**" or "**Units**") of membership interest in the Company at a price of $1.00 per Unit to selected accredited investors (the "**Offering**").

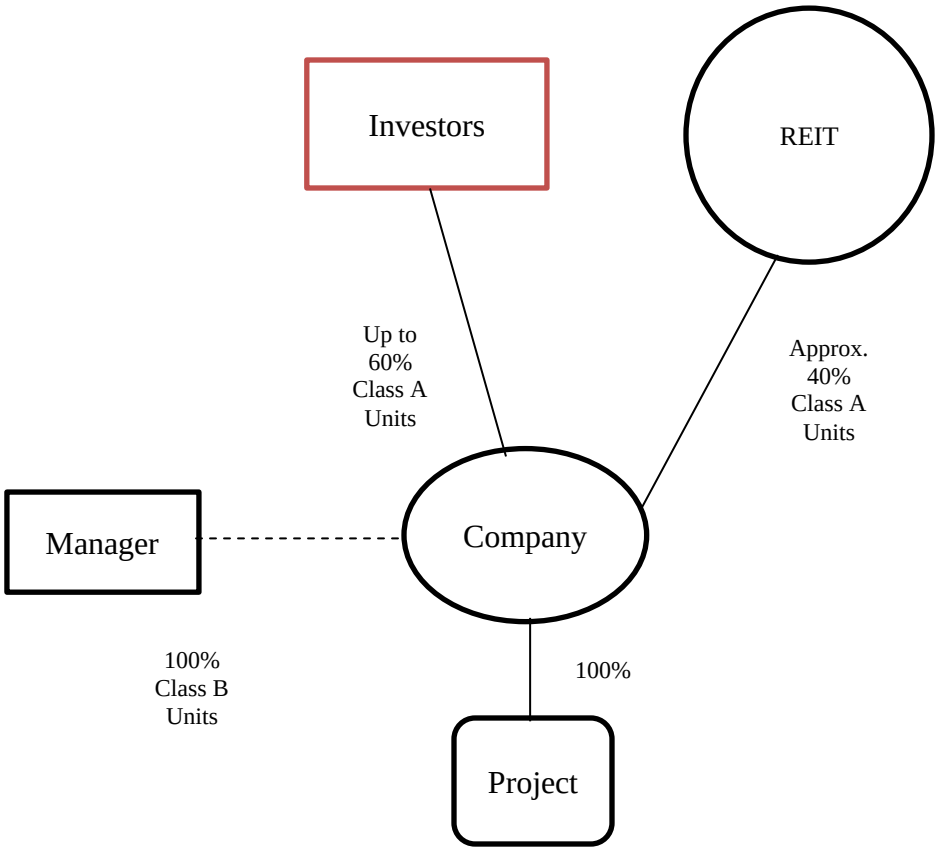
The Company's primary investment objective is to acquire and improve a multi-family housing project known as the "Independent Apartments" and located at approximately 600 Ortiz Avenue, Sand City, California 93955 (the "**Project**"). The Company will be managed by DWB Capital, LLC, a Delaware limited liability company (the "**Manager**"). The Company will not own any real property or assets other than the Project.

Investors will contribute the capital necessary to become a minority owner of the Company and are expected to own up to approximately 60% of the Class A Units of the Company. The remaining Class A Units of the Company will be owned by DF Growth REIT, LLC, a Delaware limited liability company ("**REIT**"). The Manager will own all (100%) of the Company's Class B Units. REIT and the Manager are affiliates, as the Manager's manager, DiversyFund, Inc., a Delaware corporation ("**DiversyFund**") is the sole manager of REIT's manager, DF Manager, LLC, a Delaware limited liability company ("**REIT Manager**").

The Company intends to invest in the purchase and remodeling of the Project and to advertise the Project for sale in an effort to sell the Project following its renovation. The Manager is determining the scope of the renovations and is securing loan commitments from a lender to provide acquisition and renovation financing. Below is a summary of the contemplated capitalization structure (please see the full development budget in the list of available documents):

PROJECT CAPITALIZATION SUMMARY		
Estimated Loan(s):	54.96%	$13,100,000
Estimated Equity:	45.04%	$10,735,050
Estimated Total Cost:	**100%**	**$ 23,835,050**

ORGANIZATIONAL CHART



THE OFFERING

UP TO 10,735,050 CLASS A UNITS, EACH CONSISTING OF:
ONE UNIT IN DF INDEPENDENT PARTNERS LLC
COST OF EACH UNIT = $1.00

PROJECT

The to-be-acquired Project is a multi-family housing project known as the "Independent Apartments" and located at approximately 600 Ortiz Avenue, Sand City, California 93955. The Project sits on approximately 184,424 square feet of land, together with adjacent lots fronting on Ortiz Avenue approximately 11,500 square feet, and provides approximately 80,304 square feet of gross building area. The Project was built in 2008 and renovated in 2014 and consists of one four-story building that includes two commercial units and 61 residential apartment units with a mix of studios and one- and two-bedroom apartments. At any given time some of the apartment leases for the Project may be in default. The apartment leases vary in length and do not typically exceed one year.

MANAGER

The Manager will be the sole manager of the Company and the sole Class B Member of the Company. The Manager and REIT are affiliates, as the Manager's manager, DiversyFund, is the sole manager of REIT Manager. The principals for each of the entities are provided below:

- The Manager is wholly owned by DiversyFund and the Manager's sole manager is DiversyFund.
- REIT Manager is wholly owned and managed by DiversyFund.
- REIT is managed by REIT Manager.

Accordingly, given the affiliations outlined above, such other members of the Manager, REIT Manager or REIT may have control or may participate in decisions involving the Manager, the Company and the Project, and thus, an investor's investment may be subject to the decisions of such other members and principals, whose interests may not be aligned with those of the Company or the Project.

In addition to the information provided below regarding principals of the Manager, please see Appendix III to this Memorandum for an overview of the relationship between the Company, the Manager, REIT Manager, REIT, DiversyFund and their respective principals.

GENERAL CONTRACTOR

The Manager will engage a contractor or trade contractors for the renovations to the Project following the purchase of the Project, and on terms consistent with the loan.

LOAN

The following is merely a summary of the primary terms of the proposed loan for the Project. The Manager may, at its discretion, enter into one or more loan agreements with lenders other than the lender named below or on terms different from those stated below. Investors should review the entire loan term sheet and final loan documents carefully before investing:

Loan

Loan Amount:	$13,100,000
Lender:	Eagle Realty Group, LLC
Borrower(s):	Company
Assumption/Origination Fee:	0.40%
Initial Term:	5 years
Amortization Period:	30 years
Interest Rate:	6.15%
Interest-Only Period:	36 months
Origination Date:	March 10, 2023 (expected)
Payments (Interest only):	$67,137.50
Prepayment Penalty:	3-2-1

INDIVIDUAL MINIMUM INVESTMENT

In general, a prospective investor wishing to participate in this Offering will be required to commit to contribute a minimum to the Company of $50,000, representing 50,000 Class A Units, though the Manager, in its sole discretion, may agree to accept less. Purchasers of the Units offered for sale hereby will be admitted to Company as Members and will have the rights as set forth in Company's Operating Agreement and applicable law. The Manager will accept or reject each subscription agreement in its sole discretion.

OFFERING CLOSING

The subscription period will continue until the Offering Closing (the earlier of 12 months from the date of this Memorandum or the date the Offering is fully subscribed, unless earlier terminated by the Manager in its sole discretion).

DISTRIBUTIONS FROM OPERATIONS

In accordance with the Operating Agreement, the Members shall receive distributions of cash from Operations of the Company, as determined by the Manager in its sole discretion, each calendar quarter in the following order of priority:

(a) First, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions sufficient to provide them with a 7.0% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution (the "**Preferred Return**");

(b) Second, to the Manager, as the sole Class B Member, pro rata in accordance with its Class B Units, until the Manager, as the Class B Member, has received distributions sufficient to provide it with an amount that bears the same proportion to the total Preferred Return paid to the Class A Members to date as 35 bears to 65; and

(c) Third, (a) 65% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 35% to the Manager, as the sole Class B Member, pro rata in accordance with its Class B Units, until the Class A Members have received a 12% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution.

All calculations of internal rates of return will be determined using the XIRR function in Microsoft Excel.

As provided in the Operating Agreement, there are a number of conditions that must be met before any distributions from the Project may be made to any Member.

The Manager will cause the Company to establish such reserves as may be reasonably necessary for payment of all Company expenses. To the extent the Company has sufficient cash, the Manager will cause the Company to make distributions as set forth in the Operating Agreement.

There can be no assurance that the Company's objectives will be satisfied or that Members of Company will receive any distributions.

DISTRIBUTIONS FROM DISPOSITION

In accordance with the Operating Agreement, and subject to the provisions thereof, the Members shall receive distributions of Cash from Disposition of the Company, as determined by the Manager in its sole discretion, in the following order of priority:

(a) First, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions sufficient to provide them with a return of their Unreturned Capital Contribution;

(b) Second, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions sufficient to provide them with a 7.0% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution (the "**Preferred Return**");

(c) Third, to the Manager, as the sole Class B Member, pro rata in accordance with its Class B Units, until the Manager has received distributions sufficient to provide it with an amount that bears the same proportion to the total Preferred Return paid to the Class A Members to date as 35 bears to 65;

(d) Fourth, (a) 65% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 35% to the Manager, as the sole Class B Member, until the Class A Members have received a 12% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution; and

(e) Finally, any remaining distributions shall be made (a) 50% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 50% to the Manager, as the sole Class B Member.

All calculations of internal rates of return will be determined using the XIRR function in Microsoft Excel. In the event that the Company terminates and is dissolved, and subject to the terms set forth in the Operating Agreement, liquidating distributions will be made to the Members and the Manager in accordance with the provisions above regarding distribution.

There can be no assurance that the Project will be sold or that the Project will be sold at a purchase price that allows Members of Company to receive any distributions.

RISK FACTORS

Investment in the Units of the Company offered hereby involves significant risk, including the risk of a complete loss of the investment and the general economic failure of the Company. In addition to the other information in this Memorandum, the following factors should be considered carefully in evaluating an investment in the Units offered hereby. The risks and uncertainties described below are not the only ones relevant to the Company. The investment described herein is highly speculative, involves a high degree of risk and represents an illiquid investment. An investor should be able to bear the loss of the investor's entire investment. Investors are urged to read this Memorandum and the attached exhibits and should consult with the investor's own legal, tax, and financial advisors before investing in the Company.

GENERAL RISKS

General Economic and Market Conditions

The Company's activities may extend over several years, during which the business, economic, political and regulatory environments within which the Company operates are likely to undergo substantial changes. Recent events demonstrate that such changes may be severe and adverse. The success of the Company's activities may be affected by general economic and market conditions such as rising interest rates, availability of credit, increasing inflation rates, supply chain disruptions, labor issues, economic uncertainty, illiquidity and credit crises here or abroad, and changes in laws. Wars and other conflicts, such as the ongoing war in Eastern Europe, and United States and international political circumstances may also have a material adverse impact on the Company's activities. Any of these factors may affect the ability to develop and sell the Project.

Real Estate Market Performance

The U.S. real estate market has experienced unanticipated shifts in recent years. There can be no guarantee that elements that determine real estate values, such as tenant creditworthiness and the demand for real estate, will not soften, and the real estate market may suffer declines. Such a scenario could result in reduced investment returns or even investment losses for Members.

Uncertainty of Assumptions Underlying Financial Projections

Financial projections in this Memorandum are based on subjective estimates of future operating results. Such financial projections merely represent an illustration of financial results that the Company believes may be achieved based on underlying business assumptions, which may or may not occur and which are in many cases beyond the Company's control. The Company cannot provide any assurances or representations, and no investor should assume that the actual results of operations will conform to financial projections for any of the indicated years. Neither the Company nor any other entity, or their respective officers, employees and agents, individually warrant or guarantee the existence of any fact, assumption or projection.

Changes in Law; Regulation of Private Investment Funds

Legal, tax, and regulatory changes could occur that may adversely affect the Company at any time. The legal, tax, and regulatory environment for private investment funds is evolving, and changes in the regulation of such funds may adversely affect the ability of the Company to pursue its investment strategy, its ability to obtain financing, and the value of investments by Members. Recent changes to the legal, tax and regulatory environment may have a material adverse effect on the Company's activities, including the ability of the Company to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

In addition, recent market disruptions and a dramatic increase in the capital allocated to alternative investment strategies have led to increased governmental as well as self-regulatory scrutiny of the private investment fund industry in general, and certain legislation proposing greater regulation of the industry periodically is being considered by the U.S. Congress, the SEC, the Federal Reserve Board and other bank regulatory authorities, and the Financial Stability Oversight Council. It is impossible to predict what, if any, changes may be instituted with respect to the regulations applicable to the Company or its affiliates, the market in which they operate and invest, or the counterparties with which they do business, or what effect such legislation or regulations might have. There can be no assurance that the Company or its affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations, and any regulations that restrict the ability of the Company to implement its investment strategy could have a material adverse impact on the Company and your investment in Units.

Litigation and Proceedings

The financial services and real estate industries face substantial litigation and regulatory risks. The Manager is subject to claims and lawsuits in the ordinary course of business including litigation and class actions, some of which include claims for unspecified damages, and is also the subject of an ongoing investigation and proceedings by regulatory agencies.

Actions brought against the Manager may result in settlements, awards, injunctions, fines, penalties or other results adverse to the Manager including reputational harm. Even if the Company is successful in defending against these actions, their defense may result in significant expenses. A substantial judgment, settlement, fine, or penalty could be material to the Company's operating results or cash flows. Moreover, in market downturns, the volume of legal claims and amount of damages sought in litigation and regulatory proceedings against financial services and real estate companies have historically increased.

Projections, Assumptions, and Models

Certain factual information contained in this Memorandum or its appendices has been obtained or derived from various sources believed by the Company to be reliable, but the Company has not independently verified this information and does not represent that it is accurate or complete. It is impossible to predict accurately the results to an investor of an investment in the Company because of its recent formation and general uncertainties in the real estate and financing markets. The analyses contained herein are based on numerous assumptions. Different assumptions could result in materially different results. Past performance is not indicative of future results. Before making any investment, prospective investors should examine this Memorandum carefully and conduct their own due diligence.

Sophisticated Investment

The investment objectives of the Company involve a variety of risks and a wide range of assumptions. Investors should not invest in the Units if they do not fully comprehend the nature of these risks and assumptions.

RISKS RELATED TO THE COMPANY

No Operating History and Limited Resources

The Company is a newly formed businesses with no history of operations and limited assets. The Company is subject to the risks involved with any speculative new venture. No assurance can be given that the Company will be profitable. The Manager has been associated with a variety of real property ventures. Neither the Manager nor the Company represent that prior success in any such ventures is any indication of future

performance. Further, the Manager has limited net worth and limited financial resources to satisfy its obligations as the Manager. A financial downturn or reversal for the Manager could adversely affect the ability of the Manager to manage the Company. There can be no assurance that the Manager will have sufficient funds to meet its obligations to the Company, or to otherwise financially support the Company. The Manager has no obligation to advance, invest, or loan money to the Company. There can be no assurance that an investment in Units will provide any investment return.

Limited Approval Rights Regarding Operating of the Project

Members will only have limited approval rights regarding the operation of the Project through Members' ownership of the Company. A majority of the decisions regarding the Project and the Company will be made by the Manager without input from the Members. See "Summary of the Operating Agreement."

Loss of Uninsured Bank Deposits

The Company's cash, including subscription payments held in the depository account, will be held in bank depository accounts. While the FDIC insures deposits up to $250,000 per depositor per insured institution in most cases, the Company may have deposits at financial institutions in excess of the FDIC limits. The failure of any financial institution in which the Company has funds on deposit in excess of the applicable FDIC limits may result in the Company's loss of such excess amounts, which would adversely impact the Company's performance.

Reliance on Management

Decisions regarding management of the Company's and the Project's affairs will be made primarily by the Manager and not by the Members of the Company. Accordingly, investors should not purchase Units unless they are willing to entrust most aspects of management to the Manager or its successor(s). The Company's success will depend on its ability to retain the services of investment professionals and potential investors must carefully evaluate the personal experience and business performance of the principals of the Manager.

In addition, the departure for any reason of any senior members of the management team or of a significant number of other investment professionals, including independent contractors, would have a material adverse effect on the Company's ability to achieve its investment objectives.

Standard of Care

The Manager will have no fiduciary responsibilities to the Members or the Company except as specifically set forth in the Operating Agreement. As permitted under the Delaware Limited Liability Company Act, these duties are limited to a duty of good faith and fair dealing, a duty of care and a duty of loyalty. The Manager's fiduciary duties will be limited to the fullest extent allowable by law. Without limiting the generality of the foregoing, the Manager is specifically authorized to devote less than its full time or business efforts to the affairs of the Company and may engage in any other business or activity whatsoever (including business related to the Company's stated and/or actual purposes or in competition with the Company).

Property Management

The Project will be managed by the Manager or by a third party selected by the Manager. There can be no assurance that the Manager or any third-party property management company will be able to successfully manage the Project.

No Financial Statements of the Manager

This Memorandum does not contain any financial statements of the Manager.

No Audit of Company's Financial Statements

Because the Company has no operating history, the Manager does not believe that the expense of an audit of the Company's financial statements is justified and therefore no audit will be conducted. Therefore, there will be no third-party review of the Company's financial statements and investors will need to rely on the Manager as to the accuracy and correctness of the Company's financial statements.

Adequacy of Reserves to Cover Unanticipated Losses

The Company may fail to establish sufficient reserves as a contingency against risks, losses, operating shortfalls and cost overruns and the Company will not have the ability to require investors to contribute additional capital. As a result, the Company could be required to seek additional capital and there is no assurance that any additional capital would be available when needed, or at all. Investors should understand that any such capital constraints will affect the risks and potential investment returns.

Liability of Members

In general, Members of the Company may be liable for the return of a distribution to the extent that the Members knew at the time of the distribution that after such distribution, the remaining assets of the Company would be insufficient to pay the then outstanding liabilities of the Company (exclusive of liabilities to members on account of their limited liability company interests and liabilities for which the recourse of creditors is limited to specified property of the limited liability company). Otherwise, Members are generally not liable for the debts and obligations of the Company beyond the amount of the capital contributions they have made or are required to make under the Operating Agreement.

Limitation of Liability/Indemnification of the Manager

The Manager and its attorneys, agents, and employees may not be liable to the Company or Members for errors of judgment or other acts or omissions not constituting fraud, gross negligence, or willful misconduct as a result of certain indemnification provisions in the Operating Agreement. Any successful claim for such indemnification would deplete the Company's assets by the amount paid.

Purchase of Units by the Manager or an Affiliate

The Manager or an affiliate or one or more of their respective principals may purchase Units on the same terms as the other members. The Manager or an affiliate, or their respective principals, will not acquire any Units with a view to resell or distribute such Units. Any purchase of Units by the Manager or an affiliate, including their respective principals, will be on the same terms and conditions as are available to all investors. The purchase of Units by the Manager or an affiliate or their respective principals could create certain risks including, but not limited to, the following: (i) the Manager, as a Member, could obtain additional voting power, (ii) the Manager may have an interest in disposing of the Company assets at an earlier date than the other Members so as to recover their investment in the Units, and (iii) substantial purchases of Units may limit the Manager's ability to fulfill any financial obligations that it may have to or on behalf of the Company.

Business Dependent upon Key Individuals

The Manager will have authority to make decisions or to exercise business discretion on behalf of the Company and the Project. Various principal's roles are crucial to the success of the Project. The loss of their services could materially and adversely affect the ongoing operations of the Company.

No Guaranteed Cash Flow

There can be no assurance that cash distributions will, in fact, be made or, if made, whether those distributions will be made when or in the amount anticipated. Delays in making cash distributions could result from the inability of Company to purchase, develop, or operate its assets profitably.

Competition

The real estate industry is highly competitive and fragmented. The Company will compete with other real estate companies, many of which have greater financial resources than the Company. Also, many competing properties are located within the vicinity of the Project. The Project will experience competition from such other properties, as well as other individuals, corporations and other entities engaged in real estate investment activities. Competition for apartment rentals may increase costs and reduce returns on the Project. It is also possible tenants in the Project will move to existing or any new properties in the surrounding area and that the financial performance of the Project would be adversely affected. Competition may also make it difficult to attract new tenants to the Project. Such competition may result in decreased profits or in losses for the Company.

Determination of Offering Price

Prior to this Offering, there has been no public market for the Units. The prices of the Units were determined arbitrarily without regard of the assets, earnings potential, or other criteria of value. The Offering Price should not be considered an indication of the actual present or future value of the Units.

No Active Trading Market

The Units are not and will not be qualified for public trading on any secondary market. The lack of an active trading market for the Units may result in losses on your investment. If you need to sell your Units at a time when no market for them exists, you may be unable to sell your Units. Units may not be assigned, transferred or encumbered without the prior written consent of the Manager. Accordingly, a Member must be prepared to bear the risks of owning the Units for an extended period.

Long-Term Nature of Investment; Restrictions on Marketability

There is no public or private market for the Units and no market is expected to develop after the Offering. In addition, there is no assurance of any distribution to Members. Consequently, an investment in the Units is highly illiquid and suitable only for those investors who have no need for liquidity in the investment and who can afford to make an investment that may have to be held for a long period of time and that cannot be readily sold, transferred or assigned. The Units will not be registered in the U.S. under the Securities Act or the securities laws of any state and may be resold only in transactions exempt from registration under the Securities Act and applicable state and non-U.S. securities laws. Significant restrictions on resale are imposed in the governing documents of the Company. You may not be able to liquidate your Units in the event of an emergency or for any other reason.

Unregistered Offering – Lack of Regulatory Review

Because the Offering is a private offering and is not registered under any federal or state securities laws, investors will not have the benefit of a review of the Offering or of this Memorandum by the United States Securities and Exchange Commission ("**SEC**") or any similar state securities agency or commission. The terms and conditions of the Offering may not comply with guidelines and regulations established for real estate programs that are required to register or be qualified with the SEC or any state securities commission and no

regulatory authority will review this Memorandum.

Failure to Comply with Exemptions

The Units are being offered, and will be sold, to investors in reliance on exemptions from the registration requirements of the Securities Act and state securities laws. If we fail to comply with all of the requirements of these exemptions, it is possible that investors may be entitled to seek rescission of their purchase of the Units, if they so desire. If a number of investors were successful in seeking rescission, the Company would face significant financial demands which could adversely affect it as a whole.

Prohibition on Bad Actors

This Offering is intended to be made in compliance with Rule 506 of Regulation D promulgated under the Securities Act. Regulation D offerings include a prohibition on the participation of certain "bad actors." In the event that a statutory "bad actor" participates in the Offering, the Company may lose its exemption from registration of the Units.

Limited Voting Powers and Voice in Management

Except for certain decisions set forth in statute and in the Operating Agreement, the Members will have no voting rights and/or limited ability to participate with respect to the operation, management and conduct of the affairs of the Company or the Project. See "Summary of the Operating Agreement."

Exculpation and Indemnification

Under the Operating Agreement, neither the Manager nor any of its principals, agents, servants, employees, members, or affiliates is liable to the Company or its respective Members for any act or omission based upon errors of judgment or other fault in connection with the business or affairs of the Company as long as the relevant person acted honestly and in good faith and that act or omission did not constitute gross negligence or a willful violation of law. These provisions alter the fiduciary duties of the Manager such that no action taken or omitted to be taken by the Manager, including actions involving conflicts of interest, as described in this Memorandum and otherwise, breaches any duty to the Company or its Members if the relevant person acted honestly and in good faith and the act or omission does not constitute gross negligence or a willful violation of law. In addition, the Manager and its employees, agents and affiliates have broad indemnification rights for any act or omission where they acted honestly and in good faith and where the act or omission does not constitute gross negligence or a willful violation of law under their various agreements with the Company. Under some securities and corporate laws, in some circumstances, liability may be imposed even when a person acts in good faith, and the exculpation and indemnification of the Company may not be effective to limit the liability of their persons to the extent liability would otherwise be imposed under certain provisions of the securities and corporate laws.

Regulation under the Investment Company Act

The Company does not intend to register with the SEC as an investment company under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), based upon an exclusion from the definition of "investment company" as set forth in Section 3(c)(5) of the Investment Company Act. Neither a legal opinion nor a no-action position has been requested of the SEC staff on this issue. If the Company were determined to be an investment company under the Investment Company Act and otherwise had failed to qualify for an exemption from the registration requirements of the Investment Company Act, the Company would be subject to significant negative consequences including fines, penalties, and costs associated with registration as an investment company or defending against lawsuits or other proceedings. Should the Company

be subjected to any or all of the foregoing, the Company would be affected materially and adversely, which would substantially increase the risk of failure of an investment in Units.

Regulation Under the Investment Advisers Act

The Manager is not registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended ("**Investment Advisers Act**"), or any similar state law, because the Manager (i) is not and does not intend to be in the business of advising investors or others as to the value of securities, or investing in, purchasing, or selling securities, or issuing or promulgating analyses, reports or other publications concerning securities; and (ii) is not receiving a management fee or other compensation for securities advising or securities publications or analyses. In the event the Manager is considered an "investment adviser" as defined by the Investment Advisers Act, the Manager anticipates that it will not be required to register with the SEC or any state regulatory agency pursuant to one or more exemptions under the Investment Advisers Act for private fund advisors. Registered investment advisers are subject to limitations on the amount of fees they may receive, among other restrictions. In the event that the Manager was required to be licensed as an investment adviser, the Manager or the Company could be subject to cease and desist orders, fines, administrative penalties or other sanctions, some or all of which, individually or in the aggregate, could have a materially adverse impact on the Company and its operations.

Regulation Under the Securities Act

The Units have not been and will not be registered under the Securities Act or under the securities laws of any state or foreign jurisdiction but will be offered and sold pursuant to the exemption set forth in Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. As a result, investors in the Partnership will not have certain regulatory protections provided to investors in registered securities. The Units will be sold only to "accredited investors" as that term is defined in Rule 501 of Regulation D. If it were determined after the Units are sold that the Offering did not qualify for exemption under Rule 506, or for any other exemption, the securities would have been sold in violation of Section 5 of the Securities Act. Both federal and state laws include provisions under which purchasers of unregistered, non-exempt securities may seek the return of their investment. The Company may not have funds sufficient to repay investors in such case without materially jeopardizing its prospects for success.

Limited Transferability of Units

Each investor who becomes a Member will be required to represent that such investor is acquiring the Units for investment and not with a view to distribution or resale, that such investor understands the Units are not freely transferable. and that such investor must bear the economic risk of investment in the Company for an indefinite period of time. The Units have not been registered under the Securities Act or applicable state securities laws and cannot be sold unless they are subsequently registered or an exemption from such registration is available and unless such investor complies with the other applicable provisions of the Operating Agreement. There will be no market for the Units and a Member cannot expect to be able to liquidate his, her or its investment in the case of an emergency. Further, the sale of Units may have adverse federal income tax consequences. The transfer of a Member's Units is strictly limited and requires the prior written consent of the Manager. No transfer will be allowed unless the Manager determines, in its sole discretion, that the transfer will not cause the Company to be "publicly traded." There are no specified circumstances relating to the granting or withholding of the required prior written consent of the Manager, although the Manager will observe the standards of a fiduciary to the Members as a group in determining whether to grant or withhold its consent as to any particular request for a transfer.

Speculative Investment

The Company's business objectives are highly speculative and there is no assurance that the Company will satisfy those objectives. No assurance can be given that the Members will realize a substantial return, or any return, on their purchase of Units or that the Members will not lose their entire investment in the Company.

Sale of Additional Units in the Future

Future capital requirements depend on many factors, including the costs of constructing improvements on the Project and the Company's financing needs. Although the Company anticipates that the funds generated by this Offering (together with the anticipated debt financing) will be sufficient to fund the Project, to the extent that the funds are insufficient, it may be necessary to raise additional funds through additional financings. Any equity or debt financings of the Company, if available at all, may be on terms that are not favorable to the Company. In the case of debt financings, the obligations related to such debt may restrict the Company's operations, encumber their assets, and jeopardize their ability to obtain other financings. If adequate capital cannot be obtained, the Company's business, operating results and financial condition could be adversely and materially affected.

Debt Financing Presents Risks

The Company expects to employ leverage in connection with its operations and the Company intends to obtain debt financing for the Project that will be secured by the Project. The use of leverage involves a high degree of financial risk and may increase the exposure of the Company to factors such as rising interest rates or downturns in the economy. Principal and interest payments on any indebtedness of the Company would have to be made when they become due and payable regardless of whether sufficient cash is available. If sufficient cash flow is not available, the obligation to pay principal and interest on the debt, if any, could negatively impact the Company and its ability to make distributions to the Members. If such capital is not available, the Company's default in paying such principal and interest could result in foreclosure of any security instrument securing the debt (including any security interest encumbering the Project) and the complete loss of the Company's capital invested and/or assets.

Side Letters and Separate Understandings with Certain Members

The Manager, in its own name or on behalf of the Company, may enter into side letters or other written agreements to or with an investor or any Member, without the consent of or disclosure to other Members, to provide additional rights or obligations pertinent to investments in the Company. As a result of side letters, certain Members, including Members who have made investments in the Company significantly greater than the investment minimum, may benefit from arrangements that do not apply to others. No waiver or modification of terms for any Member will entitle any other Member to such waiver or modification. The Manager is not required to notify Members of any side letters or of any of the terms thereof, nor will the Manager be required to offer any of the terms set forth in any side letter to other Members.

Potential Conflicts Among Members

The Members may include persons or entities organized in various jurisdictions within the United States who may have conflicting investment, tax and other interests with respect to their investments in the Company. The conflicting interests of individual Members may relate to or arise from, among other things, the nature of investments made by the Company, the structuring of the acquisition of the Company investments and the timing and disposition of investments. Such structuring of the Company investments may result in different returns being realized by different Members. As a consequence, conflicts of interest may arise in connection with decisions to be made by the Manager, including with respect to the nature or structuring of investments which may be more beneficial for one Member than for another Member, especially with respect to each Member's individual tax situations. In selecting and structuring any acquisition of the Project, the Manager will

be under no obligation to consider the investment, tax or other objectives of any Member individually.

Cybersecurity Risk

The Company and its affiliates are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (*e.g.,* through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. A successful penetration or circumvention of the security of the Company's systems or the systems of service providers, counterparties or others on whom they rely could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information, physical damage to a computer or network system or costs associated with system repairs. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (*i.e.,* efforts to make network services unavailable to intended users). Such incidents could cause the Company and its counterparties and other service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

REAL ESTATE RISKS

General Risk of Investment in Real Estate

The economic success of an investment in the Company will depend upon the operations and potential sale of the Project, which will be subject to risks typically associated with investments in real estate. Fluctuations in occupancy rates, rental rates, interest rates, economic conditions, and operating and development expenses can adversely affect operating results or render the sale or refinancing of the properties difficult or unattractive. No assurance can be given that certain assumptions as to future levels of sales and development will be accurate since such matters will depend on events and factors beyond the control of the Manager. Such factors include adverse changes in tenant needs, local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for property such as the apartments offered by the Project, competition from similar properties, interest rates and real estate tax rates, governmental rules, regulations and fiscal policies, the enactment of unfavorable real estate rent control, environmental, zoning, or hazardous material law, uninsured losses, effects of inflation, and other risks.

Local Market Conditions

The performance of local real estate markets depends in part, on events and factors outside the control of the Manager, including local market and economic conditions that may significantly affect rents and vacancy rates and the value of the investment. Accordingly, the Company's performance and its ability to make distributions to Members could be materially and adversely affected by market and economic conditions in this geographic area. Risks that may affect conditions in this areas include:

- the local economic climate (which may be adversely affected by industry slowdowns, decreases in government spending, and other factors);
- local real estate conditions (such as an oversupply of properties);
- a decline in business growth that adversely affects occupancy or rental rates;
- the inability or unwillingness of tenants to pay rent increases;
- an adverse change in local governmental procedures; and
- significant change in property tax assessments.

Any or all of these risks could adversely affect the Project's ability to achieve its desired yields and to make expected distributions to the Members.

Toxic Mold

Litigation and concern about indoor exposure to certain types of toxic molds has increased as the public has become aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions. Toxic molds can be found almost anywhere: they can grow on virtually any organic substance, as long as moisture and oxygen are present, including on wood, paper, carpet, foods, and insulation. When excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture problem remains undiscovered or unaddressed. It is impossible to eliminate all mold and mold spores in the indoor environment. In warm or humid climates, the likelihood of toxic mold can be exacerbated by the necessity of indoor air-conditioning year-round. The difficulty in discovering indoor toxic-mold growth could lead to an increased risk of lawsuits by affected persons, and the risk that the cost to remediate toxic mold will exceed the value of the property. Because of attempts to exclude damage caused by toxic mold growth from certain liability provisions in insurance policies, there is no guarantee that insurance coverage for toxic mold will be available now or in the future.

Toxic and Hazardous Materials; No Environmental Indemnity

Federal, state, and local laws impose liability on a landowner for releases of or the otherwise improper presence on the premises of hazardous substances. This liability is without regard to fault for, or knowledge of, the presence of such substances. A landowner may be held liable for hazardous materials brought into the property before it acquired title and for hazardous material that are not discovered until after it sells the property. Similar liability may occur under applicable state law. If any hazardous materials are found within the properties that will be acquired by the Manager to be in violation of law at any time, the Company may be liable for all cleanup costs, fines, penalties and other costs. This potential liability will continue after properties are sold, may apply to hazardous substance contamination, and may not be recoverable from a responsible party, in which case the financial viability of the property may be substantially affected. In extreme cases, the property may be rendered worthless or worse, where the developer and the Company may be obligated to pay cleanup costs in excess of the value of the property.

Asbestos Containing Materials

Certain U.S. federal, state, and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos containing materials when such materials are in poor condition or in the event of construction, remodeling, renovation, or demolition of a building. Such laws may impose liability for release of asbestos containing materials and may provide for third parties to seek recovery from owners or operators of real property for personal injury associated with asbestos containing materials, and the Company may incur costs associated with the removal of asbestos containing materials or liability to third parties.

Other Hazardous Materials

The Manager may not obtain a Phase I environmental assessment to determine the existence of hazardous materials and other environmental problems prior to closing on the Project. Moreover, it is possible that the Project may have known or unknown environmental problems which may bear on the potential return to the Company. It is also possible that a third party engaged by the Manager to prepare the Phase I will fail to include certain hazardous materials or other environmental problems in the Phase I.

Uninsured Losses

The Manager will attempt to maintain adequate insurance coverage against liability for personal injury and property damage. However, there can be no assurance that insurance will be sufficient to cover any such liability. In addition, insurance against certain risks, such as hurricanes, wildfires, tornadoes, floods and earthquakes, may be unavailable or available only at an unacceptable cost or in amounts that are less than the full market value or replacement cost of the properties; in which case, the Company may not obtain the necessary insurance coverage and the Company does not intend to obtain any additional insurance coverage. Furthermore, there can be no assurance that particular risks which are currently insured will continue to be insured on an economical basis or that current levels of coverage will continue to be available. If a loss occurs that is partially or completely uninsured, the Manager, the Company and Members may lose all of their investment in the Project.

Lack of Diversification

The Company has no plans to acquire, develop or invest in any other properties or investments of any type. The Company will invest only in the Project, significantly limiting diversification of the investment and increasing the risk of loss to investors. In the event of an economic recession affecting the economies of the market area in which the Project is located, or the occurrence of any one of many other adverse circumstances, the performance of the Company may be adversely affected. A more diversified investment portfolio would not be impacted to the same extent upon such an occurrence.

Illiquidity of Real Estate Investments

The Company's ownership in the Project will be illiquid. This illiquidity will limit the ability of the Company to respond to changes in economic or other conditions.

Construction Risks

After the closing on the Project, there may be delays before any remodeling begins. While the Manager will carefully review the proposed construction budget, unforeseen events can occur that will increase construction costs. In addition, there may be materials and labor shortages, delays in permitting and approvals, cost increases due to tariffs, and other similar risks.

Occupancy and Renewal of Leases

The Manager has made its determination regarding the Project based in part on the Project's projected rent levels. However, there can be no assurances that the Project will continue to be occupied at the projected rents. If the tenants do not renew or extend their lease, if tenants default under their lease at the Project, if tenants of the Project terminate their lease, or if the terms of any renewal (including the cost of concessions to tenants) are less favorable than existing lease terms, the operating results of the Project could be substantially affected. As a result, the Company may not be able to make distributions to the Members at the anticipated levels and the value of the Project would likely decline.

Condemnation of Land

The Project or a portion of the Project could become subject to an eminent domain or inverse condemnation action. Any such action could have a material adverse effect on the marketability of the Project or the amount of return on investment for the Members.

Compliance with the Americans with Disabilities Act

Under the Americans with Disabilities Act of 1990 (the "**ADA**"), public accommodations must meet certain

federal requirements related to access and use by disabled persons. Facilities initially occupied after January 26, 1992 must comply with the ADA.

Regulatory Matters

Future changes in land use and environmental laws and regulations, whether federal, state or local, may impose new restrictions on the development or use, and therefore the value, of real estate. The re-sale of the real estate by the Company may be adversely affected by such regulations.

Natural Disasters

Natural disasters and severe weather such as earthquakes and tornadoes may result in significant damage to the Project. The extent of loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. The Company's sole asset is its investment in the Project and accordingly a single catastrophe or destructive weather event around the Project may have a significant effect on the financial condition and operation of the Project.

FINANCING RISKS

Leverage and Availability of Financing and Market Conditions

Market fluctuations in real estate financing may affect the availability and cost of funds needed in the future for the Project, and the Manager and the Company are unable to predict the effects of such fluctuations in the Company. In addition, credit availability has been restricted in the past and may become restricted again in the future. Restrictions upon the availability of real estate financing on real estate loans could adversely affect the value of the Project. The estimated loan is anticipated to be a significant portion of the value of the Project at closing. Although the investors will not personally guarantee the loan, if the Project were to fail, the Members would be in the first loss position and the Company could lose all of its investment in the Project. No assurance can be given that future cash flow will be sufficient to make debt service payments on any loans and to cover all operating expenses. If the Project's revenues are insufficient to pay debt service and operating costs, the Company may be required to seek additional working capital. There can be no assurance that such additional funds will be available. In the event additional funds are not available, the lender(s) may foreclose on the Project and the Members could lose their investment. In addition, the degree to which the Project is leveraged could have an adverse impact on the Company, including (i) increased vulnerability to adverse general economic and market conditions, (ii) impaired ability to expand and to respond to increased competition; (iii) impaired ability to obtain additional financing for future working capital, capital expenditures; general corporate or other purposes and (iv) requiring that a significant portion of cash provided by operating activities be used for the payment of debt obligations, thereby reducing funds available for operations and future business opportunities.

Interest Rate Risk

The loan may be based on a floor with a variable rate. If there is an increase in interest rates, debt service on the Project could be significantly higher than projected, which would reduce the amount of distributable cash available to the Company. Additionally, if there is an increase in interest rates, long-term fixed-rate leases could adversely affect the value of the Project.

Refinance Risks

If the Project is still owned by the Company at the time the loan matures, the loan will have to be further extended or re-financed. The Manager cannot predict whether such extensions or replacement loans will be available or the terms of such extensions or replacement loans. Based on historical interest rates, current interest

rates are low and, as a result, it is likely that the interest rate that may be obtained upon refinancing will be significantly higher than that of the current loan. A refinance of the loan may require a capital infusion. While the investors will have no obligation to contribute to the capital infusion, the Manager may decide to do so as a capital contribution from an outside source, which would be dilutive to the Company.

Events of Default

It is anticipated that certain actions by the Company will constitute events of default under the loan documents. Generally, it is anticipated that the following items will cause a default under the loan: the failure to pay required payments under the loan, the failure to pay taxes, the failure to maintain insurance, the assignment by an owner of the Project of an interest in the Project to a creditor, the bankruptcy of an owner of the Project, the filing of an action for partition, or the transfer of an interest in the Project without lender's consent. Additional events of default may be applicable for some or all of the loans.

RISKS RELATED TO COVID-19 AND OTHER DISEASES

Significant Uncertainties and Economic Disruption

The outbreak and global spread of a novel strain of coronavirus ("**COVID-19**") and the various attempts to contain the virus created significant uncertainties and economic disruption throughout the world. COVID-19 continues to evolve and new strains of the virus continue to spread globally. The effects of "long COVID" are still unknown and we cannot predict the extent to which the coronavirus or other diseases may directly or indirectly affect the real estate industry as a whole and multifamily properties (including apartment buildings and condominium properties such as the Project) in particular or the potential for investment returns.

Business Risks

The COVID-19 outbreak forced many companies to close certain business operations, to impose travel restrictions, and to adopt remote work protocols in an attempt to protect workforce health and slow community spread of the disease. Should COVID-19 or any other pandemic resurge, the Manager's attention may be diverted away from normal operations and its resources may be constrained. While we cannot predict the duration or scope of the COVID-19 pandemic, the emergence of new variants, or the emergence of other diseases, the pandemic may have a negative material impact on the Company's business, including the Company's investment in the Project and the Project's development and operating plans.

RISKS RELATED TO CONFLICTS OF INTEREST

The Company is subject to various potential and actual conflicts of interest arising out of its relationship with the Manager, the REIT Manager and REIT and their respective principals and affiliates. None of the agreements and arrangements between the Company, Manager, REIT Manager, and REIT is the result of arm's-length negotiations. These conflicts include, but are not limited to, the following:

Other Investment and Business Opportunities

THE MANAGER, ITS AFFILIATES AND THEIR RESPECTIVE PRINCIPALS DEVOTE AS MUCH OF THEIR TIME AND RESOURCES TO THE ACTIVITIES OF THE COMPANY AND THE PROJECT AS THEY DEEM NECESSARY AND APPROPRIATE. THERE IS NO RESTRICTION ON THE MANAGER, ITS AFFILIATES OR THEIR RESPECTIVE PRINCIPALS ENTERING INTO OTHER RELATIONSHIPS OR ENGAGING IN OTHER BUSINESS ACTIVITIES, EVEN THOUGH THOSE ACTIVITIES MAY BE IN COMPETITION WITH THE COMPANY AND/OR THE PROJECT, WHETHER OR NOT SUCH ACTIVITIES MAY INVOLVE SUBSTANTIAL AMOUNTS OF THEIR

TIME AND RESOURCES.

No Separate Representation

THE MANAGER AND THE COMPANY HAVE NOT BEEN REPRESENTED BY SEPARATE COUNSEL IN CONNECTION WITH THE FORMATION OF THE COMPANY, OR THE DRAFTING OF THIS MEMORANDUM OR THE OPERATING AGREEMENT, OR ANY OTHER OF THE VARIOUS AGREEMENTS AND OTHER DOCUMENTS OR ENTITIES RELEVANT TO THIS OFFERING OR THE OFFERING OF THE UNITS THEMSELVES. THE ATTORNEYS, ACCOUNTANTS AND OTHER EXPERTS WHO PERFORM SERVICES FOR THE COMPANY AND THE MANAGER MAY PERFORM SIMILAR SERVICES FOR THEIR AFFILIATES AND PRINCIPALS, AND IT IS CONTEMPLATED THAT SUCH MULTIPLE REPRESENTATIONS WILL CONTINUE IN THE FUTURE. HOWEVER, SHOULD THE COMPANY OR THE MANAGER BECOME INVOLVED IN DISPUTES, THE MANAGER WILL CAUSE THE DISPUTING PARTIES TO RETAIN SEPARATE COUNSEL FOR SUCH MATTERS.

Competition by the Company with Affiliates of Manager

THE MANAGER, ITS PRINCIPALS, EMPLOYEES, AGENTS, MEMBERS, AND AFFILIATES MAY FORM ADDITIONAL LIMITED LIABILITY COMPANIES, PARTNERSHIPS, OR OTHER ENTITIES IN THE FUTURE TO ENGAGE IN ACTIVITIES SIMILAR TO THOSE OF THE COMPANY, AND MAY BE ENGAGED IN SPONSORING ONE OR MORE SUCH ADDITIONAL ENTITIES AT APPROXIMATELY THE SAME TIME AS THE COMPANY'S INVESTMENT IN PROJECT IS BEING MADE. THESE ACTIVITIES MAY INVOLVE CONFLICTS OF INTEREST AND/OR DIRECT COMPETITION. UNDER NO CIRCUMSTANCES WILL PURSUIT BY SUCH PERSONS OF SUCH COMPETING ACTIVITIES BE CONSTRUED AS A BREACH OF SUCH PERSON'S DUTIES TO THE COMPANY OR MANAGER.

ADDITIONALLY, THE PRINCIPALS OF THE MANAGER AND ITS AFFILIATES ARE EMPLOYED INDEPENDENTLY OF THE COMPANY AND MAY ENGAGE IN OTHER ACTIVITIES. THE MANAGER AND ITS AFFILIATES AND THEIR RESPECTIVE PRINCIPALS ARE ENGAGED IN OTHER ACTIVITIES AND INTEND TO CONTINUE TO ENGAGE IN SUCH ACTIVITIES IN THE FUTURE, INCLUDING OTHER REAL ESTATE VENTURES THAT MAY ACQUIRE REAL ESTATE THAT IS SIMILAR TO THE PROJECT. THE MANAGER AND ITS AFFILIATES AND THEIR PRINCIPALS WILL THEREFORE HAVE CONFLICTS OF INTEREST IN ALLOCATING MANAGEMENT TIME, SERVICES AND FUNCTIONS BETWEEN VARIOUS EXISTING ENTERPRISES AND FUTURE ENTERPRISES THE MANAGER ITS AFFILIATES AND PRINCIPALS MAY ORGANIZE, AS WELL AS OTHER BUSINESS VENTURES IN WHICH THE MANAGER ITS RESPECTIVE AFFILIATES AND PRINCIPALS MAY BE OR MAY BECOME INVOLVED. THE MANAGER AND ITS AFFILIATES, HOWEVER, BELIEVE THAT THEY WILL HAVE SUFFICIENT STAFF, CONSULTANTS, INDEPENDENT CONTRACTORS AND BUSINESS MANAGERS TO ADEQUATELY PERFORM THEIR RESPONSIBILITIES TO THE COMPANY. SEE APPENDIX III TO THIS MEMORANDUM FOR AN OVERVIEW OF THE RELATIONSHIP BETWEEN THE COMPANY, MANAGER, REIT, REIT MANAGER AND THEIR RESPECTIVE PRINCIPALS.

Ownership of the Manager

THE MANAGER AND REIT ARE AFFILIATES, AS (a) THE MANAGER IS THE SOLE MANAGER OF REIT MANAGER, AND (b) REIT MANAGER IS THE SOLE MANAGER OF REIT. ACCORDINGLY, GIVEN THE AFFILIATIONS OUTLINED ABOVE AND IN APPENDIX III

ATTACHED TO THIS MEMORANDUM, SUCH OTHER MEMBERS OF MANAGER, REIT MANAGER, REIT, OR THEIR RESPECTIVE AFFILIATES AND PRINCIPALS, MAY HAVE CONTROL OVER, OR WILL HAVE TO PARTICIPATE IN, DECISIONS INVOLVING THE MANAGER, THE COMPANY AND THE PROJECT, AND THUS, AN INVESTOR'S INVESTMENT MAY BE SUBJECT TO THE DECISIONS OF SUCH OTHER MEMBERS AND PRINCIPALS, WHOSE INTERESTS MAY NOT BE ALIGNED WITH THOSE OF THE COMPANY OR THE PROJECT.

RISKS RELATED TO TAX MATTERS GENERALLY

The following discussion summarizes certain general tax risks associated with an investment in the Units. Unless otherwise indicated, all statutory references in this Section of the Memorandum are to the Internal Revenue Code of 1986 (the "**Code**"). IN ADDITION TO THIS SECTION, EACH PROSPECTIVE INVESTOR SHOULD ALSO READ THE "UNITED STATES FEDERAL INCOME TAX CONSEQUENCES" BELOW CAREFULLY. EACH PROSPECTIVE INVESTOR SHOULD ALSO OBTAIN THE ADVICE OF HIS, HER, OR ITS OWN TAX ADVISOR CONCERNING THE MATTERS DISCUSSED HEREIN AND THE EFFECT OF AN INVESTMENT IN THE UNITS ON HIS, HER, OR ITS TAX SITUATION.

Uncertain Tax Consequences

The Internal Revenue Service ("**IRS**") or the courts might disagree with the positions taken by the Company and/or its Members as to the tax consequences of an investment in Units. In addition, such tax consequences could be changed significantly by reason of further changes in the tax laws or the interpretations thereof, any of which could be applied retroactively. A change in tax law could materially and adversely affect the value of an investment in Units.

No IRS Rulings

The Company will not seek a ruling from the IRS as to any of the federal income tax consequences of an investment in the Units. Thus, positions taken by Company as to tax consequences could differ from positions taken ultimately by the IRS, which could result in unexpected and material modifications to the tax returns and tax liabilities of the Company and its Members.

Partnership Status

The flow-through to Members of the Company's items of income, gain, loss and deduction depends upon classification of the Company as a "partnership" (rather than as an association taxable as a corporation) for federal income tax purposes. Section 7704 of the Code treats certain "publicly traded partnerships" as corporations for federal income tax purposes. Section 7704 defines a publicly traded partnership as a partnership in which the partnership interests are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent of a secondary market. If all interests in a partnership were issued in transactions that were not required to be registered under the Securities Act of 1933 and if the partnership does not have more than 100 partners at any time, the interests in such partnership will be treated as not readily tradable on a secondary market or the substantial equivalent of a secondary market. The Company does not expect to be taxable as a corporation under the "publicly traded partnership" rules of Section 7704 of the Code, but there can be no assurance that will be the case. In addition, the U.S. Congress and several states are evaluating ways to subject partnerships to entity-level taxation. Entity-level taxation would reduce the Company's distributions to the holders of the Units and could adversely affect the value of an investment in the Units.

Effective for tax years beginning after December 31, 2017, the U.S. Congress enacted Section 199A of the Code, which provides that each owner of a pass-through entity (such as a partnership) is entitled to a deduction

of up to 20% of the "qualified business income" allocated to the owner from such entity. "Qualified business income" is generally defined as the net amount of qualified items of income, gain, deduction, and loss relating to any qualified trade or business of the taxpayer. This deduction is subject to various limitations and phase-outs based on the owner's personal income tax situation, as well as the tax and financial situation of the entity. Accordingly, the availability of this deduction to each Member with regard to the Company's income is uncertain and may be subject to limitations and phase-outs that lead to a limited or even no deduction being available to a Member for the Company's income that is allocated to such Member. Section 199A is currently scheduled to sunset on December 31, 2025, after which no such deduction would be available. Further, the U.S. Congress may make changes to, or repeal, Section 199A at any time, which may adversely affect the tax consequences of the flow-through income allocated to Member and the value of an investment in the Company.

Tax Liability in Excess of Company Distributions

Holders of Units will be required to pay U.S. federal income taxes and, in some cases, state and local income taxes on their shares of the Company's taxable income even if they do not receive any cash distributions from the Company. Holders of Units may not receive cash distributions from the Company equal to their shares of the Company's taxable income or even equal to the actual tax liability that results from that income although it would be the intention of the Manager to make such a distribution.

Passive Activities

Under Section 469 of the Code, losses and credits from a business activity in which a taxpayer does not participate materially are not allowed as a deduction against other income, including salary, active business income and portfolio income (*e.g.*, dividends or interest). Nonparticipating losses and credits (*i.e.*, passive losses) may be used only to offset income and gains from other "nonparticipating business activities," including gain upon the disposition of the investment generating such losses. The Company generally expects an investment in Units to constitute an investment in a passive activity.

Possible Audit of Company's Tax Return

The Company's federal income tax information return is subject to audit by the IRS. Any such audit may lead to adjustments, in which event the Members may be required to file amended personal federal income tax returns. Any such audit may also lead to an audit of a Member's individual tax return and adjustments to items unrelated to the investment in Units. Effective for tax years beginning in 2018, partnerships became subject to new audit rules adopted in the Bipartisan Budget Act of 2015 (the "**New Audit Rules**"). The New Audit Rules generally require taxes arising from audit adjustments to be paid by the entity rather than by its partners or members unless the entity elects otherwise. It is unclear to what extent these elections will be available to the Company and how any such elections may affect the procedural rules available to challenge any audit adjustment that would otherwise be available in the absence of any such elections. Members could be obligated to pay any such taxes and other costs, and may have to take the adjustment into account for the taxable year in which the adjustment is made rather than for the audited taxable year. The Manager will be the Company's "partnership representative." The partnership representative will have authority to bind the Company with regard to federal tax matters, and all Members of the Company will generally be bound by any elections made by the partnership representative, and any settlements reached by the partnership representative with the IRS. Prospective investors are urged to consult with their tax advisors regarding the possible effect of the New Audit Rules on them.

Penalties and Interest

If the IRS were to challenge successfully the Company's tax treatment of one or more items, the Members could be liable for penalties and interest as well as additional tax. For example, a "substantial understatement

penalty" equal to 20% of a substantial understatement of income tax could be imposed in certain circumstances.

State and Local Taxes

The Company may operate in states and localities that impose taxes on the Company's assets, transactions or income or on each Member based upon such Member's share of any income derived from the Company's activities in such jurisdictions. Members may be required to file state tax returns and to pay the taxes described in the preceding sentence and may be subject to penalties for failure to comply with these requirements. Depending upon the location of the Company's properties and applicable state and local laws, deductions or credits available to a Member for federal income tax purposes may not be available for state or local income tax purposes. Pursuant to the income tax rules of the states in which the Company operates, the Manager may be required, or may elect, to withhold or pay tax with respect to income allocable to, or from distributions otherwise payable to, Members if such Members are not residents of such states.

In certain jurisdictions, estate or inheritance taxes may be payable therein upon the death of a Member due to the operations of the Company in those jurisdictions. Therefore, a Member may be subject to income taxes, estate or inheritance taxes or both in states or localities in which the Company does business as well as in the Member's own state or domicile.

A discussion of state, local, and estate or inheritance taxes is beyond the scope of this Memorandum. However, because of the possibility that such taxes may have an impact on the economic value of the Company and on the value of the Members' interests therein, prospective investors should consult with their own tax advisors to determine the effect of such taxes.

Tax-Exempt and Non-U.S. Persons

In considering an investment in Units of a portion of the assets of a trust or a pension or profit-sharing plan qualified under Code Section 401(a) and exempt from tax under Code Section 501(a), a fiduciary should consider (i) that the plan, although generally exempt from federal income taxation, would be subject to income taxation were its income from an investment in the Company and other unrelated business taxable income to exceed $1,000 in any taxable year (if the Company generates income, a portion of such income will likely be unrelated business taxable income), (ii) whether an investment in the Company is advisable given the definition of plan assets under ERISA and the status of Department of Labor regulations regarding the definition of plan assets, (iii) whether the investment is in accordance with the plan documents and satisfies the diversification requirements of Section 404(a) of ERISA, (iv) whether the investment is prudent under Section 404(a) of ERISA, considering the nature of an investment in, and the compensation structure of, the Company and the potential lack of liquidity of the Units, (v) that the Company has a limited history of operations and (vi) whether the Company or any affiliate is a fiduciary or party in interest to the plan. Investment in Units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs), and non-U.S. persons raises issues unique to them. For example, virtually all of the Company's income allocated to organizations exempt from U.S. federal income tax, including IRAs and other retirement plans, will likely be unrelated business taxable income and taxable to them. The Company will be required to withhold taxes at the highest applicable tax rate on non-U.S. persons' allocable shares of the Company's taxable income, and non-U.S. persons will be required to file U.S. federal income tax returns and pay tax on their allocable shares of the Company's taxable income. A discussion of these issues is beyond the scope of this Memorandum. Any tax-exempt entity or non-U.S. person should consult with its own tax advisor before investing in Units.

SUMMARY OF THE OPERATING AGREEMENT

A prospective investor should read and be familiar with the Operating Agreement that appears in Appendix I to this Memorandum. The following statements summarize certain provisions of the Operating Agreement as currently in effect but do not purport to provide a complete description; and Company qualifies them in their entirety by express reference to the Operating Agreement. References to the Operating Agreement in this Memorandum may conflict or not correspond with the most recent Operating Agreement because the Operating Agreement may be amended subsequent to the date of this Memorandum.

Unless otherwise defined elsewhere in this Memorandum, capitalized terms used in this section have the meanings ascribed to them in the Operating Agreement.

Nature of the Company

The Company, a Delaware limited liability company, was organized on December 15, 2022. All Units of the Company's Membership Interests will be owned by the Members.

Control of Operations of the Company

The powers invested in the Manager under the Operating Agreement are quite broad. Generally, the Manager has full, exclusive and complete responsibility and discretion in the management and control of the Company and the members have no authority to transact business for, or participate in the regular management activities and decisions of, the Company.

Manager Loans

The Manager and its Affiliates may, but will have no obligation to, make loans to the Company. Any such loan will bear interest at an annual rate not to exceed 12%.

Limited Voting Rights of Members

Members will have limited voting rights, and, as such, will only be permitted under the Operating Agreement to vote on the following matters:

- Removal of the Manager;
- Admission of the Manager or election to continue the business of the Company after the Manager ceases to be the Manager when there is no remaining Manager;
- Certain amendments of the Operating Agreement, subject to the limitations set forth in the Operating Agreement;
- Any merger or combination of the Company or roll-up of the Company; and
- Dissolution and winding up of the Company.

Capital Contributions

Members will contribute to the Company $1.00 for each Unit purchased in the Company. A qualified investor will become a Member upon payment of the purchase price of Units, the execution of applicable documents as required by the Manager and the acceptance of the subscription by the Manager.

Member Liability

The liability of each Member will be limited to the amount of such Member's investment in the Company, together with any undistributed share of the profit of the Company credited to such Member's

capital account and certain distributions made to such Member by the Company. Such circumstances include instances where a Member received a distribution of money or other property and, after giving effect to such distribution, the Company's liabilities would exceed the fair value of its assets.

Manager Compensation

Each investor hereby acknowledges and agrees to the payment of the following fees, *in addition to the Distributions and expense reimbursement described in the Operating Agreement*, paid by the Company to the Manager, and/or its affiliated entities, in consideration of its services as manager of the Company:

- [The Manager and its Affiliates shall receive an acquisition and development fee of up to 4.0% of the actual costs of the Company related to completing the Company's "value add" business plan on the Project, including but not limited to, the cost of purchasing the Project and any related Property, all budgeted hard and soft construction costs, including budgeted contingency line items, for the renovation of the Project and carrying costs of the Project.
- The Manager and its Affiliates shall receive a financing fee of up to 1.0% of the amount of any loan made to or assumed by the Company, whether for acquisition of the Project or a refinance of an existing loan.
- The Manager and its Affiliates shall receive a fee equal to 1.0% of the sales price of the Project upon the disposition of the Project by the Company.
- The Manager and its Affiliates shall receive a property management fee equivalent to 2.0% of the Company's annual collected operating revenue.
- To the extent the Manager or its Affiliates perform any construction management services for the Company, the Manager and its Affiliates shall receive a fee equal to 7.5% of the construction costs.
- The Company may pay a guaranty fee of up to 0.5% of the acquisition and construction loan amount to the Person(s) required by the lender to sign as guarantor on the "bad boy" carve outs on the acquisition loan documents, which Person(s) may be an Affiliate of the Manager.

Operating Expenses

Subject to the limitations set forth in the Operating Agreement, the Company will pay directly, or reimburse the Manager or its Affiliates, as the case may be, for all of the costs and expenses of the Company's operations, including, without limitation, the following costs and expenses:

- [all Organization and Offering Expenses advanced or otherwise paid by the Manager;
- all costs of personnel employed by the Company and directly involved in the Company's business;
- advertising and public notice costs;
- costs of personnel employed by the Manager or its Affiliates and directly involved in the business of the Company;
- all costs of borrowed money, taxes and assessments on the Project and other taxes applicable to the Company;
- legal, accounting, audit, brokerage, and other fees;
- fees and expenses paid to the Manager as described above in "Manager Compensation", independent contractors, mortgage bankers, real estate brokers, and other agents;
- costs of leasing, acquiring, owning, developing, constructing, improving, operating, and disposing of Property;
- expenses incurred in connection with the development, construction, alteration, maintenance, repair, remodeling, refurbishment, leasing and operation of Property;

- all expenses incurred in connection with the maintenance of Company books and records, the preparation and dissemination of reports, tax returns or other information to the Members and the making of Distributions to the Members;
- expenses incurred in preparing and filing reports or other information with appropriate regulatory agencies;
- expenses of insurance as required in connection with the business of the Company;
- costs incurred in connection with any litigation in which the Company may become involved, or any examination, investigation, or other proceedings conducted by any regulatory agency, including legal and accounting fees;
- the actual costs of goods and materials used by or for the Company;
- the costs of services that could be performed directly for the Company by independent parties such as legal, accounting, fund administration, asset management, construction management, property management, secretarial or clerical, reporting, transfer agent, data processing and duplicating services but which are in fact performed by the Manager or its Affiliates;
- expenses of Company administration, accounting, legal, documentation and reporting;
- expenses of revising, amending, modifying, or terminating the Operating Agreement;
- all other costs and expenses incurred in connection with the Company's business, including travel to and from the Project; the portion of the Manager's payroll expenses allocable to work performed for the Company; and
- all other costs and expenses incurred in connection with the business of the Company, except as otherwise set forth in the Operating Agreement.

Member Restrictions

Members will not be allowed to: (i) disclose to any non-Member, other than such Member's lawyers, accountants or consultants, and/or commercially exploit any of the Company's business practices, financial results, reports, trade secrets or any other information not generally known to the business community; (ii) do any other act or deed with the intention of harming the business operations of the Company; (iii) make any statement, whether written or oral, indirectly or indirectly, including but not limited to on social media, or perform any act which in any way would (x) injure an interest of or disparage or be construed negatively about the Company, the Manager or any of their respective principals, officers, managers or employees or (y) be detrimental to the Company's relationships and dealings with existing or potential customers, investors and lenders; or (iv) do any act contrary to the Operating Agreement.

Distributions from Operations

In accordance with the Operating Agreement, and subject to the provisions thereof, the Members shall receive distributions of Cash from Operations of the Company, as determined by the Manager in its sole discretion, each calendar quarter in the following order of priority:

(a) First, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions sufficient to provide them with a 7.0% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution (the "**Preferred Return**");

(b) Second, to the Manager, as the sole Class B Member, pro rata in accordance with its Class B Units, until the Manager, as the Class B Member, has received distributions sufficient to provide it with an amount that bears the same proportion to the total Preferred Return paid to the Class A Members to date as 35 bears to 65; and

(c) Third, (a) 65% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 35% to the Manager, as the sole Class B Member, pro rata in accordance with its Class B Units, until the Class A Members have received a 12% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution.

All calculations of internal rates of return will be determined using the XIRR function in Microsoft Excel. As provided in Operating Agreement, there are a number of conditions that must be met before any distributions from the Project may be made to any Member. The Manager will cause Company to establish such reserves as may be reasonably necessary for payment of all expenses of Company. To the extent Company has sufficient Cash from Operations, the Manager will cause the Company, to make distributions as set forth in the Operating Agreement.

There can be no assurance that the Company's objectives will be satisfied or that Members of Company will receive any distributions.

Distributions from Disposition

In accordance with the Operating Agreement, and subject to the provisions thereof, the Members shall receive distributions of Cash from Disposition of the Company, as determined by the Manager in its sole discretion, in the following order of priority:

(a) First, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions sufficient to provide them with a return of their Unreturned Capital Contribution;

(b) Second, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions sufficient to provide them with a 7.0% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution (the "**Preferred Return**");

(c) Third, to the Manager, as the sole Class B Member, pro rata in accordance with its Class B Units, until the Manager has received distributions sufficient to provide it with an amount that bears the same proportion to the total Preferred Return paid to the Class A Members to date as 35 bears to 65;

(d) Fourth, (a) 65% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 35% to the Manager, as the sole Class B Member, until the Class A Members have received a 12% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution; and

(e) Finally, any remaining distributions shall be made (a) 50% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 50% to the Manager, as the sole Class B Member.

All calculations of internal rates of return will be determined using the XIRR function in Microsoft Excel. In the event that the Company terminates and is dissolved, and subject to the terms set forth in the Operating Agreement, liquidating distributions will be made to the Members and the Manager in accordance with the provisions above regarding distribution.

There can be no assurance that the Project will be sold or that the Project will be sold at purchase price that allows Members of Company to receive any distributions.

Percentage Interest

A Member's Percentage Interest will be equal to a fraction, the numerator of which is equal to the total Units owned by such Member and the denominator of which is equal to the total outstanding Units, expressed as a percentage. Fractional Units are acceptable.

Limited Transferability of Units

The Units are subject to significant restrictions on transferability. The Units may not be sold, transferred or assigned, in whole or in part, unless the Manager approves of such transfer in writing in advance.

Other Limitations of Member Rights

No Member will have the right to (i) withdraw or reduce such Member's Capital Contribution, (ii) receive any distributions from the Company, except as otherwise provided in the Operating Agreement, (iii) demand or receive any Company property, (iv) unilaterally dissociate from Company; (v) require that such Member's interest in the Company be redeemed, in whole or in part; bring an action for partition against the Company; or (vi) demand or receive property other than cash in return for such Member's Capital Contribution.

Dissolution and Liquidation

The Company will be dissolved upon the first to occur of the following: (a) the death, insanity, withdrawal, retirement, resignation, expulsion, Event of Insolvency or dissolution (unless reconstituted by the Manager) of the Manager, unless the business of the Company is continued by the consent of the remaining Members within 90 days following the occurrence of the event; (b) a determination by the Manager to terminate the Company; (c) upon the entry of a decree of judicial dissolution; (d) the sale of the Project, or the receipt of the final payment on any seller financing provided by the Company on the sale of the Project, if later; or (e) the expiration of the term of the Company.

Upon dissolution of the Company, the assets of the Company will be liquidated and the proceeds thereof will be paid, to the extent permitted by applicable law, in the following order of priority: first, to creditors of the Company (including the Manager and/or Members) to the extent otherwise permitted by law, in satisfaction of liabilities of the Company; and second, to the Members as provided in the Operating Agreement.

Indemnification of The Manager

The Manager, its shareholders, Affiliates, officers, directors, partners, manager, members, employees, agents and assigns and any officers of the Company, shall not be liable for, and shall be indemnified and held harmless (to the extent of the Company's assets) from, any loss or damage incurred by them, the Company or the Members in connection with the business of the Company, including costs and reasonable attorneys' fees and any amounts expended in the settlement of any claims of loss or damage resulting from any act or omission performed or omitted in good faith, which shall not constitute fraud, gross negligence or willful misconduct, pursuant to the authority granted, to promote the interests of the Company. Moreover, neither the Manager nor any officer of the Company shall be liable to the Company or the Members because any taxing authorities disallow or adjust any deductions or credits in the Company income tax returns.

Manager's Tenure

The Manager shall hold office until the earlier of such Manager's dissolution, death, or resignation, as applicable. With respect to the Company, the Manager may be removed only by the affirmative vote of the Members holding at least 75% of the Units entitled to vote.

Reports

The Manager will cause the Company, at the Company's expense, to prepare an annual report containing a year-end balance sheet, income statement and a statement of changes in financial position. Copies of such statements shall be distributed to each Member within 120 days after the close of each fiscal year of the Company. The Manager will also cause the Company, at the Company's expense, to prepare and timely file income tax returns for the Company with the appropriate authorities, and will cause all Company information necessary in the preparation of the Member's individual income tax returns to be distributed to the Members not later than 75 days after the end of the Company's fiscal year.

Governance of the Company

The Company is a Delaware limited liability company and subject to the Delaware Limited Liability Company Act. In addition, the governance provisions of the Company are set forth in the Operating Agreement which is attached hereto. The Operating Agreement of the Company is incorporated herein by reference.

Amendments

The Operating Agreement may be amended with the approval of a Majority Vote of the Units. Notwithstanding the foregoing, the Manager may amend the Operating Agreement, without the consent of any of the Members, to (i) change the name and/or principal place of business of the Company; (ii) subject to certain limitations as set forth in the Operating Agreement, decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Company and conduct its business and affairs); or (iii) to share or delegate management responsibilities of the Company to any Affiliate that is indirectly or directly controlled by the Manager.

SUMMARY OF PURCHASE AND SALE AGREEMENT

*A prospective investor should read and familiarize herself, himself or itself with the Agreement of Purchase and Sale, dated as of November 28, 2022, between Seller (defined below) and DWB Capital, LLC (as attached hereto as Appendix II, the "**Purchase Agreement**"). The following statements summarize certain provisions of the Purchase Agreement as currently in effect but do not purport to provide a complete description, and Company qualifies them in their entirety by express reference to the Purchase Agreement. References to the Purchase Agreement in this Memorandum may conflict or not correspond with the most recent Purchase Agreement because the Purchase Agreement may be amended subsequent to the date of this Memorandum.*

Unless otherwise defined elsewhere in this Memorandum, capitalized terms used in this section have the meanings ascribed to them in the Purchase Agreement. The Purchase Agreement is incorporated herein by this reference as if set forth verbatim herein.

Purchase and Sale

Urban Atelier, LLC, a California limited liability company (the "**Seller**"), has agreed to sell to the Company, as assignee of DWB Capital, LLC, all of Seller's interest in the Project, including all Land, Improvements, Real Property, Personal Property, Leases and Intangible Property (collectively, the "**Property**").

Purchase Price

The purchase price for the Property is $20,000,000.00.

Payment of Purchase Price

The Company (or its predecessor in interest) previously made a $150,000 initial deposit with Old Republic Title Company (the "**Title Company**"), and upon the expiration of the Due Diligence Period, [paid] an additional $250,000 deposit. Except for the limited circumstances set forth in the Purchase Agreement, the Initial Deposit will be Non-Refundable at the conclusion of the Due Diligence Period, and the Additional Deposit will be Non-Refundable as soon as it is deposited with the Title Company. All deposits will be applied to the Purchase Price. On or before the Closing, the Company (or its predecessor in interest) shall deposit into escrow with the Title Company cash or other immediately available funds the remainder of the Purchase Price and the Company's portion of any closing costs and escrow charges.

Survey and Title Matters

The Purchase Agreement provides that Seller is to provide copies of due diligence materials related to the Property, including, but not limited to the Due Diligence Documents and other documents as specified in the Purchase Agreement. At the Closing, Seller shall convey a special warranty deed in the form provided in Exhibit D attached to the Purchase Agreement.

Due Diligence; Other Conditions Precedent to Agreement

The Company's obligation to proceed with the Closing is subject to satisfaction, approval or waiver by the Company of all matters pertaining to the acquisition of the Property on or before 5 p.m. California time on January 4, 2023. Seller will provide the Company with access to the Property in order for the Company to conduct certain inspections, tests and studies of the physical condition of the Property, subject to the terms of the Purchase Agreement. The Company is prohibited from conducting certain invasive testing, and in the event of any such testing, the Company will be required to promptly repair any damage to the Property, if any. Moreover, the Company, with limited exceptions as specified in the Purchase agreement, will be required to indemnify, defend, and hold Seller harmless from and against liens, claims, losses, liabilities, and expenses asserted against or incurred by Seller or the Property arising out of the Company's entry on the Property.

Representations and Warranties

The Company and Seller each made representations and warranties standard for similar purchase agreements, including, but not limited to, representations from Seller regarding due authorization, leases, rent roll, liens, litigation, eminent domain and hazardous materials. Importantly, many of Seller's representations are subject to knowledge and materiality qualifiers. For the purposes of the Purchase Agreement, such knowledge qualifiers will be deemed to refer to facts within the actual knowledge *only* of one principal of the Seller (i.e., Kirk Kozlowski) and no other persons, at the times indicated only, without duty of inquiry whatsoever.

Property Sold As-Is, Where Is and With All Faults

Other than certain specified representations and warranties provided in the Purchase Agreement, the Property will be sold to the Company "as is." Accordingly, upon Closing, Seller disclaims and specifically negates any representations and warranties of any kind with respect to the Property or any other matter.

Risk of Loss

Seller will bear the risk of loss for any damage, destruction, or condemnation that may occur prior to Closing. If any portion of the Property is damaged or destroyed prior to Closing, the Company may elect to terminate this Agreement, unless prior to Closing all that damage has been repaired, restored or replaced to their condition prior to the damage. If any material portion of the Property is condemned or taken prior to Closing, the Company may elect to terminate this Agreement.

Closing

Except as otherwise provided in the Purchase Agreement, the Closing of the Purchase Agreement will take place 30 days following the expiration of the Due Diligence Period. The Company may extend closing an additional 30 calendar days by sending written notice and depositing with escrow an extension non-refundable deposit of $200,000 on or before the original Closing Date.

The Purchase Agreement has not, as of the date hereof, closed, and because material obligations and conditions precedent for both parties remain outstanding, there is a risk that the Purchase Agreement may not close.

Assignment

The Purchase Agreement may be assigned to an affiliate of DWB Capital, LLC.

Governing Law

The Purchase Agreement is governed by the laws of the State of California.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

CIRCULAR 230 NOTICE. The following discussion of United States federal income tax consequences was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties that may be imposed on such person. It was written to support the promotion or marketing of an investment in the Units. Each prospective investor should seek advice based on the prospective investor's particular circumstances from an independent tax advisor.

The following discussion is a general summary only of certain United States federal income tax consequences relating to the purchase, ownership and disposition of Units, but does not purport to be a complete analysis of all the potential tax consequences that may be material to an investor based on such investor's particular tax situation. It is impractical to comment on all of the tax consequences of an investment in the Company or of the contemplated operations of the Company and the Project. Such consequences may vary depending on an investor's particular circumstances. The discussion is directed primarily to individuals who are citizens or residents of the United States. Investors who are not individual U.S. residents or citizens, such as non-U.S. residents, partnerships, corporations, tax-exempt entities, individual retirement accounts (IRAs), trusts, or estates may have federal income tax consequences substantially different from those discussed below. A particular investor may be subject to various facts and circumstances that are applicable only to him and that may give rise to additional considerations. The following discussion generally does not address any of those additional considerations. In addition, an investment in Units may have foreign, state and local tax consequences to a particular investor that are not discussed below. Accordingly, each potential investor is urged to consult with such investor's own tax advisor prior to purchasing Units, with specific reference to the effect of the investor's particular facts and circumstances on the matters discussed in this Memorandum.

The tax consequences discussed herein are based on existing provisions of the Code, existing Treasury Regulations (final, temporary, and proposed), published interpretations of the Code and such Treasury Regulations by the IRS, and existing court decisions, any of which could be changed or become inapplicable at any time. Any new legislation, judicial decisions, regulations, or other pronouncements may apply retroactively to transactions prior to the date of such changes and could significantly modify the statements made and tax considerations discussed in this Memorandum.

A portion of the following discussion focuses on the characterization of income or losses under various rules as ordinary income or loss or capital gain or loss. At the present time, the marginal rate of federal income tax applicable to long-term capital gains may be significantly more favorable for an individual taxpayer, depending upon income level, than the rate on ordinary income. Corporations, on the other hand, are taxable at the same rate on ordinary income and capital gains. The Company anticipates that all of its income will be taxable to investors, including individual investors, at ordinary income rates, subject to any applicable deductions that may be available to the investors pursuant to Section 199A of the Code.

No rulings will be requested from the IRS with respect to the tax consequences of ownership of interests in the Company. Additionally, no opinion of counsel will be requested with respect to such tax consequences.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT WITH THE INVESTOR'S OWN TAX ADVISOR WITH RESPECT TO THE UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY.

Partnership Taxation

General. The Company intends and expects to be classified and treated as a partnership for U.S. federal income tax purposes. A partnership is not a taxable entity under federal income tax laws. Instead, each partner reports on the partner's federal income tax return for the taxable year in which the partnership's taxable year ends such

partner's distributive share of the income, gains, losses, deductions, and credits of the partnership, irrespective of any actual cash distributions made to such partner during the partner's taxable year. For example, a partner will be required to report such partner's share of partnership income as determined under the partnership's method of accounting, notwithstanding that the revenues resulting in such income are retained in whole or in part by the partnership for payment of any partnership expenses, debt service, working capital, or otherwise. An investor's share of any partnership losses in a taxable year may be applied against the investor's income from other sources only to the extent of the tax basis of such investor's interest in the Company and to the extent permitted under the "passive activity" and "at risk" limitations, discussed below.

The classification of the Company as an association taxable as a corporation for federal tax purposes would have a material adverse effect on the investors. If the Company were determined to be taxable as a corporation, its income, gain, loss, deductions, and credits would be reported by the Company on its federal income tax return and would not pass through to the investors, the Company would be taxed directly on any net income, and distributions to its investors would be treated as taxable dividends to the extent of current and accumulated earnings and profits of the Company. Such distributions would not be deductible by the Company in computing its income tax. Thus, the value of an investment in the Units would be adversely affected if the Company were treated as a corporation.

Treasury Regulations under Section 7701 of the Code provide that a domestic business entity other than a "corporation" may elect to be treated as a partnership or an association (taxable as a corporation) for federal income tax purposes. For this purpose, a "corporation" is defined to include corporations denominated as such under applicable law, associations, joint stock companies, insurance companies and other entities distinguishable from the Company. Under a default rule in the Treasury Regulations, a limited liability company with at least two members, such as the Company, is treated as a partnership for federal tax purposes, unless the entity affirmatively elects to be treated as an association taxable as a corporation. The Company will not elect to be treated as an association taxable as a corporation for federal tax purposes. The classification of any Project in which the Company invests in the future as a partnership for federal tax purposes cannot be determined at this time because such classification depends upon agreements and actions to be entered into in the future.

Section 7704 of the Code treats certain "publicly traded partnerships" as corporations for federal income tax purposes. Section 7704 defines a publicly traded partnership as a partnership in which the partnership interests are traded on an established securities market or are readily tradable on a secondary market or the substantial equivalent of a secondary market. If all interests in a partnership were issued in transactions that were not required to be registered under the Securities Act of 1933 and if the partnership does not have more than 100 partners at any time, the interests in such partnership will be treated as not readily tradable on a secondary market or the substantial equivalent of a secondary market. The Company does not expect to be taxable as a corporation under the "publicly traded partnership" rules of Section 7704 of the Code, but there can be no assurance that will be the case.

THE FOLLOWING DISCUSSION IS PREDICATED ON THE ASSUMPTION THAT THE COMPANY WILL BE CLASSIFIED AS A PARTNERSHIP FOR FEDERAL TAX PURPOSES AND WILL NOT BE CLASSIFIED AS A "PUBLICLY TRADED PARTNERSHIP."

Taxation of Members. For each taxable year, each investor will be required to report on their individual federal income tax return such investor's share of partnership income, gain, loss, deduction, and credit for such taxable year. Each investor is required to take such investor's share into account in computing such investor's federal income tax liability regardless of whether the investor has received or will receive any cash distributions from the Company. Therefore, the investor may be required to report and pay tax on income that the Company has earned but that has not been distributed to him. This may occur, for example, when the Company uses revenues to repay partnership borrowings or to pay nondeductible expenditures.

Effective for tax years beginning in 2018, the U.S. Congress enacted Section 199A of the Code, which provides that each owner of a pass-through entity (such as a partnership) is entitled to a deduction of up to 20% of the "qualified business income" allocated to the owner from such entity. "Qualified business income" is generally defined as the net amount of qualified items of income, gain, deduction, and loss relating to any qualified trade or business of the taxpayer. This deduction is subject to various limitations and phase-outs based on the owner's personal income tax situation, as well as the tax and financial situation of the entity. Accordingly, the availability of this deduction to each investor with regard to the Company's income is uncertain and may be subject to limitations and phase-outs that lead to a limited or even no deduction being available to an investor for the Company's income that is allocated to such investor. Section 199A is currently scheduled to sunset on December 31, 2025, after which no such deduction would be available. Further, the U.S. Congress may make changes to, or repeal, Section 199A at any time, which may adversely affect the tax consequences of the flow-through income allocated to investors and the value of an investment in the Company.

A distribution of cash to an investor is generally not taxable to the investor unless the amount of the distribution exceeds the investor's adjusted basis in such investor's Units. Any such excess should generally be taxable as capital gain, assuming the Units are held as a capital asset and distributions are made proportionately.

The Company will use the calendar year and either the accrual or cash method of accounting for federal income tax purposes. The IRS, however, could require the Company to treat particular items of income, gain, loss, or deduction under a different method of accounting if it determines that the method used by the Company with respect to such items does not clearly reflect income. A change in the method of accounting could defer deductions or accelerate income.

Allocations. Under the Operating Agreement, all items of partnership income, gain, loss, deduction, and credit are generally allocated to investors and the Manager in a manner that will achieve capital account balances that allow for the cash distributions described in this Memorandum.

The Company allocations of income, gain, loss, deduction, and credit among investors are governed generally by Section 704(b) of the Code. Importantly, the Operating Agreement utilize the so-called "target allocation" method in allocating items of income, gain, loss, deduction and credit. Although the target allocation method does not directly satisfy IRS regulatory "safe harbors" for having substantial economic effect, the Company believes that the allocations reflected in the Operating Agreement comply with the requirements of Section 704(b) and other applicable provisions of the Code and should be respected. There can, however, be no assurance of that. The investors could be adversely affected if the IRS were to successfully challenge the Company's allocations of income, gain, loss, deductions and credit.

Returns. As a partnership, the Company will file annual income tax information returns, but will not be subject as an entity to the payment of U.S. federal income tax. Instead, the Company will provide to each investor, as soon as practicable after the end of each fiscal year, an IRS Form 1065, Schedule K-1 detailing the investor's allocable share of the Company income, gain, loss, deduction and credit each year and a report containing such other information as the Manager deems necessary to enable the investor to prepare and file any required state tax returns. If the Schedules K-1 are not received on a timely basis, the investors may need to file for an extension of the period in which to file their tax returns.

The Company's federal income tax information return is subject to audit by the IRS. Any such audit may lead to adjustments, in which event the investors may be required to file amended personal federal income tax returns. Any such audit may also lead to an audit of an investor's individual tax return and adjustments to items unrelated to the investment in Units.

Determinations of Partnership Items at the Company Level. For purposes of reporting, audit, and assessment of additional federal income tax, the tax treatment of "partnership items" is determined at the

partnership level. Each partner must report such items on such partner's individual tax return in a manner consistent with the partnership determination, unless special filings are made with the IRS and in accordance with the Operating Agreement. Effective for tax years beginning in 2018, partnerships became subject to new audit rules adopted in the Bipartisan Budget Act of 2015 (the "**New Audit Rules**"). The New Audit Rules generally require taxes arising from audit adjustments to be paid by the entity rather than by its partners or members unless the entity elects otherwise. It is unclear to what extent these elections will be available to the Company and how any such elections may affect the procedural rules available to challenge any audit adjustment that would otherwise be available in the absence of any such elections. Investors could be obligated to pay any such taxes and other costs, and may have to take the adjustment into account for the taxable year in which the adjustment is made rather than for the audited taxable year. The Manager will be the Company's "partnership representative." The partnership representative will have authority to bind the Company with regard to federal tax matters, and all investors of the Company will generally be bound by any elections made by the partnership representative, and any settlements reached by the partnership representative with the IRS. Prospective investors are urged to consult with their tax advisors regarding the possible effect of the New Audit Rules on them.

Administrative Costs. The Manager intends generally to take the position that administrative costs reimbursed to the Manager and the management fee are deductible by the Company in the year of payment. To the extent that administrative costs are determined to constitute an organization or syndication cost or some other nondeductible cost, such amount will not give rise to any deduction in the year of payment but, rather, will be deductible (if at all) only over some period of time. This will be the case with respect to the syndication expenses and Company formation fees. The determination of the portion (if any) of the administrative cost that is deductible and the timing of any such deduction are factual issues.

Limitations on Interest Deductions

Generally, a non-corporate taxpayer may deduct "investment interest" only to the extent of their "net investment income." The taxpayer may carry forward any unused investment interest to later years when the taxpayer has additional net investment income. Investment interest is interest paid on debt incurred or continued to acquire or carry property held for investment. Net investment income includes gross income and gains from property held for investment reduced by any expenses directly connected with the production of such income and gains.

To the extent that interest is attributable to a passive activity, it is treated as a passive activity deduction and is subject to limitation under the passive activity rules discussed below, not the investment interest limitation rules. Under the passive activity rules, interest expense on debt used by a taxpayer to purchase or carry an interest in a passive activity will be taken into account in computing the taxpayer's income or loss from the passive activity. The Company generally expects an investment in Units to constitute an investment in a passive activity.

Potential investors who contemplate using borrowed funds to purchase Units are urged to consult with their tax advisors with respect to the application and interaction of the investment interest and passive activity limitations.

Basis and At Risk Limitations

Except as described above, a partner may not deduct in any year any amount attributable to the partner's share of partnership losses, if any, that exceeds the partner's adjusted tax basis in such partner's interest in the partnership at the end of the partnership tax year. An investor's initial adjusted tax basis in the Units will equal such investor's cash contributions to the Company. It will be increased by any additional cash contributions when made, by the investor's distributive share of the Company's income and gain, and by the investor's share

of certain borrowings of the Company. It will be decreased, but not below zero, by distributions from the Company and by the investor's distributive share of the Company losses. Decreases in an investor's share of the Company liabilities that have given rise to a basis increase will be treated as distributions of cash to the investor. Such deemed distributions will thus reduce the investor's adjusted tax basis and may result in taxable income to the investor if the decrease exceeds the investor's adjusted tax basis in the investor's Units.

In addition to the limitation of losses to an investor's adjusted tax basis, with respect to an investor that is an individual or a closely-held C corporation, losses allocable to such investor during a taxable year may be deducted only to the extent of the amount with respect to which such investor is "at risk" at the close of the taxable year. An investor will be at risk as to the amount of money contributed to the Company, assuming the investor uses the investor's personal funds to make the contribution or borrows the funds on a recourse basis from a lender unrelated to the Company, and amounts borrowed for use in the Company for which the investor is personally liable. The at-risk amount will be increased by the investor's share of partnership income and gains. An investor will not be at risk with respect to amounts protected against loss through nonrecourse financings, guarantees, stop-loss agreements, or "other similar arrangements" or with respect to amounts borrowed from other parties having an interest in the Company, family members or other related parties. The at-risk amount is reduced by the amount of the allowable losses for the taxable year and the amount of distributions made to the investor, and the reduced amount determines the extent to which losses sustained in future years will be deductible. Losses deducted in a year are subject to recapture in a later year at ordinary income rates in the event, and to the extent, a taxpayer's adjusted amount at risk falls below zero. Any loss disallowed as a result of the application of the at-risk provisions will carry forward and may be deducted in future years to the extent the investor increases the investor's at-risk amount, provided such losses do not exceed the investor's tax basis in the investor's Units. Upon the taxable disposition of a Unit, any gain recognized by an investor may be offset by losses that were previously suspended by the at-risk limitation. Any loss previously suspended by the at-risk limitation in excess of that gain would no longer be utilizable.

Passive Activities

Generally under Section 469 of the Code, individuals, estates, trusts and some closely-held corporations and personal service corporations may deduct losses and credits from passive activities only to the extent of their income from other passive activities, including passive activity income from unrelated activities. A passive activity is generally defined as any activity involving the conduct of a trade or business in which the taxpayer does not materially participate. Excess passive activity losses and passive activity credits may not be used to reduce other income, including salary, active business income, portfolio income (e.g., dividends or interest). Disallowed passive activity losses and passive activity credits in any year may be carried forward indefinitely and used to offset future passive activity income or may be deducted in full when an investor disposes of the investor's entire interest in the activity to an unrelated person in a fully taxable transaction. The Company generally expects an investment in Units to constitute an investment in a passive activity.

Sale of Property

When the Company sells property, it will recognize gain to the extent that the amount realized on the sale exceeds its adjusted basis in the property and will recognize loss to the extent that its adjusted basis in the property exceeds the amount realized. In the case of a sale of a property, each investor will compute their gain or loss individually based on their share of the amount realized, as allocated to them under the Operating Agreement, and their share of the adjusted basis in such property. The amount realized will include the amount of money received and the fair market value of any other property received. If the purchaser assumes a liability in connection with the sale or takes the property subject to a liability, the amount realized will include the amount of such liability. The Company anticipates that gain from the sale of Project will be taxable to investors at ordinary income rates, subject to any applicable deductions that may be available to the investors pursuant to Section 199A of the Code.

Termination of the Company

When the Company is terminated, each investor will be taxable, in the taxable year in which the termination occurs, on their share of income, gain, loss, and deduction arising prior to the date of termination from the Company. Investors must also take into account their shares of gains or losses resulting from the sale or other disposition of partnership assets in liquidation of the Company.

Upon the termination of the Company, each investor will be required to recognize gain to the extent that the amount of money distributed to him exceeds the basis of their interests or their amount at risk with respect to the Company. An investor will recognize no loss unless the investor receives only money, unrealized receivables, and inventory. In such a case, the investor could recognize loss to the extent that the adjusted basis of the investor's Units exceeds the aggregate of the money and the partnership basis of the property distributed to the investor.

An investor's basis in any distributed property will be equal to the basis of such investor's Units, reduced by any money received. The investor's basis will first be allocated to ordinary income assets (unrealized receivables and inventory) in an amount equal to the Company's adjusted basis in such assets. Any remaining basis will be allocated, in general, to other properties to the extent of the Company's basis in those properties subject to reallocation among properties designed to reduce basis-value disparities to the extent possible.

Sale of Interests

An investor may be unable to sell any of its Units by reason of the restrictions on transfer set forth in the Operating Agreement and the absence of any market therefor. In the event that an investor sells a Unit, the investor will recognize gain or loss measured by the difference between the amount realized on the sale and the investor's adjusted basis in the Units sold. The investor's amount realized will be the selling price plus the investor's share of any of the Company liabilities that increased the investor's basis in such Units.

To the extent that the portion of the amount realized attributable to ordinary income items (generally, unrealized receivables, inventory and depreciation recapture) exceeds the portion of the basis allocable to such items, the gain will be taxable as ordinary income. Therefore, a substantial portion, if not all, of any gain realized upon the sale of Units may constitute ordinary income. So long as the investor holds her, his or its Units as a capital asset (generally, an asset held for investment), the remainder of the gain, if any, will be capital gain and any loss will be capital loss. The investor will be required to recognize the full amount of the ordinary income portion even if it exceeds the overall gain on the sale (in which event the investor will also recognize capital loss to the extent the ordinary income exceeds the overall gain) or there is an overall loss on the sale (in which event the investor will recognize an offsetting capital loss equal to the ordinary income portion and an additional capital loss equal to the overall loss on the sale). The Company generally expects that the gain or loss realized by an investor upon such a sale will constitute passive income or loss, which passive loss may be used to offset active income only upon a complete disposition of all of the investor's Units to a person who is not related to the investor (as more fully described in Section 469(g)(1)(B) of the Code).

Net capital gains of individual taxpayers are currently taxed at a minimum statutory rate (generally up to 20% for 2021 for capital assets held for more than 12 months), which is less than the highest effective U.S. income tax rate for individuals, trusts and estates in 2021 (37%). Net capital gains mean the excess of net long-term capital gains over net short-term capital losses.

Upon the sale of Units of the Company, the Company's basis in its assets will be adjusted for the benefit of the purchaser to reflect the gain or loss realized by the selling partner upon the sale of Units of the Company only if the Company has made an election under Section 754 of the Code or the Company's adjusted basis in its property exceeds the fair market value of such property by more than $250,000. As a result of the tax

accounting complexities inherent in, and the substantial expense attendant to, the election to adjust the tax basis of partnership property upon sales of Units, the Manager does not currently intend to make this election on behalf of the Company. The absence of any such election and of the power to compel the making of such an election may reduce the value of Units to a potential transferee and may be an additional impediment to the transferability of Units. In addition, the Company may be required to bear the tax accounting complexities and expenses attendant to adjusting the tax basis of the Company's property upon the sale of Units of the Company if the fair market value of the Company's property declines below the Company's adjusted basis in that property.

An investor who sells Units must notify the Company of the transaction in accordance with the Operating Agreement and the Code and Treasury Regulations thereunder. Such notice must be given in writing and must include the names and addresses of the buyer and seller, the taxpayer identification numbers of the buyer and seller, if known, and the date of the sale. An investor who fails to furnish the relevant information to the Company may be penalized for such failure, unless it is shown that such failure was due to reasonable cause and not willful neglect. In addition, the Company will be required to notify the IRS of any sale of Units of which it has notice or knowledge and to report the names, addresses, and taxpayer identification numbers of the buyer and seller, along with other required information. The Company is also required to provide copies of the information it provides to the IRS to the buyer and seller. Investors should consult with their own tax advisors, however, regarding their particular reporting requirements.

Medicare Contribution Tax

A 3.8% Medicare tax is imposed upon certain net investment income earned by individuals, estates and trusts. For these purposes, net investment income generally includes an investor's allocable share of the Company's income and gain realized by an investor from a sale of Units, assuming the investment in Units is an investment in a passive activity and the investor is not subject to self-employment tax on the investor's allocable share of the Company's income. In the case of an individual, the tax will be imposed on the lesser of (i) the investor's net investment income or (ii) the amount by which the investor's modified adjusted gross income exceeds $250,000 (if the investor is married and filing jointly or a surviving spouse), $125,000 (if the investor is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income, or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

Alternative Minimum Tax

Each investor will be required to take into account such investor's distributive share of any items of income, gain, loss or deduction for purposes of the alternative minimum tax. The current minimum tax rate for non-corporate taxpayers is 26% on the first $194,800 of alternative minimum taxable income (or, in the case of a married individual taxpayer filing a separate return, the first $97,400 of alternative minimum taxable income) in excess of the exemption amount and 28% on any additional alternative minimum taxable income, which thresholds change annually. Prospective investors are urged to consult with their tax advisors as to the impact of an investment in units on their liability for the alternative minimum tax.

Changes in Federal Income Tax Laws

Significant and fundamental changes in the nation's federal income tax laws have been made in recent years and additional changes are likely. Any such change may affect the Company and the investors. Moreover, judicial decisions, regulations or administrative pronouncements could unfavorably affect the tax consequences of an investment in the Company. See "Risks Related to Tax Matters Generally."

Consistency Requirements

An investor must generally treat partnership items on such investor's federal income tax returns consistently with the treatment of such items on the information return of the Company, unless the investor files a statement with the IRS identifying the inconsistency or otherwise satisfies the requirements for waiver of the consistency requirement. Failure to satisfy this requirement will result in an adjustment to conform the investor's treatment of the item with the treatment of the item on the partnership return. Intentional or negligent disregard of the consistency requirement may subject an investor to substantial penalties.

Social Security Benefits; Self-Employment Tax

An investor's share of any income or loss attributable to the Units may constitute "net earnings from self-employment." If it does not, no quarters of coverage or increased benefits under the Social Security Act would be earned by the investor. If an investor is receiving Social Security benefits and if such investor's share of such items are net earnings from self-employment, the investor's taxable income attributable to the investor's investment in Units may be taken into account in determining any reduction in benefits because of "excess earnings."

State Law Tax Aspects

The Company may operate in states and localities that impose taxes on the Company's assets, transactions or income or on each investor based upon each investor's share of any income derived from partnership activities in such jurisdictions. The investor may be required to file state tax returns and to pay the taxes described in the preceding sentence and may be subject to penalties for failure to comply with these requirements. Depending upon the location of the Company's properties and applicable state and local laws, deductions or credits available to an investor for federal income tax purposes may not be available for state or local income tax purposes. Pursuant to the income tax rules of the states in which the Company operates, the Manager may be required, or may elect, to withhold or pay tax with respect to income allocable to, or from distributions otherwise payable to, Members if such Members are not residents of such states.

In certain jurisdictions, estate or inheritance taxes may be payable therein upon the death of an investor due to the operations of the Company in those jurisdictions. Therefore, an investor may be subject to income taxes, estate or inheritance taxes or both in states or localities in which the Company does business as well as in the investor's own state or domicile.

A discussion of state, local and estate or inheritance taxes is beyond the scope of this Memorandum. However, because of the possibility that such taxes may have an impact on the economic value of the Company and on the value of an investor's interests therein, prospective investors should consult with their own tax advisors to determine the effect of such taxes.

INDIVIDUAL TAX ADVICE SHOULD BE SOUGHT

THE TAX CONSIDERATIONS ATTENDANT TO AN INVESTMENT IN THE PARTNERSHIP ARE COMPLEX AND VARY WITH INDIVIDUAL CIRCUMSTANCES. EACH PROSPECTIVE INVESTOR SHOULD REVIEW SUCH TAX CONSEQUENCES WITH HIS, HER, OR ITS TAX ADVISOR.

SUPPLEMENTAL SALES LITERATURE

In addition to this Memorandum, additional information may be provided to prospective investors in connection with the offering of the Units, although only when accompanied or preceded by the delivery of this Memorandum. The offering of Units is made only by means of this Memorandum and the Operating

Agreement and prospective investors should not rely on any other information provided when making a decision to invest in the Units offered hereby. Although the Manager does not believe that the information contained in any such additional materials conflicts with any of the information contained in this Memorandum or the Operating Agreement, in the event of such conflict, the information contained in the Memorandum and the Operating Agreement will be deemed to govern.

ADDITIONAL INFORMATION

Certain additional documentation relating to the Company, the Manager and its principals is attached as Appendices hereto and is available for inspection at the Manager's offices by prior written request. Members of the staff of the Manager are also available to meet with potential investors to provide supplemental information to assist investors, or their representatives, in evaluating a potential investment in the Units.

APPENDIX I

COMPANY OPERATING AGREEMENT

D I V E R S Y F U N D

DF INDEPENDENT PARTNERS LLC

a Delaware Limited Liability Company

LIMITED LIABILITY COMPANY AGREEMENT

Effective as of January 10, 2023

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE OR FOREIGN REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THIS LIMITED LIABILITY COMPANY AGREEMENT OR THE UNITS (THE "INTERESTS") PROVIDED FOR HEREIN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") NOR REGISTERED NOR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THE COMPANY IS UNDER NO OBLIGATION TO REGISTER OR QUALIFY THE INTERESTS UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS.

AN INTEREST MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER THE SECURITIES ACT AND APPLICABLE STATE AND FOREIGN SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE MANAGER, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER (AS SUCH TERM IS DEFINED IN THIS LIMITED LIABILITY COMPANY AGREEMENT) OF AN INTEREST IS FURTHER SUBJECT TO OTHER RESTRICTIONS, THE TERMS AND CONDITIONS WHICH ARE SET FORTH HEREIN.

LIMITED LIABILITY COMPANY AGREEMENT
OF
DF INDEPENDENT PARTNERS LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT (this "**Agreement**") of DF Independent Partners LLC, a Delaware limited liability company (the "**Company**"), is made and entered into as of January 10, 2023, by and among the Company, DiversyFund, Inc. (the "**Manager**") and those Persons that have executed or will execute this Agreement as Members (as defined below).

RECITALS:

WHEREAS, the Members own all of the Units in the Company and wish to set forth their understandings concerning the ownership and operation of the Company in this Agreement, which they intend to be the "limited liability company agreement" of the Company within the meaning of 6 Del. C. §18-101(9).

NOW, THEREFORE, for and in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the adequacy, receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Organization.

1.1 Formation. On a certain date prior to the date of this Agreement (the "**Formation Date**"), the Certificate of Formation was filed in the office of the Secretary of State of the State of Delaware in accordance with and pursuant to the Act.

1.2 Name and Place of Business. The name of the Company shall be DF Independent Partners LLC, and its principal place of business shall be Symphony Tower 750 B Street, Suite 1930, San Diego, California 92101. The Manager may change such name, change such place of business or establish additional places of business of the Company as the Manager may determine to be necessary or desirable.

1.3 Business and Purpose of the Company. The primary purpose of the Company is to (i) Directly or indirectly purchase, sell, hold, lease, service, renovate, invest in and dispose of that certain real property located at 600 Ortiz Avenue, Sand City, California 93955, comprised of a multifamily apartment project by the name of "Independent Apartments" (the "**Real Estate Asset**"); (ii) engage in any other activities relating to or incidental as are necessary to accomplish such purpose; and (iii) engage in any other activities as determined by the Manager which are allowed under Delaware law.

1.4 Term. The term of the Company commenced on the Formation Date and shall continue for 99 years unless sooner terminated as provided in Section 13.

1.5 Registered Office and Registered Agent. The Company's initial registered office and initial registered agent shall be as provided in the Certificate of Formation. The registered office and registered agent may be changed from time to time by the Manager by filing the address of the new registered office and/or the name of the new registered agent pursuant to the Act.

1.6 Other Transactions. Any Manager, Member, or any Affiliate thereof, or any shareholder, officer, director, employee, partner, member, manager or any person owning an interest therein, may engage in or possess an interest in any other business or venture of any nature or description, whether or not competitive with the Company, including, but not limited to, the acquisition, syndication, ownership, financing, leasing, operation, maintenance, management, brokerage, construction and development of property similar to the Real Estate Asset, and no Manager, Member, Member or any Affiliate, other

person or entity shall have any interest in such other business or venture by reason of their interest in the Company.

2. Definitions. To the extent terms are not defined in this Agreement, definitions for this Agreement are set forth on Exhibit A and are incorporated herein.

3. Capitalization and Financing.

3.1 Capitalization Table. From time to time, the Manager will update the Company's capitalization table to reflect current ownership of all Units as Exhibit B.

3.2 Capital Contributions.

3.2.1 Units. The Company shall have two classes of Members: Class B Members and Class A Members. The Manager shall be the sole Class B Member and shall initially own all of the common membership units (the "**Class B Units**") of the Company. The Company shall issue 100 Class B Units to the Manager. The Class B Units shall be deemed earned by the initial Manager upon issuance of such Units such that in the event of the removal of the initial Manager, the initial Manager shall maintain ownership of the Class B Units. The remaining Members, including the Manager if Class A Units are purchased by the Manager, shall own preferred membership interests (the "**Class A Units**") of the Company. The Company is hereby authorized (i) to sell and issue up to $10,500,000.00 of Class A Units on an as needed basis, and (ii) to admit the persons who acquire such Units as Members. The minimum purchase shall be $50,000.00 of Class A Units, unless a lesser amount is accepted in the Manager's sole and absolute discretion. In no event shall the Company have more than 1,990 Members. The total number of Class A Units available for issuance by the Company shall be 10,500,000.00. Class A Units and Class B Units are collectively referred to as "**Units**." The price of each Class A Unit shall be $1.00.

3.2.3 Payment of Purchase Price. The purchase price of each Unit shall be $1.00 per Unit. The purchase price of each Unit shall be paid in full in cash at the time of execution of the Subscription Agreement. Payment of the purchase price for a Unit shall constitute the Member's initial Capital Contribution.

3.2.4 Manager or its Affiliates as Member. The Manager and/or its Affiliates may acquire any number of Class A Units for any reason deemed appropriate by the Manager for the same price and upon the same terms and conditions, subject to Section 3.2.3, as all other purchasers thereof. Certain Affiliates of the Manager and their officers and directors may acquire additional Class A Units. In such event, the Manager or its Affiliates will be admitted to the Company as Members with respect to such Class A Units and will be entitled to all rights as Members appurtenant thereto, including but not limited to the right to vote on certain Company matters as provided for in this Agreement and to receive Distributions and allocations attributable to the Class A Units so purchased.

3.2.5 Admission of a Member. To the extent required by law, the Manager shall amend this Agreement and take such other action as the Manager deems necessary or appropriate promptly after receipt of the Members' Capital Contributions to the Company to reflect the admission of those persons to the Company as Members.

3.2.10 Liabilities of Members. Except as specifically provided in this Agreement, neither the Manager nor any Members shall be required to make any additional contributions to the Company and no Manager or Member shall be liable for the debts, liabilities, contracts, or any other obligations of the Company, by reason of being a Member or Manager of the Company, nor shall the Manager or the Members be required to lend any funds to the Company or to repay to the Company, the Manager or any Member, or any creditor of the Company any portion or all of any deficit balance in a Member's Capital Account.

3.3 Manager Loans. The Manager and its Affiliates may, but will have no obligation to, make loans to the Company. Any such loan shall bear interest at an annual rate not to exceed twelve percent (12%) and provide for the payment of principal and any accrued but unpaid interest in accordance with the terms of the promissory note evidencing such loan, but in no event later than the dissolution of the Company.

3.4 Loans. The Company may obtain or assume, in the sole discretion of the Manager, loans to acquire, operate or refinance the Real Estate Asset.

4. Allocation of Tax Items.

4.1 Allocation of Net Income and Net Loss. For each fiscal year, the Net Income and Net Loss of the Company shall be allocated as follows:

4.1.1 Net Income. After giving effect to the special allocations set forth in Sections 4.2 and 4.3, Net Income for any fiscal year shall be allocated as follows:

(a) First, to the Members until the Net Income allocated to the Members pursuant to this Section 4.1.1(a) for such fiscal year and all previous fiscal years is equal to the aggregate Net Loss allocated to the Members pursuant to Section 4.1.2(a) for all previous fiscal years;

(b) Second, to the Members in proportion to their Units.

4.1.2 Net Loss. After giving effect to the special allocations set forth in Sections 4.2 and 4.3, Net Loss for any fiscal year shall be allocated as follows:

(a) First, to the Members in proportion to and to the extent of Net Income previously allocated to the Members pursuant to Section 4.1.1 until the aggregate Net Loss allocated to the Members pursuant to this Section 4.1.2(a) for such fiscal year and all previous fiscal years is equal to the aggregate Net Income allocated to the Members pursuant to Section 4.1.1 for all previous fiscal years; and

(b) Second, to the Members in proportion to their Units; provided that Net Loss shall not be allocated to any Member to the extent such allocation would cause such Member to have an Adjusted Capital Account Deficit at the end of a fiscal year.

4.2 Special Allocations.

4.2.1 Qualified Income Offset. Except as provided in Section 4.2.3, in the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Sections 1.7041(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit created by such adjustment, allocation or distribution as quickly as possible.

4.2.2 Gross Income Allocation. Net Loss shall not be allocated to any Member to the extent such allocation would cause such Member to have an Adjusted Capital Account Deficit at the end of a fiscal year. In the event any Member has an Adjusted Capital Account Deficit at the end of any fiscal year, each such Member shall be specially allocated items of Company gross income and gain in the amount of such Adjusted Capital Account Deficit as quickly as possible.

4.2.3 Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, if there is a net decrease in Company Minimum Gain during any fiscal year, each Member shall be specially allocated items of income and gain for such year (and, if necessary, subsequent years) in an

amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section 4.2.3 is intended to comply with the partnership minimum gain chargeback requirement in the Treasury Regulations and shall be interpreted consistently therewith. This provision shall not apply to the extent the Member's share of net decrease in Company Minimum Gain is caused by a guaranty, refinancing, or other change in the debt instrument causing it to become partially or wholly recourse debt or Member Nonrecourse Debt, and such Member bears the economic risk of loss (within the meaning of Treasury Regulations Section 1.752-2) for the newly guaranteed, refinanced or otherwise changed debt or to the extent the Member contributes cash to the capital of the Company that is used to repay the Nonrecourse Debt, and the Member's share of the net decrease in Company Minimum Gain results from the repayment.

4.2.4 Member Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, except Section 4.2.3, if there is a net decrease in Member Minimum Gain, any Member with a share of that Member Minimum Gain (as determined under Treasury Regulations Section 704-2(i)(5)) as of the beginning of the year shall be allocated items of income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). This Section shall not apply to the extent the net decrease in Member Minimum Gain arises because the liability ceases to be Member Nonrecourse Debt due to conversion, refinancing or other change in a debt instrument that causes it to become partially or wholly a Nonrecourse Debt. This Section is intended to comply with the partner minimum gain chargeback requirements in the Treasury Regulations and shall be interpreted consistently therewith and applied with the restrictions attributable thereto.

4.2.5 Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be allocated to the Members in proportion to their Units and each Member's share of excess Nonrecourse Debt shall be in the same proportion.

4.2.6 Member Nonrecourse Deductions. Member Nonrecourse Deductions for any fiscal year shall be allocated to the Member who bears the economic risk of loss as set forth in Treasury Regulations Section 1.752-2 with respect to the Member Nonrecourse Debt. If more than one Member bears the economic risk of loss for a Member Nonrecourse Debt, any Member Nonrecourse Deductions attributable to that Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the economic risk of loss.

4.2.7 Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

4.3 Curative Allocations. Notwithstanding any other provision of this Agreement, the Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

4.4 Contributed Property. Notwithstanding any other provision of this Agreement, the Manager shall cause depreciation and/or cost recovery deductions and gain or loss attributable to property contributed by a Member or revalued by the Company to be allocated among the Members for income tax purposes in accordance with Section 704(c) of the Code and the Treasury Regulations promulgated thereunder.

4.5 Recapture Income. The portion of each Member's distributive share of Net Income that is characterized as ordinary income pursuant to Section 1245 or 1250 of the Code shall be proportionate to the amount of Net Income or Net Loss which included the corresponding depreciation deductions that were allocated to such Member as compared with the amount of depreciation deductions allocated to all Members.

4.6 Allocation Among Units. The Net Income and Net Losses of the Company shall be determined and allocated to each Member with respect to each fiscal year of the Company. The determination shall be as of the end of each fiscal year and shall be made within ninety (90) days after the close of each fiscal year. Except as provided in Section 4.2 herein, Net Income and Net Losses for any fiscal year shall be allocated among the Members in accordance with the following order or priority:

4.6.1 First, Profits shall be allocated to those Members having deficit balances in their Capital Accounts (computed after taking into account all distributions with respect to such taxable period and after adding back each Members' share of Company Minimum Gain and Member Minimum Gain) in proportion to such deficit balances until such deficit balances have been eliminated; and

4.6.2 Second, any remaining Profits and Losses shall be allocated among the Members such that each Member's Capital Account balance (computed after taking into account all distributions with respect to such taxable period and increased by such Members' share of Company Minimum Gain and Member Minimum Gain), would, as nearly as possible, be equal to the amount that each Member would receive if all of the remaining assets of the Company were sold for their Book Value, all liabilities of the Company were satisfied (limited, with respect to nonrecourse liabilities, to the Book Value of the assets securing such liabilities) and the remaining assets were distributed pursuant to the Agreement, all as of the last day of the period for which the allocations are being made.

4.7 Allocation of Company Items. Except as otherwise provided herein, whenever a proportionate part of Net Income or Net Loss is allocated to a Member, every item of income, gain, loss or deduction entering into the computation of such Net Income or Net Loss, and every item of credit or tax preference related to such allocation and applicable to the period during which such Net Income or Net Loss was realized shall be allocated to the Member in the same proportion.

4.8 Assignment. In the event of the assignment of a Unit, the Net Income and Net Loss shall be allocated as between the Member and his assignee based upon the number of months of their respective ownership during the year in which the assignment occurs, without regard to the results of the Company's operations during the period before or after such assignment. Distributions shall be made to the holder of record of the Units as of the date of the Distribution. An assignee who receives Units during the first 15 days of a month will receive any allocations relative to such month. An assignee who acquires Units on or after the sixteenth day of a month will be treated as acquiring his Units on the first day of the following month.

4.9 Power of Manager to Vary Allocations. It is the intent of the Members that each Member's share of Net Income and Net Loss be determined and allocated in accordance with Section 704(b) of the Code and the provisions of this Agreement shall be so interpreted. Therefore, if the Company is advised by the Company's legal counsel that the allocations provided in this Section 4 are unlikely to be respected for federal income tax purposes, the Manager is hereby granted the power to amend the allocation provisions of this Agreement to the minimum extent necessary to comply with Section 704(b) of the Code and effect the plan of allocations and Distributions provided for in this Agreement.

4.10 Consent of Members. The allocation methods of Net Income and Net Loss are hereby expressly consented to by each Member as a condition of becoming a Member.

4.11 Withholding Obligations.

4.11.1 If the Company is required (as determined by the Manager) to make a payment ("**Tax Payment**") with respect to any Member to discharge any legal obligation of the Company or the Manager to make payments to any governmental authority with respect to any federal, foreign, state or local tax liability of such Member arising as a result of such Member's interest in the Company, then, notwithstanding any other provision of this Agreement to the contrary, the amount of any such Tax Payment shall be deemed to be a loan by the Company to such Member, which loan shall bear interest at the Prime Rate and be payable upon demand or by offset to any Distribution which otherwise would be made to such Member.

4.11.2 If and to the extent the Company is required to make any Tax Payment with respect to any Member, or elects to make payment on any loan described in Section 4.11.1 by offset to a Distribution to a Member, either (i) such Member's proportionate share of such Distribution shall be reduced by the amount of such Tax Payment, or (ii) such Member shall pay to the Company prior to such Distribution an amount of cash equal to such Tax Payment. In the event a portion of a Distribution in kind is retained by the Company pursuant to clause (i) above, such retained Property may, in the discretion of the Manager, either (A) be distributed to the other Members, or (B) be sold by the Company to generate the cash necessary to satisfy such Tax Payment. If the Property is sold, then for purposes of income tax allocations only under this Agreement, any gain or loss from such sale or exchange shall be allocated to the Member to whom the Tax Payment relates. If the Property is sold at a gain, and the Company is required to make any Tax Payment on such gain, the Member to whom the gain is allocated shall pay the Company prior to the due date of Tax Payment an amount of cash equal to such Tax Payment.

4.11.3 The Manager shall be entitled to hold back any Distribution to any Member to the extent the Manager believes in good faith that a Tax Payment will be required with respect to such Member in the future and the Manager believes that there will not be sufficient subsequent Distributions to make such Tax Payment.

4.12 Special Allocation. Notwithstanding the other provisions in this Section 4 (but subject to Section 4.9), in the year of the sale of the Real Estate Asset, Net Income and Net Loss from all sources (or gross income or gross expense) shall be allocated, to the greatest extent possible, so that the positive capital account balance of each Member shall be equal to the distributions to be made upon liquidation to such Member.

5. Distributions.

5.1 Distributions from Operations. Except as otherwise provided in Section 13 and subject to the Manager's discretion pursuant to Section 5.3, Cash from Operations with respect to each calendar quarter, or more frequently at the Manager's discretion, shall be distributed to the Members, in proportion to their Units, as follows:

5.1.1 First, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions pursuant to this Section 5.1.1 sufficient to provide them with a 7.0% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution (the "**Preferred Return**");

5.1.2 Second, to the Class B Members, pro rata in accordance with their Class B Units, until the Class B Members have received distributions pursuant to this Section 5.1.2 sufficient to provide them with an amount that bears the same proportion to the total Preferred Return paid to the Class A Members to date as 35 bears to 65;

5.1.3 Third, (a) 65% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 35% to the Class B Members, pro rata in accordance with their Class B Units, until the Class A Members have received a 12% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution; and

5.1.4 All calculations of internal rates of return will be determined using the XIRR function in Microsoft Excel.

5.2 Distributions from Disposition. Except as otherwise provided in Section 13 and subject to the Manager's discretion pursuant to Section 5.3, Cash From Disposition shall be distributed to the Members, in proportion to their Units, as follows:

5.2.1 First, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions pursuant to this Section 5.2.1 sufficient to provide them with a return of their Unreturned Capital Contribution;

5.2.2 Second, to the Class A Members, pro rata in accordance with their Class A Units, until the Class A Members have received distributions pursuant to this Section 5.2.2 sufficient to provide them with a 7.0% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution (the "**Disposition Preferred Return**");

5.2.3 Third, to the Class B Members, pro rata in accordance with their Class B Units, until the Class B Members have received distributions pursuant to this Section 5.2.3 sufficient to provide them with an amount that bears the same proportion to the total Disposition Preferred Return paid to the Class A Members to date as 35 bears to 65;

5.2.4 Fourth, (a) 65% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 35% to the Class B Members, pro rata in accordance with their Class B Units, until the Class A Members have received a 12% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution; and

5.2.5 Finally, any remaining distributions shall be made (a) 50% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 50% to the Class B Members, pro rata in accordance with their Class B Units, until the Class A Members.

5.2.6 All calculations of internal rates of return will be determined using the XIRR function in Microsoft Excel.

5.3 Restrictions. Any elections or other decisions relating to such allocations shall be made by the Manager in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

6. Compensation to the Manager and its Affiliates.

6.1 Manager's and Affiliates' Compensation. The Manager and its Affiliates shall receive an acquisition and development fee of up to 4.0% of the actual costs of the Company related to completing the Company's "value add" business plan on the Real Estate Asset, including but not limited to, the cost of purchasing the Real Estate Asset and any related Property, all budgeted hard and soft construction costs, including budgeted contingency line items, for the renovation of the Real Estate Asset and carrying costs of the Real Estate Asset. The Manager and its Affiliates shall receive a financing fee of up to 1.0% of the amount of any loan made to or assumed by the Company, whether for acquisition of the Real Estate Asset or a refinance of an existing loan. The Manager and its Affiliates shall receive a fee equal to 1.0%) of the sales price of the Real Estate Asset upon the disposition of the Real Estate Asset by the Company. The Manager and its Affiliates shall receive a property management fee equivalent to 2.0% of the Company's effective gross income, which may be paid monthly or quarterly. To the extent the Manager or its Affiliates perform any construction management services for the Company, the Manager and its Affiliates may receive a fee of up to 7.5%) of the construction

costs. The Company will pay a guaranty fee of up (0.5%) of the acquisition and construction loan amount to the Person(s) required by the lender to sign as guarantor on the "bad boy" carve outs on the acquisition loan documents, which Person(s) may be an Affiliate of the Manager. The Manager or an Affiliate might receive compensation from the Company for providing services to the Company as specified in 6.2.1 below.

6.2 Company Expenses.

6.2.1 Operating Expenses. Subject to the limitations set forth in Section 6.2.2, the Company shall pay directly, or reimburse the Manager or its Affiliates for, as the case may be, upon receipt by the Company of an appropriate invoice, the costs and expenses of the Company's operations, including, without limitation, the following costs and expenses: (i) all Organization and Offering Expenses advanced or otherwise paid by the Manager; (ii) all costs of personnel employed by the Company and directly involved in the Company's business; (iii) advertising and public notice costs; (iv) costs of personnel employed by the Manager or its Affiliates and directly involved in the business of the Company; (v) all costs of borrowed money, taxes and assessments on the Real Estate Asset and other taxes applicable to the Company; (vi) legal, accounting, audit, brokerage, and other fees; (vii) fees and expenses paid to the Manager as described in Section 6.1 above, independent contractors, mortgage bankers, real estate brokers, and other agents; (viii) costs of leasing, acquiring, owning, developing, constructing, improving, operating, and disposing of Property; (ix) expenses incurred in connection with the development, construction, alteration, maintenance, repair, remodeling, refurbishment, leasing and operation of Property; (x) all expenses incurred in connection with the maintenance of Company books and records, the preparation and dissemination of reports, tax returns or other information to the Members and the making of Distributions to the Members; (xi) expenses incurred in preparing and filing reports or other information with appropriate regulatory agencies; (xii) expenses of insurance as required in connection with the business of the Company, other than any insurance insuring the Manager against losses for which it is not entitled to be indemnified under Section 7; (xiii) costs incurred in connection with any litigation in which the Company may become involved, or any examination, investigation, or other proceedings conducted by any regulatory agency, including legal and accounting fees; (xiv) the actual costs of goods and materials used by or for the Company; (xv) the costs of services that could be performed directly for the Company by independent parties such as legal, accounting, fund administration, asset management, construction management, property management, secretarial or clerical, reporting, transfer agent, data processing and duplicating services but which are in fact performed by the Manager or its Affiliates, but not in excess of the amounts which the Company would otherwise be required to pay to qualified independent parties for comparable services in the same geographic locale, such amount to be determined in the Manager's sole discretion; (xvi) expenses of Company administration, accounting, legal, documentation and reporting; (xvii) expenses of revising, amending, modifying, or terminating this Agreement; (xviii) all other costs and expenses incurred in connection with the Company's business, including travel to and from the Real Estate Asset; (xix) the portion of the Manager's payroll expenses allocable to work performed for the Company; and (xx) all other costs and expenses incurred in connection with the business of the Company exclusive of those set forth in Section 6.2.2.

6.2.2 Manager Overhead. Except as set forth in this Section 6, the Manager and its Affiliates shall not be reimbursed for overhead expenses incurred in connection with the Company, including but not limited to rent, depreciation, utilities, capital equipment and other administrative items.

7. Authority, and Responsibilities of the Manager.

7.1 Management. The business and affairs of the Company shall be managed by its Manager. Except as otherwise set forth in this Agreement, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary

or incident to the management of the Company's business. The Company shall have one Manager which shall be DiversyFund, Inc. The Manager shall hold office until such Manager is removed or withdraws or resigns as set forth in this Agreement.

7.2 Manager Authority. The Manager shall have all authority, rights and powers conferred by law (subject to Section 7.3 and Section 8.2, if required) and those required or appropriate to the management of the Company's business, which, by way of illustration but not by way of limitation, shall include the right, authority and power to cause the Company to:

7.2.1 Take all actions as the purchaser of the Real Estate Asset either directly or through special purpose entities;

7.2.2 Enter into any limited liability company agreement, partnership agreement or other operating agreement with a joint venture partner;

7.2.3 Acquire, hold, develop, lease, rent, operate, sell, exchange, subdivide and otherwise dispose of Property including the Real Estate Asset;

7.2.4 Borrow money, and, if security is required therefor, to pledge or mortgage or subject assets of the Company to any security device, to obtain replacements of any mortgage or other security device and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage or other security device. All of the foregoing shall be on such terms and in such amounts as the Manager, in its sole discretion, deems to be in the best interest of the Company;

7.2.6 Enter into such contracts and agreements as the Manager determines to be reasonably necessary or appropriate in connection with the Company's business and purpose (including contracts with Affiliates of the Manager), and any contract of insurance that the Manager deems necessary or appropriate for the protection of the Company and the Manager, including errors and omissions insurance, for the conservation of Company assets, or for any purpose convenient or beneficial to the Company;

7.2.7 Employ persons, who may be Affiliates of the Manager, in the operation and management of the business of the Company;

7.2.8 Prepare or cause to be prepared reports, statements and other relevant information for distribution to the Members;

7.2.9 Open accounts and deposit and maintain funds in the name of the Company in banks, savings and loan associations, "money market" mutual funds and other instruments as the Manager may deem in its discretion to be necessary or desirable;

7.2.10 Cause the Company to make or revoke any of the elections referred to in the Code (the Manager shall have no obligation to make any such elections);

7.2.11 Select as the Company's accounting year a calendar or fiscal year as may be approved by the Internal Revenue Service (the Company initially intends to adopt the calendar year);

7.2.12 Determine the appropriate accounting method or methods to be used by the Company;

7.2.13 In addition to any amendments otherwise authorized herein, amend this Agreement without any action on the part of the Members by special or general power of attorney or otherwise:

(a) To add to the representations, duties, services or obligations of the Manager or its Affiliates, for the benefit of the Members;

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

(c) To amend this Agreement to reflect the addition or substitution of the Members or the reduction of the Capital Accounts upon the return of capital to the Members;

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

(e) To reconstitute the Company under the laws of another state if beneficial;

(f) To execute, acknowledge and deliver any and all instruments to effectuate the foregoing, including the execution, acknowledgment and delivery of any such instrument by the attorney-in-fact for the Manager under a special or limited power of attorney, and to take all such actions in connection therewith as the Manager shall deem necessary or appropriate with the signature of the Manager acting alone; and

(g) To make any changes to this Agreement as requested or required by any lender or potential lender which may be required to obtain financing including, but not limited to, complying with any special purpose entity requirements.

7.2.14 Require in any Company contract that the Manager shall not have any personal liability, but that the Person contracting with the Company is to look solely to the Company and its assets for satisfaction;

7.2.15 Lease personal property for use by the Company;

7.2.16 Establish reserves from income in such amounts as the Manager may deem appropriate;

7.2.17 Temporarily invest the proceeds from sale of Units in short-term, highly-liquid cash equivalents;

7.2.18 Make secured or unsecured loans to the Company and receive interest at the rates set forth herein;

7.2.19 Represent the Company and the Members as "partnership representative" within the meaning of the Code in discussions with the Internal Revenue Service regarding the tax treatment of items of Company income, loss, deduction or credit, or any other matter reflected in the Company's returns, and, if deemed in the best interest of the Members, to agree to final Company administrative adjustments or file a petition for a readjustment of the Company items in question with the applicable court;

7.2.20 Offer and sell Units through any licensed Affiliate of the Manager, or licensed nonaffiliate, and to employ licensed personnel, agents and dealers for such purpose;

7.2.21 Redeem or repurchase Units on behalf of the Company;

7.2.22 Hold an election for a successor Manager before the resignation, removal or dissolution of the Manager;

7.2.23 Initiate legal actions, settle legal actions and defend legal actions on behalf of the Company;

7.2.24 Admit itself as a Member;

7.2.25 Enter into any transaction with any partnership or venture;

7.2.26 Merge or combine the Company or "roll-up" the Company into a partnership, limited liability company or other entity with a Majority Vote;

7.2.27 Place all or a portion of the Real Estate Asset in a single purpose or bankruptcy remote entity, or otherwise structure or restructure the Company to accommodate any financing for all or a portion of the Real Estate Asset;

7.2.28 Appoint officers of the Company as set forth in Section 7.10;

7.2.29 Establish a loss repayment reserve of up to 10% of the aggregate principal amount of loans made by or acquired by the Company;

7.2.30 Perform any and all other acts which the Manager is obligated to perform hereunder; and

7.2.31 Execute, acknowledge and deliver any and all instruments to effectuate the foregoing and all transactions and actions described in, or contemplated by, the Memorandum, and take all such actions in connection therewith as the Manager may deem necessary or appropriate. Any and all documents or instruments may be executed on behalf of and in the name of the Company by the Manager.

7.3 Restrictions on Manager's Authority. Neither the Manager nor any of its Affiliates shall have authority, without a Majority Vote, to:

7.3.1 Use or permit any other person to use Company funds or assets in any manner except for the exclusive benefit of the Company; or

7.3.2 Alter the primary purpose of the Company.

7.4 Administration of Company. So long as it is the Manager and the provisions of this Agreement for compensation and reimbursement of expenses of the Manager are observed, the Manager shall have the responsibility of providing continuing administrative and executive support, advice, consultation, analysis and supervision with respect to the functions of the Company, including decisions regarding refinancing and sale or other disposition of the Real Estate Asset, and compliance with federal, state and local regulatory requirements and procedures. In this regard, the Manager may retain the services of its Affiliates or unaffiliated parties as the Manager may deem appropriate to provide management and financial consultation and advice, and may enter into agreements for the management and operation of Company assets.

7.5 Partnership Representative. The Manager shall serve as the Company's "partnership representative" of the Company for purposes of the Bipartisan Budget Act of 2015 and any Sections of the Code or Treasury Regulations promulgated thereunder. Except as otherwise provided herein, the partnership representative shall determine whether to make any and all elections for federal, state, local and foreign tax purposes including, without limitation, making the election under Section 754

of the Code in accordance with applicable regulations thereunder. The partnership representative shall have the right to seek or revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the partnership representative's determination that such revocation is in the best interests of the Members. Notwithstanding any contrary provision hereof, the partnership representative shall have no right to make an election under Section 301.7701-3 of the Treasury Regulations to classify the Company for federal income tax purposes as anything other than a partnership.

The Members agree that, upon the partnership representative's request, they shall provide it with any information regarding their individual tax returns and liabilities that may be relevant under Code Section 6225(c), as amended by the Bipartisan Budget Act of 2015 (the "**BBA**"), or other state or local rule and file amended tax returns as provided in Code Section 6225(c)(2), as amended by the BBA, or applicable state or local laws, with timely payment of any tax due. All obligations of Members under this Section shall continue until released in writing by the Company from such obligation, even if a Member withdraws from or disposes of Units in the Company. The Company shall reimburse the partnership representative for all expenses reasonably incurred in connection with all examinations of the Company's affairs by any taxing authority, including any resulting tax proceedings, and is authorized to expend Company funds for professional services and costs associated therewith. The partnership representative shall not be liable for any action taken or omitted to be taken by it in good faith. Each Member hereby waives, releases and agrees not to sue the partnership representative or any of the partnership representative's affiliates, officers, directors, employees, attorneys, partners or agents for damages in respect of any claim in connection with, arising out of, or in any way related to, the partnership representative's duties under this Agreement. The Company shall indemnify, hold harmless and advance expenses to the partnership representative in respect of any and all claims, damages, liabilities, costs (including, without limitation, the costs of litigation and reasonable attorney's fees and expenses) and causes of action arising out of, resulting from or attributable in whole or in part to, the partnership representative's actions and decisions in his conduct as partnership representative for the Company, to the fullest extent allowed by applicable law.

7.6 Indemnification of the Manager.

7.6.1 The Manager, its shareholders, Affiliates, officers, directors, partners, manager, members, employees, agents and assigns and any officers of the Company, shall not be liable for, and shall be indemnified and held harmless (to the extent of the Company's assets) from, any loss or damage incurred by them, the Company or the Members in connection with the business of the Company, including costs and reasonable attorneys' fees and any amounts expended in the settlement of any claims of loss or damage resulting from any act or omission performed or omitted in good faith, which shall not constitute fraud, gross negligence or willful misconduct, pursuant to the authority granted, to promote the interests of the Company. Moreover, neither the Manager nor any officer of the Company shall be liable to the Company or the Members because any taxing authorities disallow or adjust any deductions or credits in the Company income tax returns.

7.7 No Personal Liability for Return of Capital. The Manager shall not be personally liable or responsible for the return or repayment of all or any portion of the Capital Contribution of any Member or any loan made by any Member to the Company, it being expressly understood that any such return of capital or repayment of any loan shall be made solely from the assets (which shall not include any right of contribution from any Member) of the Company.

7.8 Authority as to Third Persons.

7.8.1 No third party dealing with the Company shall be required to investigate the authority of the Manager or officers of the Company or secure the approval or confirmation by any Member of any act of the Manager in connection with the Company's business. No purchaser of any Property owned by the Company shall be required to determine the right to sell or the authority of the

Manager to sign and deliver any instrument of transfer on behalf of the Company, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith.

7.8.2 The Manager shall have full authority to execute on behalf of the Company any and all agreements, contracts, conveyances, deeds, mortgages and other instruments, and the execution thereof by the Manager, executing on behalf of the Company shall be the only execution necessary to bind the Company thereto. Any officer appointed by resolution of the Manager pursuant to Section 7.9 shall have full authority to execute on behalf of the Company any agreements, contract, conveyances, deeds, mortgages and other instruments, to the extent such authority is delegated by the Manager to such officer, and the execution thereof by such officer, executing on behalf of the Company shall be the only execution necessary to bind the Company thereto. No signature of any Member shall be required.

7.8.3 The Manager shall have the right by separate instrument or document to authorize one or more individuals or entities to execute leases and lease-related documents on behalf of the Company and any leases and documents executed by such agent shall be binding upon the Company as if executed by the Manager.

7.9 Officers of the Company.

7.9.1 The Manager, in its sole discretion, may appoint officers of the Company at any time. The officers of the Company, if appointed by resolution of the Manager, may include a president, vice president, secretary, and treasurer. The officers shall serve at the pleasure of the Manager. Any individual may hold any number of offices. The Manager's officers may serve as officers of the Company if appointed by resolution of the Manager. The officers shall exercise such powers and perform such duties as determined and authorized by the Manager.

7.9.2 Any officer may be removed, either with or without cause, by the Manager at any time. Any officer may resign at any time by giving written notice to the Manager. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

8. Rights, Authority, Voting and Obligations of the Members.

8.1 Members Are Not Agents. Pursuant to Section 7, the management of the Company is vested in the Manager. No Member, acting solely in the capacity of a Member, is an agent of the Company nor can any Member in such capacity bind nor execute any instrument on behalf of the Company.

8.2 Voting by the Members. Members shall be entitled to cast one vote for each Unit they own. Except as otherwise specifically provided in this Agreement, Members (but not Economic Interest Owners) shall have the right to vote only upon the following matters:

8.2.1 Removal of a Manager as provided in Section 9;

8.2.2 Admission of the Manager or election to continue the business of the Company after the Manager ceases to be the Manager when there is no remaining Manager;

8.2.3 Amendment of this Agreement (unless otherwise provided for herein);

8.2.4 Any merger or combination of the Company or roll-up of the Company;

8.2.5 Dissolution and winding up of the Company as set forth in Section 13.1; and

8.2.6 Election to continue the business of the Company as set forth in Section

13.1.2.

8.3 Member Vote; Consent of Manager. Except for the Majority Votes of the Units required pursuant to Sections 7.2.26, 7.3, 8.4.3, 9, 13.3 and 16.2 or as specifically provided in this Agreement which provisions shall only require a Majority Vote, matters upon which the Members may vote shall require a Majority Vote and the consent of the Manager to pass and become effective.

8.4 Meetings of the Members. The Manager may at any time call for a meeting of the Members, or for a vote without a meeting, on matters on which the Members are entitled to vote, and shall call for such a meeting (but not a vote without a meeting) following receipt of a written request therefor of Members holding more than 10 percent of the Units entitled to vote as of the record date. Within 20 days after receipt of such request, the Manager shall notify all Members of record of the record date of the Company meeting.

8.4.1 Notice. Written notice of each meeting shall be given to each Member entitled to vote, either personally or by mail or other means of written communication, charges prepaid, addressed to such Member at its address appearing on the books of the Company or given by it to the Company for the purpose of notice or, if no such address appears or is given, at the principal executive office of the Company, or by publication of notice at least once in a newspaper of general circulation in the county in which such office is located. All such notices shall be sent not less than 10, nor more than 60, days before such meeting. The notice shall specify the place, date and hour of the meeting and the general nature of business to be transacted, and no other business shall be transacted at the meeting.

8.4.2 Adjourned Meeting and Notice Thereof. When a Members' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.

8.4.3 Quorum. The presence in person or by proxy of the persons entitled to vote a majority of the Units shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a Majority Vote or such greater vote as may be required by this Agreement or by law. In the absence of a quorum, any meeting of Members may be adjourned from time to time by the vote of a majority of the Units represented either in person or by proxy, but no other business may be transacted, except as provided above.

8.4.4 Consent of Absentees. The transactions of any meeting of Members, however called and noticed and wherever held, are as valid as though they occurred at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of the meeting or an approval of the minutes thereof. All waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting.

8.4.5 Action Without Meeting. Except as otherwise provided in this Agreement, any action which may be taken at any meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Members having not less than the

minimum number of votes that would be necessary to authorize or take that action at a meeting at which all entitled to vote thereon were present and voted. In the event the Members are requested to consent on a matter without a meeting, each Member shall be given not less than 10, nor more than 60, days' notice. In the event the Manager or Members representing more than 25% of the Units, request a meeting for the purpose of discussing or voting on the matter, the notice of a meeting shall be given in the same manner as required by Section 8.4.1 and no action shall be taken until the meeting is held. Unless delayed as a result of the preceding sentence, any action taken without a meeting will be effective 5 days after the required minimum number of voters have signed the consent; however, the action will be effective immediately if the Manager and Members representing at least 80% of the Units have signed the consent.

8.4.6 Record Dates. For purposes of determining the Members entitled to notice of any meeting or to vote or entitled to receive any Distributions or to exercise any rights in respect of any other lawful matter, the Manager (or Members representing more than 25% of the Units if the meeting is being called at their request) may fix in advance a record date, which is not more than 60 nor less than 10 days prior to the date of the meeting nor more than 60 days prior to any other action. If no record date is fixed:

(a) The record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held;

(b) The record date for determining Members entitled to give consent to Company action in writing without a meeting shall be the day on which the first written consent is given;

(c) The record date for determining Members for any other purpose shall be at the close of business on the day on which the Manager adopts it, or the 60th day prior to the date of the other action, whichever is later; and

(d) A determination of Members of record entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of the meeting unless the Manager, or the Members who requested the meeting fix a new record date for the adjourned meeting, but the Manager, or such Members, shall fix a new record date if the meeting is adjourned for more than 45 days from the date set for the original meeting.

8.4.7 Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Manager. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy continues in full force and effect until revoked as specified or unless it states that it is irrevocable. A proxy which states that it is irrevocable is irrevocable for the period specified therein.

8.4.8 Chairman of Meeting. The Manager may select any person to preside as chairman of any meeting of the Members, and if such person shall be absent from the meeting, or fail or be unable to preside, the Manager may name any other person in substitution therefor as chairman. The chairman of the meeting shall designate a secretary for such meeting, who shall take and keep or cause to be taken and kept minutes of the proceedings thereof.

The conduct of all Members' meetings shall at all times be within the discretion of the chairman of the meeting and shall be conducted under such rules as he may prescribe. The chairman shall have the right and power to adjourn any meeting at any time, without a vote of the Units present in person or represented by proxy, if the chairman shall determine such action to be in the best interests of the Company.

8.4.9 Inspectors of Election. In advance of any meeting of Members, the Manager may appoint any persons other than nominees for the Manager or other office as the inspector of election to act at the meeting and any adjournment thereof If an inspector of election is not so appointed, or if any such person fails to appear or refuses to act, the Chairman of any such meeting may, and on the request of any Member or his proxy shall, make such appointment at the meeting. The inspector of election shall determine the number of Units outstanding and the voting power of each, the Units represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all Members.

8.4.10 Record Date and Closing Company Books. When a record date is fixed, only Members of record on that date are entitled to notice of and to vote at the meeting or to receive a Distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any Units on the books of the Company after the record date.

8.5 Rights of Members. No Owner shall have the right or power to: (i) withdraw or reduce his contribution to the capital of the Company, except as a result of the dissolution and termination of the Company or as otherwise provided in this Agreement or by law; (ii) bring an action for partition against the Company; or (iii) demand or receive property other than cash in return for his Capital Contribution. Except as provided in this Agreement, no Owner shall have priority over any other Owner either as to the return of Capital Contributions or as to allocations of the Net Income, Net Loss or Distributions of the Company. Other than upon the termination and dissolution of the Company as provided by this Agreement, there has been no time agreed upon when the contribution of each Owner is to be returned.

8.6 Restrictions on the Owners. No Owner shall:

8.6.1 Disclose to any non-Owner other than their lawyers, accountants or consultants and/or commercially exploit any of the Company's business practices, financial results, reports, trade secrets or any other information not generally known to the business community;

8.6.2 Do any other act or deed with the intention of harming the business operations of the Company;

8.6.3 Make any statement, whether written or oral, indirectly or indirectly, including but not limited to on social media, or perform any act which in any way would (i) injure an interest of or disparage or be construed negatively about the Company, the Manager or any of their respective principals, officers, managers or employees or (ii) be detrimental to the Company's relationships and dealings with existing or potential customers, investors and lenders; or

8.6.4 Do any act contrary to this Agreement.

8.7 Return of Capital of Member. In accordance with the Act, an Owner may, under certain circumstances, be required to return to the Company, for the benefit of the Company's creditors, amounts previously distributed to the Owner. If any court of competent jurisdiction holds that any Owner is obligated to make any such payment, such obligation shall be the obligation of such Owner and not of the Company, the Manager or any other Owner.

8.8 Indemnification of Members. The Company shall indemnify, protect, defend and hold harmless the Members, in their capacity as Members (as opposed to the Manager which is indemnified pursuant to Section 7.6 in its capacity as a Manager), and their agents, employees, general partners and Affiliates and its and their respective successors and assigns, from and against any loss, liability, damage, cost or expense (including legal fees and expenses incurred in defense of any demands, claims

or lawsuits) arising from actions or omissions concerning business or activities undertaken by or on behalf of the Company from any source. The Company shall advance to any Person entitled to indemnification pursuant to this Section such funds as shall be required to pay legal fees and expenses incurred in defense of any demands, claims or lawsuits as they become due. Notwithstanding the foregoing, if the claim for indemnification is in connection with an action against the Company, or against another Indemnified Party by the person requesting the indemnification, the Company shall have no such obligation to advance any funds for the payment of legal fees and expenses. The obligations contained herein shall survive the termination or expiration of the Agreement until such time as an action against the Members is absolutely barred by the statute of limitations.

9. Resignation, Withdrawal or Removal of the Manager. The Manager has been appointed by the Members and may be removed only by a Super Majority Vote, excluding the Manager. A Manager may resign at any time by delivering written notice of such resignation to the Members. The acceptance of such resignation shall not be necessary to make it effective.

10. [Omitted].

11. Assignment of Units.

Permitted Assignments. A Member may only sell, assign, hypothecate, encumber or otherwise transfer any part (but not less than the lesser of (i) one Unit or (ii) the Member's entire interest in the Company) or all of his or her Units if the following requirements are satisfied:

11.1.1 The Manager consents in writing to the transfer;

11.1.2 No Member shall sell, transfer, assign or convey or offer to transfer, assign or convey all or any portion of a Unit to any Person who does not possess the financial qualifications required of all persons who become Members, as described in the Memorandum;

11.1.3 No Member shall have the right to transfer any Unit to any minor or to any Person who, for any reason, lacks the capacity to contract for himself under applicable law. Such limitations shall not, however, restrict the right of any Member to transfer any one or more Units to a custodian or a trustee for a minor or other person who lacks such contractual capacity;

11.1.4 The Manager, with advice of counsel, must determine that such transfer will not jeopardize the applicability of the exemptions from the registration requirements under the Securities Act of 1933, as amended, and registration or qualification under state securities laws relied upon by the Company and Manager in offering and selling the Units or otherwise violate any federal or state securities laws;

11.1.5 The Manager, with advice of counsel, must determine that, despite such transfer, Units will qualify for one of the safe harbors described in the Treasury Regulations related to the publicly traded partnership rules and will not cause the Company's Units to be deemed to be "traded on an established securities market" or "readily tradable on a secondary market (or the substantial equivalent thereof)" under the provisions applicable to publicly traded partnership status. In making this determination, the Manager shall be entitled to limit any transfers so that the transfers comply with one of the safe harbors in the Treasury Regulations; provided, however that the Manager may, in its sole discretion and upon receipt of an opinion from counsel that the Company will not be treated as a publicly traded partnership for federal income tax purposes, permit transfers that do not qualify for one of the safe harbors;

11.1.6 Any such transfer shall be by a written instrument of assignment, the terms of which are not in contravention of any of the provisions of this Agreement, and which has been duly executed by the assignor of such Units and accepted by the Manager in writing. Upon such acceptance

by the Manager, such an assignee shall take subject to all terms of this Agreement and shall become an Economic Interest Owner;

11.1.7 A transfer fee shall be paid by the transferring Member in such amount as may be required by the Manager to cover all reasonable expenses, including attorneys' fees and lender's fees, connected with such assignment;

11.1.8 The transfer will not result in Employee Benefit Plans owning 25% or more of the Units;

11.1.9 The transfer will not result in more than 480 Owners;

11.1.10 The transfer will not cause a default with respect to any financing obtained by the Company; and

11.1.11 The buyer and the seller shall comply with and use the terms described in the FINRA Uniform Practice Code, if applicable.

11.2 Substituted Member.

11.2.1 Conditions to be Satisfied. No Economic Interest Owner shall have the right to become a Substituted Member unless the Manager shall consent thereto in accordance with Section 11.2.2 and all of the following conditions are satisfied:

(a) A duly executed and acknowledged written instrument of assignment shall have been filed with the Company, which instrument shall specify the number of Units being assigned and set forth the intention of the assignor that the assignee succeed to the assignor's interest as a Substituted Member in his place;

(b) The assignor and assignee shall have executed, acknowledged and delivered such other instruments as the Manager may deem necessary or desirable to effect such substitution, which may include an opinion of counsel regarding the effect and legality of any such proposed transfer, and which shall include: (i) the written acceptance and adoption by the assignee of the provisions of this Agreement and (ii) the execution, acknowledgment and delivery to the Manager of a special power of attorney, the form and content of which are more fully described herein; and

(c) A transfer fee sufficient to cover all reasonable expenses connected with such substitution shall have been paid to the Company.

11.2.2 Consent of Manager. The consent of the Manager shall be required to admit an Economic Interest Owner as a Substituted Member. The granting or withholding of such consent shall be within the sole discretion of the Manager.

11.2.3 Consent of Members. By executing or adopting this Agreement, each Member hereby consents to the admission of additional or Substituted Members, and to any Economic Interest Owner becoming a Substituted Member upon consent of the Manager and in compliance with this Agreement.

11.3 Rights of Economic Interest Owner. An Economic Interest Owner shall be entitled to receive Distributions from the Company attributable to the Units acquired by reason of such assignment from and after the effective date of the assignment; provided, however, that notwithstanding anything herein to the contrary, the Company shall be entitled to treat the assignor of such Units as the absolute owner thereof in all respects, and shall incur no liability for allocations of Net Income and Net Loss or Distributions, or for the transmittal of reports or other information until the written instrument of assignment has been received by the Company and recorded on its books. The effective date of such

assignment shall be the date on which all of the requirements of this Section have been complied with, subject to Section 4.9.

11.4 Right to Inspect Books. Economic Interest Owners shall have no right to inspect the Company's books or records, to vote on Company matters, or to exercise any other right or privilege as Members, until they are admitted to the Company as Substituted Members except as required by the Act.

11.5 Assignment of 50% or More of Units. Without the consent of the Manager in its sole discretion, no assignment of any Units may be made if the Units to be assigned, when added to the total of all other Units and Manager Interests assigned within the 13 immediately preceding months, would, in the opinion of counsel for the Company, result in the termination of the Company under the Code.

11.6 Transfer Subject to Law. No assignment, sale, transfer, exchange or other disposition of any Units may be made except in compliance with the applicable governmental laws and regulations, including state and federal securities laws.

11.7 Transfer in Violation Not Recognized. Any assignment, sale, transfer, exchange or other disposition in contravention of the provisions of this Section 11 shall be void and ineffectual and shall not bind or be recognized by the Company.

11.8 Conversion to Economic Interest. Upon the transfer of a Unit in violation of this Agreement, the Membership Interest of a Member shall be converted into an Economic Interest.

11.9 Right of First Refusal. If any Owner desires to transfer their Units, such Owner shall give the Company written notice of such proposed transfer (the "**Transfer Notice**") and offer to sell such Units to the Company and, at the election of the Company, to the other Members, pro-rata based on their Units, at the price at which such Units are intended to be transferred by the Owner to a third party in a bona fide transaction. The Transfer Notice shall set forth the intended terms, conditions, price and the name and address of such third party. The Company (and the other Members if the Company so elects) shall have the option for a period of ten business days from the date of receipt of such written offer (the "**Offer Period**") to accept such offer, and two months from the date of the receipt of such written offer to purchase the Units (the "**Option Period**") on the terms and conditions set forth therein. If the offer has not been accepted in writing prior to the expiration of the Offer Period, or, if so accepted in writing, the closing of the purchase of the Units by the Company or Members delivering such written acceptance has not occurred within the Option Period, the transferring Owner shall have the right for a period of 180 days following the end of the Offer Period (where no acceptance has been delivered by the Company or the Members) or the Option Period (where acceptance of the offer has been delivered but the applicable Units has not been purchased on or prior to the expiration of the Option Period), as applicable, to dispose of all (but not less than all) of such Units in accordance with the terms set forth in the Transfer Notice.

12. Books, Records, Accounting and Reports.

12.1 Records. The Company shall maintain at its principal office the Company's records and accounts of all operations and expenditures of the Company including the following:

12.1.1 A current list of the name and last known business, residence or mailing address of the Manager;

12.1.2 A copy of the Certificate of Formation and all amendments thereto, together with any powers of attorney pursuant to which the Certificate of Formation or any amendments thereto were executed;

12.1.3 Copies of the Company's federal, state and local income tax or information returns and reports, if any, for the 3 most recent fiscal years;

12.1.4 Copies of this Agreement and any amendments thereto together with any powers of attorney pursuant to which any written accounting or any amendments thereto were executed;

12.1.5 Copies of any financial statements of the Company, if any, for the six most recent years; and

12.1.6 The Company's books and records as they relate to the internal affairs of the Company for at least the current and past 4 fiscal years.

12.2 Annual Report. The Manager will cause the Company, at the Company's expense, to prepare an annual report containing a year-end balance sheet, income statement and a statement of changes in financial position. Copies of such statements shall be distributed to each Member within 120 days after the close of each fiscal year of the Company.

12.3 Tax Information. The Manager shall cause the Company, at the Company's expense, to prepare and timely file income tax returns for the Company with the appropriate authorities, and shall cause all Company information necessary in the preparation of the Owners' individual income tax returns to be distributed to the Owners not later than 75 days after the end of the Company's fiscal year.

12.4 Confidentiality. The Manager shall have the right to keep confidential from the Owners, for such period of time as the Manager deems reasonable, any information which the Manager reasonably believes to be in the nature of trade secrets or other information the disclosure of which the Manager in good faith believes is not in the best interest of the Company or could damage the Company or its business or which the Company is required by law or by agreement with a third party to keep confidential.

13. Termination and Dissolution of the Company.

13.1 Termination of the Company. The Company shall be dissolved, shall terminate and its assets shall be disposed of, and its affairs wound up upon the earliest to occur of the following:

13.1.1 Upon the happening of any event of dissolution specified in the Certificate of Formation;

13.1.2 The occurrence of a Dissolution Event unless the business of the Company is continued by the consent of the remaining Members within 90 days following the occurrence of the event; or

13.1.3 A determination by the Manager to terminate the Company;

13.1.4 Upon the entry of a decree of judicial dissolution;

13.1.5 The sale of the Real Estate Asset, or the receipt of the final payment on any seller financing provided by the Company on the sale of the Real Estate Asset, if later; or

13.1.6 The expiration of the term of the Company.

13.2 Certificate of Cancellation. As soon as possible following the occurrence of any of the events specified in Section 13.1, the Manager who has not wrongfully dissolved the Company or, if none, the Members, shall execute a Certificate of Cancellation in such form as shall be required by the Act.

13.3 Liquidation of Assets. The affairs of the Company shall be wound up and the Company shall be dissolved. The Manager shall serve as the liquidator (or in case there is no Manager, the Members or Person designated by a Majority Vote) and shall take full account of the Company assets and liabilities.

The manager (or other liquidator) shall in its sole discretion determine the most advantageous time for the Company to sell investments or to make distributions in kind. The Manager shall liquidate the assets as promptly as is consistent with obtaining the fair market value thereof, and shall apply and distribute the proceeds therefrom in the following order:

13.3.1 To the payment of creditors of the Company but excluding secured creditors whose obligations will be assumed or otherwise transferred on liquidation of Company assets;

13.3.2 To the setting up of any reserves as required by law for any liabilities or obligations of the Company; provided, however, that said reserves shall be deposited with a bank or trust company in escrow at interest for the purpose of disbursing such reserves for the payment of any of the aforementioned contingencies and, at the expiration of a reasonable period, for the purpose of distributing the balance remaining in accordance with remaining provisions of this Section 13.3; and

13.3.3 To the Class A Members, pro rata in proportion to their respective Unreturned Capital Contributions, if any, until the unreturned capital of each Class A Member is reduced to zero;

13.3.4 To the Class A Members, pro rata in proportion to the Preferred Return payable to such Class A Member, if any, until the Preferred Return due to each Class A Member is reduced to zero;

13.3.5 To the Class B Members, pro rata in accordance with their Class B Units, until the Class B Members have received distributions pursuant to Section 5.2.3 and this Section 13.3.5 sufficient to provide them with an amount that bears the same proportion to the total Preferred Return paid to the Class A Members to date as 35 bears to 65;

13.3.6 (a) 65% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 35% to the Class B Members, pro rata in accordance with their Class B Units, until the Class A Members have received a 12% cumulative, non-compounded annual internal rate of return on their Unreturned Capital Contribution; and

13.3.7 Finally, any remaining distributions shall be made (a) 50% to the Class A Members, pro rata in accordance with their Class A Units, and (b) 50% to the Class B Members, pro rata in accordance with their Class B Units, until the Class A Members.

13.3.8 All calculations of internal rates of return will be determined using the XIRR function in Microsoft Excel.

13.4 Distributions Upon Dissolution. Each Member shall look solely to the assets of the Company for all Distributions and its Capital Contributions, and shall have no recourse therefor (upon dissolution or otherwise) against any Manager or any Member. No Member shall be required to restore any deficit in the Member's Capital Account.

13.5 Liquidation of Member's Interest. If there is a Liquidation of a Member's or Manager's interest in the Company, any liquidating Distribution pursuant to such Liquidation shall be made only to the extent of the positive Capital Account balance, if any, of such Member or Manager for the taxable year during which such Liquidation occurs after proper adjustments for allocations and Distributions for such taxable year up to the time of Liquidation. Such Distributions shall be made by the end of the taxable year of the Company during which such Liquidation occurs, or if later, within 90 days after such Liquidation.

14. Special and Limited Power of Attorney.

14.1 Power of Attorney. The Manager shall at all times during the term of the Company have a special and limited power of attorney as the attorney-in-fact for each Member, with power and authority

to act in the name and on behalf of each such Member to execute, acknowledge, and swear to in the execution, acknowledgment and filing of documents which are not inconsistent with the provisions of this Agreement and which may include, by way of illustration but not by limitation, the following:

14.1.1 This Agreement, as well as any amendments to the foregoing which, under the laws of the State of Delaware or the laws of any other state, are required to be filed or which the Manager shall deem it advisable to file;

14.1.2 Any other instrument or document that may be required to be filed by the Company under the laws of any state or by any governmental agency or which the Manager shall deem it advisable to file;

14.1.3 Any instrument or document that may be required to effect the continuation of the Company, the admission of Substituted Members, or the dissolution and termination of the Company (provided such continuation, admission or dissolution and termination are in accordance with the terms of this Agreement);

14.1.4 Any contract for purchase or sale of real estate, and any deed, deed of trust, mortgage or other instrument of conveyance or encumbrance, with respect to Property; and

14.1.5 Any and all other instruments as the Manager may deem necessary or desirable to effect the purposes of this Agreement and carry out fully its provisions, including, but not limited to, those in Section 16.

14.2 Provision of Power of Attorney. The special and limited power of attorney of the Manager:

14.2.1 Is a special power of attorney is irrevocable, shall survive the death, incapacity, termination or dissolution of the granting Member, and is limited to those matters herein set forth;

14.2.2 May be exercised by the Manager by and through one or more of the officers of the Manager for each of the Members by the signature of the Manager acting as attorney-in-fact for all of the Members, together with a list of all Members executing such instrument by their attorney-in-fact or by such other method as may be required or requested in connection with the recording or filing of any instrument or other document so executed; and

14.2.3 Shall survive an assignment by a Member of all or any portion of his Units except that, where the assignee of the Units owned by the Member has been approved by the Manager for admission to the Company as a Substituted Member, the special power of attorney shall survive such assignment for the sole purpose of enabling the Manager to execute, acknowledge and file any instrument or document necessary to effect such substitution.

14.3 Notice to Members. The Manager shall promptly furnish to a Member a copy of any amendment to this Agreement executed by the Manager pursuant to a power of attorney from the Member.

15. Relationship of this Agreement to the Act. Many of the terms of this Agreement are intended to alter or extend provisions of the Act as they may apply to the Company or the Members. Any failure of this Agreement to mention or specify the relationship of such terms to provisions of the Act that may affect the scope or application of such terms shall not be construed to mean that any of such terms is not intended to be a limited liability company agreement provision authorized or permitted by the Act or which in whole or in part alters, extends or supplants provisions of the Act as may be allowed thereby.

16. Amendment of Agreement.

16.1 Admission of Member. Amendments to this Agreement for the admission of any Member or Substituted Member shall not, if in accordance with the terms of this Agreement, require the consent of any Member.

16.2 Amendments with Consent of Member. In addition to any amendments otherwise authorized herein, this Agreement may be amended by the Manager with a Majority Vote of the Units.

16.3 Amendments Without Consent of the Members. In addition to the Amendments authorized pursuant to Section 4.10 and Section 7.2.13 or otherwise authorized herein, the Manager may amend this Agreement, without the consent of any of the Members, to (i) change the name and/or principal place of business of the Company, (ii) decrease the rights and powers of the Manager (so long as such decrease does not impair the ability of the Manager to manage the Company and conduct its business and affairs); provided, however, that no amendment shall be adopted pursuant to this Section 16.3 unless the adoption thereof (A) is for the benefit of or not adverse to the interests of the Members, and (B) does not affect the limited liability of the Members or the status of the Company as a partnership for federal income tax purposes, or (iii) to share or delegate management responsibilities of the Company to any Affiliate that is indirectly or directly controlled by the Manager.

16.4 Execution and Recording of Amendments. Any amendment to this Agreement shall be executed by the Manager, and by the Manager as attorney-in-fact for the Members pursuant to the power of attorney contained in Section 14. After the execution of such amendment, the Manager shall also prepare and record or file any certificate or other document which may be required to be recorded or filed with respect to such amendment, either under the Act or under the laws of any other jurisdiction in which the Company holds any Property or otherwise does business.

17. Miscellaneous.

17.1 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatories to the original or the same counterpart.

17.2 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the respective Members.

17.3 Severability. In the event any sentence or Section of this Agreement is declared by a court of competent jurisdiction to be void, such sentence or Section shall be deemed severed from the remainder of this Agreement and the balance of this Agreement shall remain in full force and effect.

17.4 Notices. All notices under this Agreement shall be in writing and shall be given to the Member or Economic Interest Owner entitled thereto, by personal service or by mail, posted to the address maintained by the Company for such person or at such other address as he may specify in writing

Manager's Address. The address of the Manager is as follows:

Symphony Tower 750 B Street, Suite 1930, San Diego, California 92101

17.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to its choice of law principles.

17.7 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and reference. Such titles and captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any provisions hereof.

17.8 Gender. Whenever required by the context hereof, the singular shall include the plural, and vice versa, the masculine gender shall include the feminine and neuter genders, and vice versa.

17.9 Time. Time is of the essence with respect to this Agreement.

17.10 Additional Documents. Each Member, upon the request of the Manager, shall perform any further acts and execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement, including, but not limited to, providing acknowledgment before a notary public of any signature made by a Member.

17.11 Descriptions. All descriptions referred to in this Agreement are expressly incorporated herein by reference as if set forth in full, whether or not attached hereto.

17.12 Binding Arbitration. This Agreement is entered into under and shall be governed by and construed in accordance with the laws of the State of Delaware, excluding that State's choice-of-law principles, and all claims relating to or arising out of this Agreement, or the breach thereof, whether sounding in contract, tort or otherwise, shall likewise be governed by the laws of the State of Delaware, excluding that State's choice-of-law principles. Furthermore, the parties hereto do FULLY AND FOREVER WAIVE ALL OF THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY FOR ANY PROCEEDING ARISING OUT OF THIS AGREEMENT OR RELATED TO THE SALE OF PREFERRED UNITS. The parties hereto further agree that any and all claims, disputes or controversies arising from or related to this Agreement, existing at or arising after the effective date of this Agreement, will be submitted to binding arbitration under the Delaware Rapid Arbitration Act, as amended from time to time (the "**DRAA**"), and the rules for DRAA arbitrations adopted by the DRAA and the Delaware courts (the "**Arbitration Rules**") shall govern all aspects of the arbitration. In no event shall class arbitration be permitted, and the arbitrator shall have no authority to conduct any class arbitration. The parties knowingly and voluntarily consent to the waiver of any rights resulting from this Arbitration Provision or application of the DRAA or the Arbitration Rules.

The parties agree that arbitration shall be the sole and exclusive forum for resolving disputes subject to this Arbitration Provision. In the event a party initiates litigation in violation of this Arbitration Provision, such action shall be subject to dismissal, with the reasonable fees and expenses of the non-initiating party or parties paid by the party or parties that initiated the action. Nothing in this Arbitration Provision shall limit the right of a party to seek an order from a court of competent jurisdiction (a) dismissing litigation brought in violation of this Arbitration Provision or (b) compelling a party to arbitrate in accordance with this Arbitration Provision. In the event such an order is sought and obtained, the non-prevailing party shall pay all reasonable fees and expenses of the prevailing party. The parties stipulate and agree that a violation of this Arbitration Provision shall constitute irreparable harm and that, on proof of a breach, the party seeking relief from such violation shall be entitled to equitable relief including, but not limited to, an injunction or specific performance.

To the extent permitted under the DRAA, all hearings relating to the arbitration, along with the arbitration itself, will take place in either San Diego, California or the State of Delaware, per the sole election of the Manager. Notwithstanding anything herein to the contrary, each party to the arbitration will bear its own attorneys' fees relating to the arbitration, regardless of which party prevails in such arbitration. In the event that the binding arbitration provision above is not enforceable, the parties hereby subject themselves to the jurisdiction of the federal and state courts located within the State of California and agree that the exclusive venue and place of jurisdiction for any lawsuit arising under or related to the sale of the Preferred Units shall be in the federal or state courts located within San Diego County, California.

The parties hereto waive to the fullest extent permitted by applicable law all claims to consequential and punitive damages in any arbitration or other legal action brought by any of them

against any other of them in respect of (i) any claim among or between any of them arising under this Agreement, the related Private Placement Memorandum, or any other agreement or agreements between or among any of them at any time, including any such agreements, whether written or oral, made or alleged to have been made at any time, and (ii) any and all claims arising under common law or under any statute of any state or the United States of America.

17.13 Venue. Any Action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in San Diego County, California.

17.14 Partition. The Members agree that the assets of the Company are not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all rights that he may have, or may obtain, to maintain any action for partition of any of the assets of the Company.

17.15 Integrated and Binding Agreement. This Agreement contains the entire understanding and agreement among the Members with respect to the subject matter hereof, and there are no other agreements, understandings, representations or warranties among the Members other than those set forth herein except the Subscription Agreement. This Agreement may be amended only as provided in this Agreement.

17.16 Legal Counsel. Each Member acknowledges and agrees that counsel representing the Company, the Manager and its Affiliates does not represent and shall not be deemed under the applicable codes of professional responsibility to have represented or to be representing any or all of the Members in any respect. In addition, each Member consents to the Manager hiring counsel for the Company which is also counsel to one or more of the Manager.

17.17 Title to Company Property. The Real Estate Asset and all other property owned by the Company shall be owned by the Company as an entity and, insofar as permitted by applicable law, no Member shall have any ownership interest in any Company property in its individual name or right, and each Member's membership interest shall be personal property for all purposes.

IN WITNESS WHEREOF, this Agreement is effective as of the date first set forth in the preamble.

[Remainder of Page Intentionally Left Blank; Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first set forth above.

MANAGER:

DIVERSYFUND, INC.,
a Delaware corporation

By:_____
Name: _____
Title: _____

MEMBERS:

DF GROWTH REIT, LLC,
a Delaware limited liability company

By: DF Manager, LLC,
a Delaware limited liability company
Its: Manager

By: DiversyFund, Inc.
a Delaware corporation
Its: Manager

By:_____
Name: _____
Title: _____

EXHIBIT A

DEFINITIONS

"Act" shall mean the Delaware Limited Liability Company Act, as the same may be amended from time to time.

"Adjusted Capital Account Deficit" shall mean, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which the Member is obligated to restore and the Member's share of Member Minimum Gain and Company Minimum Gain; and

(ii) Debit to such Capital Account the items described in Treasury Regulations Sections 1.7041(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

"Affiliate" shall mean (i) any Person directly or indirectly controlling, controlled by or under common control with another Person; (ii) a Person owning or controlling 10% or more of the outstanding voting securities of such other Person; (iii) any officer, director or partner of such other Person; and (iv) if such other Person is an officer, director or partner, any company for which such Person acts in any capacity.

"Agreement" shall mean this Limited Liability Company Agreement, as amended from time to time.

"Book Gain" shall mean the excess, if any, of the fair market value of the Property over its adjusted basis for federal income tax purposes at the time a valuation of the Property is required under this Agreement or Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

"Book Loss" shall mean the excess, if any, of the adjusted basis of Property for federal income tax purposes over its fair market value at the time a valuation of the Property is required under this Agreement or Treasury Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

"Book Value" shall mean the adjusted basis of Property for federal income tax purposes increased or decreased by Book Gain, Book Loss, Built-In Gain and Built-In Loss as reduced by depreciation, amortization or other cost recovery deductions, or otherwise, based on such Book Value.

"Built-In Gain (or Loss)" shall mean the amount, if any, by which the agreed value of contributed Property exceeds (or is lower than) the adjusted basis of Property contributed to the Company by a Member immediately after its contribution by the Member to the capital of the Company.

"Capital Account" with respect to any Member (or such Member's assignee) shall mean such Member's initial Capital Contribution adjusted as follows:

(i) A Member's Capital Account shall be increased by:

(a) such Member's share of Net Income;

(b) any item of income or gain specially allocated to a Member and not included in Net Income or Net Loss;

(c) any additional cash Capital Contribution made by such Member to the Company; and

(d) the fair market value of any additional Capital Contribution, as determined by the Manager, consisting of property contributed by such Member to the capital of the Company reduced by any liabilities assumed by the Company in connection with such contribution or to which the Property is subject.

(ii) A Member's Capital Account shall be reduced by:

(a) such Member's share of Net Loss;

(b) any deduction specially allocated to a Member and not included in Net Income or Net Loss;

(c) any cash Distribution made to such Member; and

(d) the fair market value, as determined by the Manager, of any Property (reduced by any liabilities assumed by the Member in connection with the Distribution or to which the distributed Property is subject) distributed to such Member; provided that, upon liquidation and winding up of the Company, unsold Property will be valued for Distribution at its fair market value and the Capital Account of each Member before such Distribution shall be adjusted to reflect the allocation of gain or loss that would have been realized had the Company then sold the Property for its fair market value. Such fair market value shall not be less than the amount of any nonrecourse indebtedness that is secured by the Property.

Property other than money may not be contributed to the Company except as specifically provided in this Agreement. Property of the Company may not be revalued for purposes of calculating Capital Accounts unless the fair market value of the Property and Company complies with the requirements of Treasury Regulations Section 1.7041(b)(2)(iv)(f) and (g); provided, however, for purposes of calculating Book Gain or Book Loss (but not for purposes of adjusting Capital Accounts to reflect the contribution and distribution of such Property), the fair market value of Property shall be deemed to be no less than the outstanding balance of any nonrecourse indebtedness secured by such Property.

The Capital Account of a Substituted Member shall include the Capital Account of his transferor. Notwithstanding anything to the contrary in this Agreement, the Capital Accounts shall be maintained in accordance with Treasury Regulations Section 1.704-1(b). For purposes of this Agreement, any references to the Treasury Regulations shall include corresponding subsequent provisions.

"Capital Contribution" shall mean the gross amount invested in the Company by a Member and shall be equal in amount to the cash purchase price paid by such Member for the Units sold to him by the Company. In the plural, "Capital Contributions" shall mean the aggregate amount invested by all of the Members in the Company and shall equal, in total, the sum of the amount attributable to the purchase of Units and the contributions of the Manager.

"Cash From Disposition" shall mean net cash realized by the Company from cash from the final disposition and sale of all the Real Estate Asset including all related Property owned by the Company after payment of all cash expenditures of the Company (including, but not limited to, all operating expenses such as fees payable to the Manager or Affiliates or brokers, all payments of principal and interest on indebtedness, expenses for repairs and maintenance, capital improvements and replacements, and such reserves and retentions as the Manager reasonably determines to be necessary

and desirable in connection with Company operations with its then existing assets and any anticipated acquisitions) and sales and refinancing of a Company loan or other disposition of the Real Estate Asset.

"Cash From Operations" shall mean the net cash realized by the Company from all sources other than Cash from Disposition", including, but not limited to, (i) cash from the operations of the Company after payment of all cash expenditures of the Company (including, but not limited to, all operating expenses such as fees payable to the Manager or Affiliates or brokers, all payments of principal and interest on indebtedness, expenses for repairs and maintenance, capital improvements and replacements, and such reserves and retentions as the Manager reasonably determines to be necessary and desirable in connection with Company operations with its then existing assets and any anticipated acquisitions) or (ii) refinancing of the Real Estate Asset.

"Certificate of Formation" shall mean the Certificate of Formation of the Company as filed with the Secretary of State of Delaware as the same may be amended or restated from time to time.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequently enacted federal revenue laws.

"Company Minimum Gain" shall have the same meaning as "partnership minimum gain" as set forth in Treasury Regulations Section 1.704-2(d).

"Dissolution Event" shall mean with respect to the Manager one or more of the following: the death, insanity, withdrawal, retirement, resignation, expulsion, Event of Insolvency or dissolution (unless reconstituted by the Manager) of the Manager unless the Members consent to continue the business of the Company pursuant to Section 8.2.6.

"Distribution" shall refer to any money or other property transferred without consideration (other than repurchased Units) to Members or Owners with respect to their interests or Units in the Company.

"Economic Interest" shall mean an interest in the Net Income, Net Loss and Distributions of the Company but shall not include any right to vote or to participate in the management of the Company.

"Economic Interest Owner" shall mean the owner of an Economic Interest who is not a Member.

"Employee Benefit Plan" shall have the meaning set forth in Section 3(3) of the Employee Retirement Income Security Act of 1974.

"Event of Insolvency" shall occur when an order for relief against the Manager is entered under Chapter 7 of the federal bankruptcy law, or (A) the Manager: (1) makes a general assignment for the benefit of creditors, (2) files a voluntary petition under the federal bankruptcy law, (3) files a petition or answer seeking for that Manager a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, (4) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Manager in any proceeding of this nature, or (5) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of that Manager or of all or a substantial part of that Manager's properties, or (B) the expiration of 60 days after either (1) the commencement of any proceeding against the Manager seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law, or regulation, if the proceeding has not been dismissed, or (2) the appointment without the Manager's consent or acquiescence of a trustee, receiver, or liquidator of the Manager or of all or any substantial part of the Manager's properties, if the appointment has not been vacated or stayed (or if within 60 days after the expiration of any such stay, the appointment is not vacated).

"Interest" shall mean a Membership Interest or an Economic Interest.

"Liquidation" shall mean in respect to the Company the earlier of the date upon which the Company is terminated under Section 708(b)(1) of the Code or the date upon which the Company ceases to be a going concern (even though it may exist for purposes of winding up its affairs, paying its debts and distributing any remaining balance to its Members), and in respect to a Member where the Company is not in Liquidation shall mean the date upon which occurs the termination of the Member's entire interest in the Company by means of a distribution or the making of the last of a series of Distributions (whether or not made in more than one year) to the Member by the Company.

"Majority Vote" shall mean the vote of more than 50% of the Units entitled to vote. Members shall be entitled to cast one vote for each Unit they own, and a fractional vote for each fractional Unit they own.

"Manager" shall refer to DiversyFund, Inc., a Delaware corporation. The term "Manager" shall also refer to any successor or additional Manager who is admitted to the Company as the Manager.

"Member" shall mean any holder of a Unit who is admitted to the Company as a Member, including the Manager to the extent it has acquired Units.

"Member Minimum Gain" shall mean "partner nonrecourse debt minimum gain" as determined under Treasury Regulations Section 1.704-2(i)(3).

"Member Nonrecourse Debt" shall mean "partner nonrecourse debt" as set forth in Treasury Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Deductions" shall mean "partner nonrecourse deductions" and the amount thereof shall be as set forth in Treasury Regulations Section 1.704-2(i).

"Membership Interest" shall mean a Member's entire interest in the Company including such Member's Economic Interest and such voting and other rights and privileges that the Member may enjoy by being a Member.

"Memorandum" shall mean the Confidential Private Placement Memorandum pertaining to the Offering distributed to potential purchasers of Units, as may be amended or supplemented from time to time.

"Net Income" or "Net Loss" shall mean, respectively, for each taxable year of the Company the taxable income and taxable loss (exclusive of Built-In Gain or Loss) of the Company as determined for federal income tax purposes in accordance with Section 703(a) of the Code (including all items of income, gain, loss, or deduction required to be separately stated pursuant to Section 703(a)(1) of the Code) (other than any specific item of income, gain (exclusive of Built-In Gain), loss (exclusive of Built-In Loss), deduction or credit subject to special allocation under this Agreement), with the following modifications:

(a) The amount determined above shall be increased by any income exempt from federal income tax;

(b) The amount determined above shall be reduced by any expenditures described in Section 705(a)(2)(B) of the Code or expenditures treated as such pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i);

(c) Depreciation, amortization and other cost recovery deductions shall be computed based on Book Value instead of on the amount determined in computing taxable income or loss. Any item of deduction, amortization or cost recovery specially allocated to a Member and not included in Net Income or Net Loss shall be determined for Capital Account purposes in a similar manner; and

(d) For purposes of this Agreement, Book Gain and Book Loss attributable to a revaluation of Property attributable to unrealized gain or loss in such Property shall be treated as Net Income and Net Loss.

"Nonrecourse Debt" shall have the meaning set forth in Treasury Regulations Section 1.7042(b)(3).

"Nonrecourse Deductions" shall have the meaning, and the amount thereof shall be, as set forth in Treasury Regulations Section 1.704-2(c).

"Offer Period" shall have the meaning set forth in Section 11.9.

"Offering" shall mean the offering and sale of the Units made in accordance with the provisions of Section 3.1.

"Option Period" shall have the meaning set forth in Section 11.9.

"Organization and Offering Expenses" shall mean all expenses incurred in connection with the organization and formation of the Company, the preparation of the offering materials, and the marketing and sale of the Units, including but not limited to legal, accounting, tax planning fees, promotional fees or expenses, filing and recording fees, market research and surveys, property inspections and research, engineering services, printing costs, securities sales commissions, travel expenses and other costs or expenses incurred in connection therewith.

"Owner" shall mean a Member or the holder of an Economic Interest.

"Person" shall mean a natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank trust company, land trust, business trust, statutory trust or other organization, whether or not a legal entity, and a government or agency or political subdivision thereof.

"Prime Rate" shall mean the reference rate announced from time-to-time by the bank at which the Company's bank accounts are maintained, and changes in the Prime Rate shall be deemed to occur on the date that changes in such rate are announced.

"Property" shall refer to any or all of such real and tangible or intangible personal property as may be acquired by the Company, including the Real Estate Asset.

"Regulatory Allocations" shall mean the allocations set forth in Sections 4.2.1 through 4.2.7.

"Subscription Agreement" means the agreement, in the form attached to the Memorandum, by which each person desiring to become a Member shall evidence (i) the dollar amount of Units which such person wishes to acquire, (ii) such person's agreement to become a party to, and be bound by the provisions of, this Agreement and (iii) certain representations regarding the person's finances and investment intent.

"Subscription Payment" shall mean the cash payment that must accompany each subscription for Units sold through the Offering.

"Substituted Member" shall mean any Person admitted as a substituted Member pursuant to this Agreement.

"Super-Majority Vote" shall mean the vote of more than 75% of the Units entitled to vote. Members shall be entitled to cast one vote for each Unit they own, and a fractional vote for each fractional Unit they own.

"Tax Payment" shall have the meaning set forth in Section 4.12.

"Transfer Notice" shall have the meaning set forth in Section 11.9.

"Unit" shall represent an interest in the Company entitling the owner of the Unit if admitted as a Member to the respective voting and other rights afforded to a Member, and affording to such Member a share in Net Income, Net Loss and Distributions as provided for in this Agreement.

"Unreturned Capital Contribution" shall mean, with respect to each Class A Unit, an amount equal to $1.00, less (i) all distributions made with respect to such Class A Unit pursuant to Sections 5.1.3, 5.1.4, 5.2.1 and 13.3.3 and (ii) the fee paid, if any, by the Company or an Affiliate to a placement agent with respect to a particular Class A Unit Member's investment in the Company.

EXHIBIT B

Capitalization Table

(See Attached)

APPENDIX II

PURCHASE AND SALE AGREEMENT

AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS

SPECIFIC PROVISIONS

Date, for reference purposes only:	January 12, 2023
Effective Date ("**Effective Date**"):	The last date upon which both Buyer and Seller have signed this Agreement and an original or counterpart copy has been delivered to each party.
Seller ("**Seller**"):	**URBAN ATELIER, LLC,** a California limited liability company
Seller's address for notice:	10 Harris Court, Suite B-1 Monterey, CA 93940 Telephone: (831) 649-0220 Email: porosco@oroscogroup.com and speverini@oroscogroup.com With a copy to: Paul Mosley Mosley LLP Telephone: (949) 719-2343 Cell: (949) 375-2835 Email: pmosley@mosleyllp.com and with a copy to: Todd Sheller Lyles United, LLC 525 W. Alluvial Avenue, Suite A Fresno, CA 93711 Telephone: (559) 441-1900 Email: tsheller@ldico.com
Buyer ("**Buyer**"):	**DWB CAPITAL, LLC,** **a Delaware limited liability company,** **a Division of DIVERSYFUND, INC.,** **a Delaware corporation**

Buyer's address for notice:	Symphony Towers Attn: Alan Lewis 750 B Street, Suite 1930 San Diego, CA 92101 Telephone: (646) 284-5427 Email: alan@diversyfund.com With a copy to: Sonia Lister Jackson Tidus Telephone: (949) 851-7408 Cell: (949) 678-7319 Email: slister@jacksontidus.law
Property Address ("**Property**"):	600 Ortiz Avenue, City of Sand City ("**City**"), County of Monterey ("**County**"), State of California, Assessor's Parcel Numbers ("**APN**") 011-232-021, 011-232-022, 011-232-027, 011-234-001 through 011-234-055, 011-236-027 and 011-236-029
Approximate square footage:	A four-story building of approximately eighty thousand three hundred four (80,304) square feet on approximately one hundred eighty-four thousand four hundred twenty-four (184,424) square feet of land together with adjacent lots fronting on Ortiz Avenue approximately 11,500 square feet in size.
Purchase Price ("**Purchase Price**"):	Twenty Million and 00/100 Dollars ($20,000,000.00)
Initial Deposit ("**Initial Deposit**"):	One Hundred Fifty Thousand and 00/100 Dollars ($150,000.00) within one (1) business day after the Effective Date Fifty Thousand and 00/100 Dollars ($50,000.00) of the Initial Deposit shall be non-refundable (except as provided in Section 3(c)(i) below) and immediately released to Seller as the Independent Contract Consideration (as defined in Section 3(b) below). The remaining One Hundred Thousand and 00/100 Dollars ($100,000) of the Initial Deposit shall be released to Seller promptly following the deposit with Escrow Holder of the Additional Deposit.
Additional Deposit ("**Additional Deposit**"):	Three Hundred Fifty Thousand and 00/100 Dollars ($350,000.00) within one (1) business day after the earlier of: (a) the expiration of the Due Diligence Period; or (b) Buyer's waiver of its Feasibility Contingency. Two Hundred Fifty Thousand and 00/100 ($250,000) of the Additional deposit shall be immediately released to Seller

	and One Hundred Thousand and 00/100 Dollars ($100,000) of the Additional Deposit shall be held by Escrow Holder.
Due Diligence Period ("**Due Diligence Period**"):	The period of time ending at 5:00 p.m. California time on January 25, 2023.
Closing Date ("**Closing Date**"):	February 24, 2023, or such earlier date as may be mutually agreed upon by the Parties. Buyer shall have the one-time option to extend the Closing Date by up to one (1) thirty (30) day period (the "**Closing Extension Option**"). Buyer shall exercise the Closing Extension Option by delivering written notice to Seller and Escrow Holder at least two (2) business days prior to the scheduled Closing Date, together with a second additional deposit of Two Hundred Thousand and 00/100 Dollars ($200,000.00) (the "**Closing Extension Deposit**"). The Closing Extension Deposit shall be non-refundable (except as provided in Section 3(c) below) but shall be applicable to the Purchase Price. In addition, the Closing Date may be extended for a reasonable amount of time due to any delays outside of Seller's control related to governmentally required shutdowns due to the outbreak of COVID-19 (but in no event to exceed thirty (30) days); and provided further that Seller provides written notice to both Buyer and Escrow Holder of the requested extension and the details of such delay(s) incurred by Seller.
Escrow Holder's name ("**Escrow Holder**"):	Old Republic Title Company
Escrow Holder's address:	503 Abrego Street Monterey, CA 93940 Attn: Heather Tremper Telephone: (831) 372-7378 Fax: (831) 372-7926 Email: htremper@ortc.com
Title Insurer's name ("**Title Insurer**"):	Old Republic Title Company
Brokers ("**Brokers**"):	"**Seller's Broker**": Scott McDonald and Jason Parr of Cushman and Wakefield Capital Markets Group "**Buyer's Broker**": None

PLEASE NOTICE that this document shall not have, nor be construed as having, any binding effect on the parties unless fully executed and delivered by both Seller and Buyer.

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS (the "**Agreement**") is entered into as of the Effective Date by Seller and Buyer.

RECITALS

A. Seller is the fee simple owner of certain land ("**Land**") more particularly described on attached Exhibit A-1, together with all of the buildings and improvements now located thereon ("**Improvements**"), and together with all easement rights and appurtenances thereto, including all easements and appurtenances, if any, in Seller's adjoining and adjacent land, roads, streets, lanes whether public or private, reasonably required for the installation, maintenance, operation and service of sewers, water, gas, drainage, electricity and other utilities and for driveways and approaches to and from abutting roads, streets, and lanes, for the use and benefit of the above-described Land, all of Seller's rights, title and interest in all public ways adjoining such property, and all of Seller's rights, if any, as the declarant under any declarations or restrictions encumbering the Land or any association to which the Land is bound (collectively the "**Real Property**"). The Real Property together with (i) all right, title and interest of Seller, to the extent assignable, in and to all Assumed Contracts (as defined below), (ii) all tangible personal property and fixtures owned by Seller, located on the Real Property and used exclusively in the operation of the Real Property and Improvements, together with all warranties relating thereto, if any, as set forth in the attached Exhibit A-2, together with any replacements thereof ("**Personal Property**"); (iii) all of Seller's transferable right, title and interest in and to all intangible personal property owned by Seller and used exclusively in the ownership, use and operation of the Real Property, Improvements or Personal Property, to the extent such right, title and interest can be transferred without the need to obtain any third party consents and without the payment of any fee or charge, including, without limitation, (A) Seller's right, if any, to use any trademark, trade name, logos and service marks used in connection with the Real Property or Improvements, including Seller's interest, if any, in the name "The Independent" for use exclusively in connection with the Real Property, and any and all registrations or applications for registration thereof; (B) all transferable licenses, approvals, entitlements, development rights, and applications in effect with respect to the Real Property, Improvements or Personal Property; (C) all plans and specifications and other architectural and engineering drawings for the Improvements (to the extent in Seller's possession or reasonable control), but without representation or warranty and at no cost to Seller; (D) any express indemnities, warranties and guaranties from contractors, architects, engineers, design professionals, manufacturers, and material and labor suppliers involved in the design or construction of the Improvements; (E) all non-confidential and non-proprietary brochures, booklets, manuals and promotional and advertising materials and telephone exchange numbers exclusively relating to the Property or any part thereof; and (F) all (1) copyright, trademark, trade secret and other intellectual property rights in the pages relating exclusively to the Real Property and located (including, without limitation, the text, graphics, artwork, photographs, floor plans, and virtual tours) on the website currently located at www.independent-apts.com (the "**Website**"), (2) domain names related exclusively to the Property, and (3) other copyrights and intellectual property rights relating exclusively to the Real Property and Improvements (collectively, the "**Intangible Property**"); provided however that the Intangible Property does not include any: (x) appraisals or other valuations; (y) internally-prepared memoranda, reports or other similar documents or similar items prepared by third parties on behalf of Seller; or (z) any information that is subject to a privilege or covenant of confidentiality; and (iv) all right, title and interest of Seller in and to the leases referenced in Exhibit A-3 attached hereto and incorporated herein by this reference, and corresponding security deposits (the "**Leases**"), shall be referred to collectively herein as the "**Property**". The Property also excludes property owned by the property manager or any other party providing services to the Property, including, without limitation, computers, software and intangible property owned by such parties.

B. The Property consists of one (1) commercial condominium unit, sixty-one (61) residential condominium units, commercial space and common areas, together with an adjacent lots fronting on Ortiz Avenue approximately 11,500 square feet in size.

C. A portion of the commercial condominium unit identified as Suite 101 is subject to the terms of that certain Lease Agreement dated June 2, 2011 by and between Seller ("**Landlord**") and

Incipient Veisalgia, Inc., a California corporation (the "**Commercial Tenant**"), as modified by that certain Amendment No. 1 to Lease Agreement dated December 2014, as further modified by that certain Lease Amendment dated March 23, 2016 (effective as of June 1, 2016), as further modified by that certain Landlord's Consent to Assignment and Amendment to Lease dated January 2017, and as further modified by that certain Amendment to Lease Agreement dated April 6, 2022 (collectively, the "**Commercial Lease**").

D. Buyer desires to purchase the Property, and Seller desires to sell the Property, on the terms and conditions set forth in this Agreement.

E. In consideration of the mutual covenants and agreements contained in this Agreement, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions**. As used in this Agreement the following terms have the following meanings (the meanings to be applicable to both the singular and plural forms of the defined terms):

"**Additional Deposit**" is defined in the Specific Provisions.

"**Assignment and Bill of Sale**" means an assignment to Buyer of all of Seller's rights to certain personal property and intangible rights as described more fully in Section 14(b)(ii) below.

"**Assignment and Assumption of Contracts**" means an assignment to Buyer of all of Seller's rights to the Assumed Contracts as described more fully in Section 14(b)(ii) below.

"**Assignment and Assumption of Leases**" means an assignment to Buyer of all of Seller's rights to the Leases as described more fully in Section 14(b)(ii) below.

"**Assumed Contracts**" means those Service Contracts pertaining to the Property that Buyer elects to assume in connection with its purchase of the Property.

"**Buyer**" is defined in the Specific Provisions.

"**CC&Rs**" is defined in Section 8(a) below.

"**Closing**" is defined as when the Grant Deed is recorded in the Official Records of the County, title to the Property is conveyed to Buyer, and possession of the Property, is delivered to Buyer, in accordance with the terms of this Agreement.

"**Closing Date**" is defined in the Specific Provisions.

"**Closing Extension Deposit**" is defined in the Specific Provisions.

"**Closing Extension Option**" is defined in the Specific Provisions.

"**Deposit**" is defined in Section 3**.**

"**Due Diligence Period**" is the period referenced in the Specific Provisions during which Buyer will determine if there exists a Phase I or Title/Survey Termination Right.

"**Environmental Laws**" mean all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements, restrictions, moratoriums, prohibitions, writs, injunctions or demands of a Governmental Authority regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance, or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property),

occupational or environmental conditions on, under, or about the Property, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) [42 USCS §§ 9601, et seq.]; the Resource Conservation and Recovery Act of 1976 (RCRA) [42 USCS §§ 6901, et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act (FWPCA) [33 USCS §§ 1251, et seq.]; the Toxic Substances Control Act (TSCA) [15 USCS §§ 2601, et seq.]; the Hazardous Materials Transportation Act (HMTA) [49 USCS §§ 1801, et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USCS §§ 136, et seq.]; the Superfund Amendments and Reauthorization Act [42 USCS §§ 9601, et seq.]; the Clean Air Act [42 USCS §§ 7401, et seq.]; the Safe Drinking Water Act [42 USCS §§ 300f, et seq.]; the Solid Waste Disposal Act [42 USCS §§ 6901, et seq.]; the Surface Mining Control and Reclamation Act [30 USCS §§ 1201, et seq.]; the Emergency Planning and Community Right to Know Act [42 USCS §§ 11001, et seq.]; the Occupational Safety and Health Act [29 USCS §§ 655 and 657]; the California Underground Storage of Hazardous Substances Act [H & S C §§ 25280, et seq.]; the California Hazardous Substances Account Act [H & S C §§ 25300, et seq.]; the California Hazardous Waste Control Act [H & S C §§ 25100, et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [H & S C §§ 24249.5, et seq.]; the Porter-Cologne Water Quality Act [Wat C §§ 13000, et seq.] together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation of similar import now in effect or later enacted that pertains to occupational health or industrial hygiene, and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

"**Environmental and Soils Investigation**" is defined in Section 8(a) below.

"**Escrow Holder**" is defined in the Specific Provisions.

"**Estoppel Certificate**" means a tenancy statement in the form provided for under the Commercial Lease as an estoppel or, to the extent no such form is provided for, then the Estoppel Certificate shall be the form attached hereto as Exhibit G.

"**Exceptions**" is defined in the definition of Preliminary Report herein.

"**Feasibility Contingency**" means that contingency to this Agreement relating to Buyer's determination of the existence of a Phase I or Title/Survey Termination Right during the Due Diligence Period.

"**Feasibility Documents**" is defined Section 8(d).

"**Feasibility Study**" means Buyer's legal and physical investigation of all attributes of the Property, including without limitation, all legal, physical, and economic aspects of owning, developing, and operating a business on the Property, such as traffic circulation patterns, market demographics and access to public thoroughfares for or from the Property, and the estimated final cost to construct any improvements (including, but not limited to, any building, equipment, on- and off-site work, permits or costs related to conditions of approval, utility connections and signage).

"**FIRPTA Affidavit**" is defined in Section 14(b)(v).

"**Governmental Authority**" means the United States of America, the State of California, the County, the City, and any agency, authority, court, department, commission, board, bureau or instrumentality of any of them.

"**Grant Deed**" means a grant deed in the form described more fully in Section 14(b)(ii) below.

"**Hazardous Substances**" mean any substance or material that is toxic, hazardous to health, radioactive, reactive or corrosive or that is defined or designated as a hazardous or extremely hazardous toxic waste, material or substance by any Environmental Laws.

"**Improvements**" is defined in Recital A.

"**Initial Deposit**" is defined in the Specific Provisions.

"**Land**" is defined in Recital A.

"**Map Act**" means the California Subdivision Map Act as codified in California Government Code Section 66499.30, et seq.

"**Material Adverse Effect**" means any matter or circumstance that would (a) prevent Buyer's financing of the Property, or (b) adversely impact Buyer's ability to develop, finance or lease the Property.

"**Monetary Liens**" mean all monetary liens or encumbrances recorded against the Property regardless of whether the same arise before or after the Due Diligence Period to the extent such Monetary Liens were created or caused by Seller; provided, however, Monetary Liens shall not include non-delinquent real estate taxes and assessments, or monetary liens, encumbrances, or obligations imposed in connection with any act or omission on the part of Buyer or any of Buyer's agents, employees, contractors or subcontractors.

"**Party**" or "**Parties**" mean Buyer and Seller hereto.

"**Permitted Exceptions**" means any Exceptions approved in writing by Buyer or deemed approved pursuant to the terms of this Agreement and non-delinquent real estate taxes and assessments for the Property.

"**Person**" means any corporation, partnership, limited liability company, co-tenancy, joint venture, individual, business trust, real estate investment trust, trust, banking association, federal or state savings and loan institution, or any other legal entity, whether or not a party to this Agreement.

"**Phase I or Title/Survey Termination Right**" means the right of Buyer to terminate this Agreement prior to the expiration of the Due Diligence Period upon the discovery by Buyer of either of the following conditions: (i) an environmental condition of concern that is identified in a Phase I environmental report obtained by Buyer that is determined by Buyer to have or is likely to have a Material Adverse Effect, including, without limitation, a recognized environmental condition, or (ii) a condition identified by the Preliminary Report or Survey that is determined by Buyer through Buyer's review of the Preliminary Report or Survey to have or is likely to have a Material Adverse Effect.

"**Property**" is defined in Recital A.

"**Preliminary Report**" means a preliminary report as defined in California Insurance Code Section 12340.11 or a title commitment for the Property issued by Title Insurer, showing among other things, conditions, easements, encumbrances, restrictions, exceptions, rights-of-way, Title Defects, and other matters of record (collectively the "**Exceptions**").

"**Purchase Price**" is defined in the Specific Provisions.

"**Seller**" is defined in the Specific Provisions.

"**Seller Materials**" means all engineering reports, architectural reports, feasibility reports, marketing reports, soil reports, environmental reports, toxic reports or other similar reports, analyses,

studies, audits, data or information of whatever type or kind which Buyer has received or may receive from Seller or its agents, managers or consultants.

"**Seller Materials Preparers**" means Seller's agents, consultants or any other persons who prepared any of the Seller Materials.

"**Seller's Representations and Warranties**" means all express representations and warranties of Seller set forth in this Agreement excluding (i) matters contained in the Seller Materials and (ii) matters concerning the Property actually discovered by Buyer prior to the Closing Date.

"**Service Contracts**" means all service agreements and maintenance contracts for the Property.

"**Survey**" is defined in Section 8(a).

"**Survival Period**" is defined in Section 13.

"**Tenant**" or "**Tenants**" mean the tenants as described in Exhibit A-3 attached hereto.

"**Title Defect**" means any lien, claim of lien, encumbrance, deed of trust, security agreement, tenancy, encroachment, restriction, covenant, assessment, charge, agreement, license, taxes, easements, right of possession, or any other matter, thing, or defect of any kind except for Permitted Exceptions.

"**Title Insurer**" means the Person set forth in the Specific Provisions.

"**Title Policy**" means a standard ALTA owner's policy of title insurance, or a comparable form, with survey modification coverage and such additional endorsements as may be reasonably requested by Buyer, issued by Title Insurer to Buyer at the Closing pursuant to the Preliminary Report. The Title Policy will be dated not earlier than the date of recordation of the Grant Deed from Seller to Buyer, will name Buyer as the insured, and will insure Buyer's fee simple title to the Property, subject only to the Permitted Exceptions, Assumed Contracts (if any), Tenant(s) in possession pursuant to the Leases, and the Leases in an amount equal to at least the Purchase Price.

All initially capitalized terms used in this Agreement that are not defined in this Section 1 will have the meanings set forth elsewhere in this Agreement.

2. Purchase and Sale. Upon the terms and conditions set forth in this Agreement, Seller will sell to Buyer, and Buyer will purchase from Seller, the Property.

3. Purchase Price and Deposit.

(a) The total Purchase Price for the Property will be the sum set forth in the Specific Provisions.

(b) Within the timeframe provided in the Specific Provisions, Buyer shall deposit with Escrow Holder the Initial Deposit. Notwithstanding anything in this Agreement to the contrary, Buyer agrees and acknowledges that Fifty Thousand and 00/100 Dollars ($50,000.00) of the Initial Deposit shall be paid to Seller and deemed non-refundable (except as provided in Section 3(c) below) as consideration for the rights and privileges granted to Buyer herein, including any and all rights granted to Buyer to terminate this Agreement during certain periods hereunder (such $50,000.00 sum being referred to herein as "**Independent Contract Consideration**"). Unless otherwise directed by Seller, said Independent Contract Consideration shall be immediately released by Escrow Holder to Seller, provided that upon Closing such sum shall be applied against the Purchase Price.

(c) Within the time period shown in the Specific Provisions, unless this Agreement has been previously terminated by Buyer pursuant to its rights set forth in this Agreement, Buyer shall deposit with Escrow Holder the Additional Deposit, as set forth in the Specific Provisions. Upon Buyer's delivery of the Additional Deposit to Escrow Holder, the Initial Deposit (other than the Independent Contract Consideration, which shall only be refundable upon a default by Seller), the Additional Deposit and the Closing Extension Deposit plus all accrued interest thereon (collectively the "**Deposit**"), shall become non-refundable to Buyer except for:

(i) a default by Seller which results in a termination of this Agreement;

(ii) the failure of a condition precedent in accordance with Section 6 below; or

(iii) as otherwise provided herein.

(d) If the sale of the Property contemplated herein is consummated in accordance with the terms hereof, the Deposit shall be applied against the Purchase Price; otherwise, the Deposit shall be delivered and released as otherwise specified in this Agreement.

(e) Provided Buyer has not elected to terminate this Agreement prior to the expiration of the Due Diligence Period pursuant to the terms of Section 8(b) below, the Deposit shall become non-refundable (except as provided in Section 3(c) above) as of the expiration of the Due Diligence Period or the earlier satisfaction or waiver of the Feasibility Contingency, and the balance of the Deposit shall be held in Escrow pending the Closing of the earlier termination of this Agreement.

(f) Buyer shall deposit the balance of the Purchase Price with the Escrow Holder on or before the Closing Date, provided that each of the conditions precedent set forth in Section 6 below have been satisfied or waived and all other contingencies to the Closing have been met.

(g) If Buyer elects to exercise the Closing Extension Option, in accordance with the terms provided herein, the Closing Extension Deposit shall be immediately released by Escrow Holder to Seller, provided that upon Closing such sum shall be applied against the Purchase Price.

(h) If, prior to the Effective Date, Buyer has not done so, then within five (5) business days after the Effective Date, Buyer shall provide to Seller written evidence that Buyer has the financial means to pay the Purchase Price at Closing (i.e., "proof of funds"), which evidence shall be in form and content reasonably acceptable to Seller.

4. Title.

(a) Seller's Obligations. At Closing, Seller shall convey title of the Property to Buyer free and clear of all parties and occupants in possession and subject only to the Permitted Exceptions.

(b) Title Policy. At Closing, as a condition to the Closing in favor of Buyer, the Title Policy shall be issued to Buyer insuring title to the Property in the condition required hereunder. The premium for said Policy and any costs for the issuance of the Preliminary Report shall be paid as set forth in Section 14 below entitled "**Escrow and the Closing**". If Seller fails to deliver title as herein provided, Buyer at its option may terminate this Agreement by written notice to Seller. Upon such termination, Escrow Holder and/or Seller, as applicable, shall immediately return the Deposit to Buyer (except for the Independent Contract Consideration which was previously released to Seller) without any additional instructions from Seller and all other documents, instruments and monies to the Party which deposited same, and neither Party shall

have any further obligations or liabilities to the other hereunder, except with respect to any obligations or liabilities which this Agreement expressly states survive the termination hereof; provided, however, that if Seller fails to deliver title as herein provided as a result of a default by Seller, then the terms and provisions of Section 5(b) below shall apply.

5. Defaults.

(a) Buyer Default; Liquidated Damages. IF BUYER FAILS TO COMPLETE THE PURCHASE PROVIDED FOR IN THIS AGREEMENT BY REASON OF ANY DEFAULT OF BUYER, SELLER SHALL BE RELEASED FROM SELLER'S OBLIGATION TO SELL THE PROPERTY TO BUYER. FURTHERMORE, BY INITIALING THIS SECTION 5 BUYER AND SELLER AGREE AND UNDERSTAND THAT IN EVENT OF DEFAULT BY BUYER, (A) IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES; (B) AN AMOUNT EQUAL TO THE DEPOSIT SHALL CONSTITUTE "LIQUIDATED DAMAGES" PAYABLE TO SELLER; (C) THE PAYMENT OF THE LIQUIDATED DAMAGES TO SELLER SHALL CONSTITUTE THE EXCLUSIVE AND SOLE REMEDY OF SELLER AT LAW OR IN EQUITY; (D) SELLER MAY RETAIN THAT PAYMENT ON ACCOUNT OF PURCHASE PRICE FOR THE PROPERTY AS LIQUIDATED DAMAGES; AND (E) PAYMENT OF THOSE SUMS TO SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, SELLER SHALL STILL BE ENTITLED TO ENFORCE BUYER'S INDEMNITY AND INSURANCE OBLIGATIONS UNDER THIS AGREEMENT, TO ENFORCE BUYER'S OBLIGATION OF CONFIDENTIALITY UNDER THIS AGREEMENT AND RECOVER ANY ATTORNEYS' FEES PURSUANT TO THE PROVISIONS OF THIS AGREEMENT; PROVIDED HOWEVER, THAT BUYER'S LIABILITY PURSUANT TO THIS AGREEMENT OR ANY AGREEMENT EXECUTED PURSUANT TO THIS AGREEMENT WILL BE LIMITED TO ACTUAL DAMAGES AND WILL NOT INCLUDE CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES (EXCEPT TO THE EXTENT SUCH DAMAGES ARE PAYABLE BY SELLER TO A THIRD PARTY AS A RESULT OF A BUYER DEFAULT). THE PARTIES HAVE FREELY NEGOTIATED THE FOREGOING LIQUIDATED DAMAGES PROVISION IN GOOD FAITH AND AGREE AND ACKNOWLEDGE THAT SUCH DAMAGES ARE A REASONABLE ESTIMATE OF THE DAMAGES THAT WOULD BE REALIZED BY SELLER.

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(Initials of Buyer) (Initials of Seller)

(b) Seller Default; Buyer's Remedies. If the sale of the Property is not consummated due solely to Seller's material default hereunder that is not cured within all applicable notice and cure periods, Buyer shall have the right, to elect, as its sole and exclusive remedy, to (i) terminate this Agreement by written notice to Seller, promptly after which the Deposit shall be returned to Buyer, Seller shall promptly reimburse Buyer for all due diligence, and transaction and financing costs incurred in connection with this deal in an amount not to exceed $75,000.00, and neither party shall have any further obligation to the other hereunder except as otherwise expressly provided herein, (ii) waive the default and proceed to close the transaction contemplated herein without adjustment to the Purchase Price, or (iii) provided that all of the conditions to Seller's obligations to close have been satisfied and so long as Buyer is not then in default of any of its obligations under this Agreement, seek specific performance of Seller's obligations under this Agreement, provided Buyer further satisfies and continues to satisfy each of the following obligations (A) Buyer shall have reasonably demonstrated that it is prepared to deliver into escrow all funds required by this Agreement in order for the Closing to occur, and Buyer shall be ready and willing in all other respects to close escrow in accordance with the terms and conditions of this Agreement; and (B) Buyer shall have filed an action for

have any further obligations or liabilities to the other hereunder, except with respect to any obligations or liabilities which this Agreement expressly states survive the termination hereof; provided, however, that if Seller fails to deliver title as herein provided as a result of a default by Seller, then the terms and provisions of Section 5(b) below shall apply.

5. Defaults.

(a) Buyer Default; Liquidated Damages. IF BUYER FAILS TO COMPLETE THE PURCHASE PROVIDED FOR IN THIS AGREEMENT BY REASON OF ANY DEFAULT OF BUYER, SELLER SHALL BE RELEASED FROM SELLER'S OBLIGATION TO SELL THE PROPERTY TO BUYER. FURTHERMORE, BY INITIALING THIS SECTION 5 BUYER AND SELLER AGREE AND UNDERSTAND THAT IN EVENT OF DEFAULT BY BUYER, (A) IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX ACTUAL DAMAGES; (B) AN AMOUNT EQUAL TO THE DEPOSIT SHALL CONSTITUTE "LIQUIDATED DAMAGES" PAYABLE TO SELLER; (C) THE PAYMENT OF THE LIQUIDATED DAMAGES TO SELLER SHALL CONSTITUTE THE EXCLUSIVE AND SOLE REMEDY OF SELLER AT LAW OR IN EQUITY; (D) SELLER MAY RETAIN THAT PAYMENT ON ACCOUNT OF PURCHASE PRICE FOR THE PROPERTY AS LIQUIDATED DAMAGES; AND (E) PAYMENT OF THOSE SUMS TO SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, SELLER SHALL STILL BE ENTITLED TO ENFORCE BUYER'S INDEMNITY AND INSURANCE OBLIGATIONS UNDER THIS AGREEMENT, TO ENFORCE BUYER'S OBLIGATION OF CONFIDENTIALITY UNDER THIS AGREEMENT AND RECOVER ANY ATTORNEYS' FEES PURSUANT TO THE PROVISIONS OF THIS AGREEMENT; PROVIDED HOWEVER, THAT BUYER'S LIABILITY PURSUANT TO THIS AGREEMENT OR ANY AGREEMENT EXECUTED PURSUANT TO THIS AGREEMENT WILL BE LIMITED TO ACTUAL DAMAGES AND WILL NOT INCLUDE CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES (EXCEPT TO THE EXTENT SUCH DAMAGES ARE PAYABLE BY SELLER TO A THIRD PARTY AS A RESULT OF A BUYER DEFAULT). THE PARTIES HAVE FREELY NEGOTIATED THE FOREGOING LIQUIDATED DAMAGES PROVISION IN GOOD FAITH AND AGREE AND ACKNOWLEDGE THAT SUCH DAMAGES ARE A REASONABLE ESTIMATE OF THE DAMAGES THAT WOULD BE REALIZED BY SELLER.

_____ (Initials of Buyer)

_____ (Initials of Seller)

(b) Seller Default; Buyer's Remedies. If the sale of the Property is not consummated due solely to Seller's material default hereunder that is not cured within all applicable notice and cure periods, Buyer shall have the right, to elect, as its sole and exclusive remedy, to (i) terminate this Agreement by written notice to Seller, promptly after which the Deposit shall be returned to Buyer, Seller shall promptly reimburse Buyer for all due diligence, and transaction and financing costs incurred in connection with this deal in an amount not to exceed $75,000.00, and neither party shall have any further obligation to the other hereunder except as otherwise expressly provided herein, (ii) waive the default and proceed to close the transaction contemplated herein without adjustment to the Purchase Price, or (iii) provided that all of the conditions to Seller's obligations to close have been satisfied and so long as Buyer is not then in default of any of its obligations under this Agreement, seek specific performance of Seller's obligations under this Agreement, provided Buyer further satisfies and continues to satisfy each of the following obligations (A) Buyer shall have reasonably demonstrated that it is prepared to deliver into escrow all funds required by this Agreement in order for the Closing to occur, and Buyer shall be ready and willing in all other respects to close escrow in accordance with the terms and conditions of this Agreement; and (B) Buyer shall have filed an action for

specific performance (a "**Specific Performance Action**") within forty-five (45) days of the date the Closing was to have occurred. Notwithstanding anything to the contrary contained herein, Seller shall not be deemed in default unless and until Buyer provides Seller with written notice of such default and Seller fails to cure such default pursuant to Section 27.

6. Closing Conditions.

(a) Conditions to Buyer's Obligations. Buyer will have no obligation to purchase the Property and close escrow unless each of the following conditions precedent have been satisfied or waived by Buyer (provided, however, that notwithstanding anything to the contrary contained in this Agreement, Buyer shall have no right to waive the condition set forth in Section 6(i)(v) below):

(i) Seller shall have complied and at Closing will be in compliance with each its covenants and obligations in this Agreement;

(ii) Each of the representations and warranties of Seller in this Agreement will be materially true and correct as of the Closing Date;

(iii) At Closing, the Title Company shall be irrevocably committed to issue the Title Policy;

(iv) The physical condition of the Real Property and the Improvements shall be substantially the same on the Closing Date as on the Effective Date, reasonable wear and tear and (subject to Section 17 below) loss by casualty or condemnation excepted, and, as of the Closing Date, there shall be no litigation or administrative agency or other governmental proceeding pending that challenges the transfer of the Property;

(v) Seller shall have provided notice to terminate all contracts or agreements affecting the Property, other than the Assumed Contracts, with an effective date of termination being on or before the Closing Date;

(vi) At least five (5) days prior to the Closing Date, Seller shall deliver to Buyer an updated rent roll for the Property in the form used by Seller in its operation of the Property; and

(vii) The Property shall constitute a separate legal lot pursuant to the Map Act.

If any of the conditions precedent in favor of Buyer set forth in Section 6(a) are neither satisfied nor waived by Buyer by the Closing Date, Buyer (at its option) may terminate this Agreement by giving a notice of termination to Seller on or before all of the applicable conditions have been satisfied. In such case, (i) the Escrow shall terminate (ii) Buyer will have no further obligation to purchase the Property from Seller, (iii) Seller will have no further obligation to sell the Property to Buyer, and (iv) the parties will have no further obligation to one another, except as otherwise expressly provided herein. In the event of such a termination, the Deposit shall be returned to Buyer (except for the Independent Contract Consideration which was previously released to Seller). Notwithstanding the foregoing to the contrary, if any of the conditions precedent in favor of Buyer in Section 6(a) are not satisfied by Buyer as a result of a default by Seller for which Buyer has provided notice pursuant to Section 27 below, then the terms and provisions of Section 5(b) shall apply.

(b) Conditions to Seller's Obligations. Seller will have no obligation to sell the Property and close escrow unless each of the following conditions precedent have been satisfied or waived by Seller (provided, however, that notwithstanding anything to the contrary contained in

this Agreement, Seller shall have no right to waive the condition set forth in Section 6(b)(iii) below):

(i) Buyer shall have complied and at Closing will be in compliance with each of its covenants and obligations in this Agreement;

(ii) Each of the representations and warranties of Buyer in this Agreement will be materially true and correct as of the Closing Date; and

(iii) The Property shall constitute a separate legal lot pursuant to the Map Act.

If any of the conditions precedent in favor of Seller set forth in Section 6(b) are neither satisfied nor waived by Seller by the Closing Date, Seller (at its option) may terminate this Agreement by giving a notice of termination to Buyer on or before all of the applicable conditions have been satisfied. In such case, the parties' rights and obligations shall be governed by Section 5, except that if the Closing fails to occur as a result of the failure of the condition set forth in Section 6(b)(iii), then (i) the Escrow shall terminate (ii) Buyer will have no further obligation to purchase the Property from Seller, (iii) absent a default by Buyer, the Deposit shall be returned to Buyer (other than the Independent Contract Consideration), (iv) Seller will have no further obligation to sell the Property to Buyer, and (v) the parties will have no further obligation to one another, except as otherwise expressly provided herein. Notwithstanding the foregoing to the contrary, if any of the conditions precedent in favor of Seller in Section 6(b) are not satisfied as a result of a default by Buyer, then the terms and provisions of Section 5(a) shall apply

7. Inspection by Buyer.

(a) Due Diligence Period. Except for the identification by Buyer of a Phase I or Title/Survey Termination Right following Buyer's review of a Phase I environmental report and a Survey, Buyer confirms that, at its sole cost and expense and prior to the Effective date, it: (i) obtained information about the Property and completed its review of such information, and (ii) performed the tests, inspections and investigation of the Property as described in Section 8, including without limitation, the Feasibility Study and/or other examinations of the Property Buyer deemed appropriate. Subject to Section 8(b) below, Buyer and its agents and contractors may continue to enter the Property for such purposes set forth above and Buyer shall keep the Property free of mechanics liens and claims resulting from Buyer's inspection and testing of the Property whether such inspections and testing occurred before or after the Effective Date. If Buyer cancels this Agreement, Buyer must return the tested portions of the Property to substantially the same condition they were in prior to performing tests and provide Seller with a copy of all reports of tests of the Property which Buyer receives. Buyer shall indemnify, defend, and hold Seller harmless from and against all liens, claims, losses, liabilities, and expenses asserted against or incurred by Seller or the Property arising out of Buyer's entry on the Property, both before and after the Effective Date; provided, however, the foregoing repair, indemnity and defense obligations do not apply to (i) any diminution in value of the Property to the extent arising from or relating to matters merely discovered by Buyer during its investigation of the Property, (ii) any latent defect in the Property merely discovered by Buyer or its consultants, to the extent not exacerbated by the negligence or willful misconduct of Buyer or its consultants, contractors, subcontractors or agents, (iii) the release or spread of any Hazardous Substances or regulated substances which are merely discovered (but not deposited or released) on or under the Property by Buyer or its consultants, to the extent not exacerbated by the negligence or willful misconduct of Buyer or its consultants, contractors, subcontractors or agents; or (iv) to the extent the losses or claims arise from the negligence or willful misconduct of Seller or Seller's agents, employees, representatives, tenants or invitees. Buyer's indemnity obligations as set forth in this Section 7(a) shall survive the Closing or any termination of this Agreement.

(b) Prior Access Agreement. Seller and Buyer agree that the terms and provisions of this Agreement relating to Buyer's access to the Property, including, without limitation, the provisions of Section 7(a) above and Section 8(b) below relating to Buyer's indemnification and insurance obligations, shall apply with respect to Buyer's access and inspection of the Property both before and after the Effective Date, and if there are any provisions of this Agreement that are inconsistent with the provisions of that certain Access Agreement dated as of December 5, 2022 between Buyer and Seller, then the provisions of this Agreement shall control and prevail.

(c) Tenant Estoppel Certificate. Seller shall use commercially reasonable and diligent efforts to have the Commercial Tenant complete and execute an Estoppel Certificate prior to the Closing Date.

8. Feasibility Contingency.

(a) Title Report and Survey. Buyer acknowledges that it received from Escrow Holder the Preliminary Report with copies of all Exceptions to title set forth on such report. Prior to the expiration of the Due Diligence Period, Buyer may, at its option, obtain an ALTA survey, bearing a legal description, made by a licensed surveyor (the "**Survey**") and dated after the Effective Date based on the Preliminary Report. Unless Buyer elects to terminate this Agreement after identifying a Phase I or Title/Survey Termination Right, all Exceptions set forth on the Preliminary Report or identified by the Survey shall be deemed to be a Permitted Exception, except for any Monetary Liens recorded against the Property, which Seller shall use commercially reasonable efforts to remove as an encumbrance on title prior to or concurrently with the Closing.

(b) Feasibility Study. Unless Buyer terminates this Agreement following its identification of a Phase I or Title/Survey Termination Right, Buyer approves its Feasibility Study, which includes without limitation Buyer's approval of the Service Contracts and the results of its Environmental and Soils Investigations, if any. Buyer and Seller hereby acknowledge that all Service Contracts pertaining to the Property which shall survive the Closing may be terminated upon no more than thirty (30) days' notice. Buyer has notified Seller of the Service Contracts which it elects to assume in connection with its purchase of the Property.

For purposes of this Agreement, "**Environmental and Soils Investigations**" means an environmental and soils audit of the Property which may include (at Buyer's option) a physical inspection of the Property and investigation of property surrounding or in the vicinity of the Property, and such other investigations of records deemed necessary or desirable by Buyer in connection therewith, including, without limitation, tests of soil and ground water and boring, percolation, and other soil and water tests for purposes determining that the physical characteristics of the sub-strata of the Property and/or such other investigations tests commonly performed as part of a Phase I and Phase II environmental study, all at Buyer's sole cost and expense. Seller hereby expressly grants to Buyer, its agents and contractors, the right to enter upon the Property to undertake such tests and investigation; provided, however, that Buyer shall not perform any soils borings or other invasive testing without Seller's prior written approval which approval may be granted or denied in Seller's sole and absolute discretion. Seller or its representative may be present to observe any testing or other inspection performed on the Property. Prior to any entry onto the Property by Buyer or any of Buyer's agents, Buyer shall furnish Seller with a copy of a certificate of insurance, listing Seller as additional insured, from a duly licensed insurance company showing all premiums due on the policy to have been paid and showing the insurance to be in full force and effect, such policy to provide coverage against any claim arising from the death of or injury to persons or from property damage caused by Buyer or any of Buyer's agents, with combined single-limit coverage of not less than One Million and 00/100 Dollars ($1,000,000) and insuring the Property against any damage with coverage of not less than One Million and 00/100 Dollars ($1,000,000).

(c) Phase I or Title/Survey Termination Right. Unless otherwise specified, Buyer shall pay for all costs associated with its efforts to satisfy the contingencies set forth in

subsections (a) – (b) above. Notwithstanding anything contained within this Agreement to the contrary, Seller acknowledges and understands that Buyer may, prior to the expiration of the Due Diligence Period, notify Seller in writing that Buyer elects to terminate this Agreement as a result of its identification of a Phase I or Title/Survey Termination Right, in Buyer's sole and absolute discretion. Seller acknowledges that Buyer has the right to so terminate this Agreement if it identifies a Phase I or Title/Survey Termination Right. If Buyer elects to terminate this Agreement following its identification of a Phase I or Title/Survey Termination Right, then Buyer shall provide written notice to Seller of Buyer's election to terminate prior to the expiration of the Due Diligence Period. Upon such termination, Escrow Holder shall immediately return the Deposit to Buyer (except for the Independent Contract Consideration which was previously released to Seller) without any additional instructions from Seller and all other documents, instruments and monies to the Party which deposited same, and neither Party shall have any further obligations or liabilities to the other hereunder, except with respect to any obligations or liabilities which this Agreement expressly states survive the termination hereof.

(d) **Feasibility Documents**. Seller has delivered or otherwise made available to Buyer legible copies or originals of the documents set forth on Exhibit C attached hereto to the extent in Seller's possession or control (collectively, the "**Feasibility Documents**"). Notwithstanding anything to the contrary in this Section 8, Seller shall have no obligation to deliver or make available for inspection or copying any items solely related to any prior negotiations or agreements which Seller may have entered into with respect to the proposed sale of the Property, or any of Seller's confidential or proprietary information or materials. Seller makes no representation or warranty with respect to the accuracy or completeness of the Feasibility Documents. If this Agreement is terminated pursuant to this Section 8, Buyer shall return to Seller the documents and materials delivered to Buyer by Seller.

9. **"As-Is" Condition**.

(a) Buyer hereby acknowledges and agrees that except for Seller's Representations and Warranties, neither Seller nor anyone acting for or on behalf of Seller has made any representations, warranties or promises whatsoever to Buyer concerning:

(i) any physical or environmental aspect or condition of the Property or any part thereof (including, without limitation, the presence or absence of any Hazardous Substances);

(ii) any dimensions or specifications of the Property or any part thereof;

(iii) the feasibility, desirability, suitability or convertibility of the Property or any part thereof into or for any particular use or purpose;

(iv) the zoning, building or land use restrictions applicable to the Property or any part thereof;

(v) soil, seismic or other geologic conditions affecting the Property or any part thereof;

(vi) the compliance or non-compliance of the Property or any part thereof with any applicable laws, rules or regulations, including, without limitation, use permits, building codes, fire and safety codes, and handicap access codes and regulations (including, without limitation, the Americans with Disability Act);

(vii) the truth, accuracy or completeness of any of the Seller Materials;

(viii) the availability or unavailability of governmental, quasi-governmental or other permits, approvals, licenses or entitlements, if any, in any way relating to the Property or any part thereof;

(ix) the availability or unavailability of water, sewer, electric, telephone, cable television and other utility services, if any, for the Property or any part thereof;

(x) the operability, adequacy, state of repair, or useful life of any fixtures, equipment, machinery or other apparatus on the Property;

(xi) restrictions on hours of operation, parking, types of tenants and uses, signage, architectural and color schemes, and other limitations imposed by zoning, use permits, and other restrictions affecting the Property; or

(xii) any other matter of any nature whatsoever relating in any way to the Property or to any of the Seller Materials.

(b) Buyer further acknowledges and agrees that except for Seller's Representations and Warranties:

(i) Buyer has not relied on any representations, warranties or promises of Seller, or anyone acting for or on behalf of Seller;

(ii) all of the matters concerning the Property have been independently verified by Buyer to its full satisfaction, or will be independently verified by Buyer to its full satisfaction prior to the Closing Date;

(iii) Buyer shall purchase the Property based on its own independent inspection and examination thereof; and

(iv) BUYER SHALL PURCHASE THE PROPERTY (INCLUDING ALL INCLUDED PERSONAL PROPERTY AND FIXTURES) WITH THE PROPERTY IN ITS "AS-IS" CONDITION INCLUSIVE OF ALL FAULTS AND DEFECTS AS MAY EXIST ON THE DATE ON WHICH CLOSING OCCURS AND IN ITS "AS-IS" STATE OF REPAIR INCLUSIVE OF ALL FAULTS AND DEFECTS AS MAY EXIST ON SUCH DATE.

10. Waivers and Disclaimers.

(a) Except for a breach of Seller's Representations and Warranties, Buyer hereby fully and forever waives, and Seller hereby fully and forever disclaims, all warranties of whatever type or kind with respect to the Property or any part thereof, whether express, implied or otherwise including, without limitation, those of fitness for a particular purpose, tenantability, habitability or use.

(b) Buyer acknowledges and agrees that, except for Seller's Representations and Warranties, no representation, warranty or promise made by Seller or any person acting for or on behalf of Seller shall be valid or binding on Seller, and that the only representations or warranties outstanding with respect to this transaction, either express or implied by law, are Seller's Representations and Warranties.

(c) Buyer further acknowledges that except for Seller's Representations and Warranties any information provided to Buyer including, without limitation, the Seller Materials, is furnished on the express condition that Buyer will make its own independent verification of the accuracy and completeness of such information and that Buyer will not rely on any such information. Accordingly, Buyer agrees that (other than in the case of a breach of Seller's

Representations and Warranties) under no circumstances will Buyer make any claim against, bring any action, cause of action or proceeding against, or assert any liability upon, Seller or any of the Seller Materials Preparers as a result of the inaccuracy or incompleteness of, or any defect or mistake in, any of the Seller Materials (including, without limitation, the negligence of any Seller Materials Preparer in connection with the preparation of any Seller Materials), and Buyer hereby releases, acquits and discharges Seller and each Seller Materials Preparer of and from any such claims, actions, causes of action, proceedings or liability.

(d) Buyer expressly acknowledges that Seller will not in any way guarantee or be responsible for occupancy, tenancy, rents, conversion, marketability, or cash flow from the Property before or after Closing.

11. Release and Waiver.

(a) As part of Buyer's agreement to purchase the Property at the Closing Date and to accept the Property in its "AS-IS" condition, and not as a limitation on such agreement, Buyer hereby fully and forever releases, acquits and discharges Seller, subject to the occurrence of the Closing, of and from, and hereby fully and forever waives the following:

(i) Any and all claims, actions, causes of action, suits, proceedings, demands, rights, damages, costs, expenses or other compensation whatsoever, wherever occurring, whether known or unknown, direct or indirect, foreseeable or unforeseeable, absolute or contingent (collectively "**Released Claims**"), that Buyer now has or may have or which may arise in the future arising out of, directly or indirectly, or in any way connected with:

(1) any act or omission of Seller (or any person acting for or on behalf of Seller or for whose conduct Seller may be liable), whether or not such act or omission be the active, passive or sole negligence of Seller, in connection with Seller's prior ownership, operation or use of the Property, except as otherwise expressly provided in this Agreement;

(2) any condition of environmental contamination or pollution at the Property, however and whenever occurring (including, without limitation, the contamination or pollution of any soil, surface water or groundwater at the Property);

(3) the prior, present or future existence, release or discharge, or threatened release, of any Hazardous Substances (including, without limitation, mold and mold infestation) at the Property by any person (inclusive of Seller), however and whenever occurring (including, without limitation, the release or discharge, or threatened release, of any Hazardous Substances into the air at the Property or into any soil, surface water or groundwater at the Property);

(4) the prior, present or future existence of any underground or above ground storage tanks (including all related piping and other related systems) at the Property;

(5) the use, maintenance, development, construction, ownership or operation of the Property by Seller or any predecessor in interest in the Property of Seller;

(6) the existence of ownership rights or rights of use in, and the condition, operability, state or repair or disrepair, and suitability of any personal property, machinery, equipment, furnishings, fixtures, and apparatus located on or used in connection with the Property;

(7) any soil erosion or other soil or earth movement at or affecting the Property or any part thereof;

(8) the availability or unavailability of any governmental or quasi-governmental permits, approvals, licenses or other entitlements relating to the Property or any part thereof;

(9) the availability or unavailability of sewer, water, electric, telephone, cable television and other utility services for the Property or any part thereof; or

(10) latent or patent construction defects; and

(ii) All liability for damages, losses, costs, liabilities, judgments, fines, penalties, fees, expenses or other compensation whatsoever arising out of, directly or indirectly, or in any way connected with any of the matters described in Section 11(a)(i) above.

(iii) Notwithstanding anything in this Section 11(a) to the contrary, the release contained in this Section 11(a) will not apply to (A) a breach by Seller of any Seller express covenant, representation, warranty or obligation in this Agreement or any document delivered at Closing that survives the Closing, subject to any limits to such survival set forth in this Agreement, (B) any claims arising out of the intentional misconduct or fraud of Seller or Seller's agent, employees or representatives; (C) any personal injury or tort claims brought by any third party arising or occurring prior to the Closing upon which such personal injury or tort occurs; provided such personal injury or tort does not arise from and is not caused by the actions or omissions of Buyer or its agents or contractors, and/or (D) any acts or omissions of Seller occurring after the Closing.

(b) **Waiver of Civil Code Section 1542**. With respect to all releases made by Buyer in this Section 11, Buyer hereby fully and forever waives the application and benefits of California Civil Code § 1542 and hereby verifies that it has read and understands, with advice of legal counsel of its own choosing, the following provision of California Civil Code § 1542:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

and indicates that fact by initialing this Agreement at the space provided below.

DS

(Initials of Buyer)

12. Representations, Warranties and Covenants.

(a) Seller Representations and Warranties. As a material inducement to Buyer, Seller represents and warrants to Buyer that, as of the Effective Date of this Agreement and as of the Closing Date:

(i) Seller is duly organized, validly existing, in good standing in the State of California, has all requisite power and authority to conduct business in the state where the Property is located.

(ii) The execution and delivery of this Agreement by Seller and the performance and observance of the terms have all been authorized by all necessary actions of Seller.

(iii) This Agreement has been duly executed and delivered by Seller.

(iv) This Agreement is in full force and is enforceable against Seller in accordance with its terms.

(v) Seller is a "United States Person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended.

(vi) To Seller's knowledge, Exhibit C attached hereto lists all material contracts and agreements relating to the upkeep, repair, maintenance or operation of the Property. Except as otherwise disclosed in the Seller Materials, Seller has not received written notice of default under any Service Contract. Notwithstanding anything in this Agreement to the contrary, Seller does not covenant or represent that any particular Service Contract will be assignable to Buyer at Closing, will be in force or effect as of the Closing, or that the parties to the Service Contracts will not be in default under their respective Service Contracts, and the existence of any default by any party under any Service Contract shall not affect the obligations of Buyer hereunder.

(vii) To Seller's knowledge, Seller has not received from any Governmental Authority having the power of eminent domain any written notice of any condemnation of the Property or any part thereof. Seller has not entered into any negotiations for the disposition of all or any part of the Property in lieu of the commencement of condemnation or eminent domain proceedings.

(viii) To Seller's knowledge, Seller has received no written notice of any pending or threatened litigation, arbitration or governmental investigation initiated against Seller or the Property which could reasonably be expected to materially affect the ownership or operation of the Property after Closing or Seller's ability to convey the Property to Buyer in accordance with the terms of this Agreement.

(ix) To Seller's knowledge, Seller has not received from any Governmental Authority written notice of any material violation of any building, fire or health code or any other statute, including, without limitation, Environmental Laws, ADA and FHA (as such terms are hereafter defined) applicable to the Property which has not been fully cured prior to the Effective Date.

(x) To Seller's knowledge, the Leases, operating statements and rent roll provided to Buyer as part of the Feasibility Documents and the rent roll provided at Closing are true and complete copies of the same that are in Seller's possession and control and that have been provided to Seller by its property manager. To Seller's knowledge, other than the Leases or other documents provided as part of the Seller

Materials, there are no agreements, written or oral, for the occupancy of the Real Property. To Seller's knowledge, except as disclosed in the Seller Materials, Seller has not received written notice of a material default under any Lease, and Seller is unaware of any existing material defaults under any Lease. Additionally, to Seller's knowledge, except as disclosed in the Seller Materials, (i) no leasing commissions, broker's fees or other similar fees or commissions are now, or will be in the future, due, owing or payable with respect to the Leases, including without limitation, as to any renewal, expansion or extension of any Lease, (ii) all tenant improvement obligations, concessions have been fully paid and satisfied by Seller and no such obligations, concessions or inducements become payable in the future, and (iii) no tenant has claimed or is entitled to any abatement, credit or offset against the rent. To Seller's knowledge, except as disclosed in the Seller Materials, the Leases are unmodified and in full force and effect.

For purposes of this Agreement and any document delivered at Closing, whenever the phrase "to Seller's knowledge," or the "knowledge" of any Seller or words of similar import are used, they shall be deemed to refer to facts within the actual knowledge only of Kirk Kozlowski and no others, at the times indicated only, without duty of inquiry whatsoever. Seller represents that Kirk Kozlowski is the person with the most knowledge concerning the current operation of the Property. Buyer acknowledges that the individual named above is named solely for the purpose of defining and narrowing the scope of Seller's knowledge and not for the purpose of imposing any liability on or creating any duties running from such individual to Buyer. Buyer covenants that it will bring no action of any kind against such individual, any shareholder, partner or member of Seller, as applicable, or related to or arising out of these representations and warranties.

(b) Buyer's Representations and Warranties. As a material inducement to Seller, Buyer represents and warrants to Seller that, as of the Effective Date of this Agreement and as of the Closing Date:

(i) Buyer, to the extent Buyer is an entity and not an individual, is duly organized, validly existing, in good standing in the State of its organization, and has all requisite power and authority to conduct business in the state where the Property is located.

(ii) The execution and delivery of this Agreement by Buyer and the performance and observance of the terms have all been authorized by all necessary actions of Buyer.

(iii) This Agreement has been duly executed and delivered by Buyer.

(iv) The individuals executing this Agreement on behalf of Buyer represent and warrant that they are duly authorized to execute and deliver this Agreement on behalf of Buyer.

(v) This Agreement is in full force and is enforceable against Buyer in accordance with its terms.

(c) Seller's Operational Covenants.

(i) Normal Operations. Until the Closing, Seller shall continue to operate, manage and lease the Property in substantially the same manner as it did prior to the Effective Date, including maintaining all current insurance policies with respect to the Property. From and after the Effective Date, Seller shall not: (i) execute, modify, terminate and/or approve any leases, material contracts or material commitments of any kind affecting the Property or any interest therein without Buyer's prior written consent, within Buyer's reasonable discretion, except for contracts and commitments in the

ordinary course of business and that are terminable upon thirty (30) days' prior notice; (ii) encumber the Property with any liens, encumbrances or other instruments creating a cloud on title or securing a monetary obligation; (iii) initiate, consent to, approve or otherwise take any action with respect to zoning or any other governmental rules or regulations presently applicable to all or any part of the Property without Buyer's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed; or (iv) file any new tax appeal for the real estate taxes attributable to the period prior to and including the year of Closing without Buyer's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed. The provisions of this Section notwithstanding, Seller may, without Buyer's approval: (A) enter into Leases if: (x) the monthly rent is consistent with Seller's current rental practices; (y) rent concessions are consistent with Seller's current practices; and (z) the term is consistent with Seller's current practices and the tenant cannot extend the term of the Lease; and (B) apply security deposits under any Lease in the ordinary course of business.

(ii) Rent-Ready. At Closing, Seller, at its expense, shall ensure that all residential units vacant for more than five (5) business days are in a "rent ready" condition as Seller has historically prepared residential units to be available for rent in the ordinary course of its business. If any such units are not in "rent ready" condition, Buyer will receive a credit at Closing equal to the sum of One Thousand Dollars ($1,000) per each such unit as Buyer's sole remedy. Seller and Buyer shall conduct a walk-through of the Property two (2) days prior to the Closing Date in order to determine which residential units, if any, are not in a "rent ready" condition.

(iii) Notification to Tenants. Buyer acknowledges that, at the Closing, Seller or its agent will provide a notification letter to Buyer that Buyer may provide to all residential tenants regarding the transfer of the Property to Buyer, in the form attached as **Exhibit H**.

(iv) Material Change. At all times prior to the Closing Date, Seller shall promptly advise Buyer in writing (which may be by email) of any material adverse change in the physical condition of the Property, the occurrence of any event or discovery of any fact which could reasonably be expected to render any representation or warranty of Seller to Buyer in this Agreement untrue or misleading, and any written notice or other communication from any third person or entity alleging that the consent of such third person or entity may be required in connection with the transaction contemplated by this Agreement. For purposes of this provision, Seller's obligation to notify Buyer shall only arise to the extent that the new information becomes actually known to Kirk Kozlowski.

13. Survival of Representations and Warranties. The representations and warranties of Seller and Buyer set forth in Section 12 above shall not be deemed to be merged into or waived by the recordation of the Grant Deed, but shall survive the Closing for a period of nine (9) months (the "**Survival Period**"). Each party shall have the right to bring an action against the other on the breach of a representation or warranty hereunder, but only on the following conditions: (A) the party bringing the action for breach first learns of the breach after the Closing and files such action (which must be legal action filed in a court of competent jurisdiction) within the Survival Period; and (B) neither party shall have the right to bring a cause of action for a breach of a representation or warranty unless the alleged damage to such party on account of such breach (individually or when combined with damages from other breaches) equals or exceeds Twenty-Five Thousand and 00/100 Dollars ($25,000.00) (in which case, the alleged damages shall include said $25,000.00). Neither party shall have any liability after the Closing for the breach of a representation or warranty hereunder of which the other party hereto had knowledge as of the Closing. Furthermore, Buyer agrees that notwithstanding anything to the contrary contained in this Agreement, the post-Closing maximum liability of Seller for the breach of any or all of Seller's representations or warranties set forth in this Agreement is limited to actual damages directly arising from any such breach, not to exceed Three Hundred Thousand and 00/100 Dollars ($300,000.00) in the aggregate (the "**Cap**"); provided, however, that the Cap shall not apply to Seller's indemnity

obligations under this Agreement or Buyer's right to attorney's fees and costs pursuant to Section 34 below. The provisions of this Section 13 shall survive Closing.

14. Escrow and the Closing.

(a) Escrow Instructions. To accomplish the sale and transfer of the Property, the parties will establish an escrow with Escrow Holder. Promptly following the Effective Date, the parties shall deposit with Escrow Holder a copy of this Agreement. Seller and Buyer shall execute and deliver such escrow instructions and closing documents consistent with this Agreement as are reasonably required by Escrow Holder ("**Supplemental Instructions**"). The Supplemental Instructions shall not modify or amend the provisions of this Agreement unless otherwise set forth in a separate written document signed by duly authorized representatives of both Buyer and Seller. Subject to the fulfillment of the conditions to Closing and other delays allowed for hereunder, the Closing shall take place on the Closing Date. The Closing will occur at the offices of Escrow Holder, or at any other place and time mutually agreed on by the parties.

(b) Seller's Deposits into Escrow. Seller will deposit with Escrow Holder on or prior to the Closing Date the following documents:

(i) The Grant Deed duly executed and acknowledged by Seller in the form attached hereto as Exhibit D;

(ii) An Assignment and Bill of Sale in form and content substantially as set forth in Exhibit B duly executed by Seller for all intangibles relating to the use and development of the Property, including, but not limited to, governmental zoning, use, occupancy and operating permits, if any so exist, and the right to receive any building fee or similar credits and entitlements, and all warranties of contractors and subcontractors with respect to any grading and other work performed by or at Seller's direction on the Property;

(iii) Two (2) duly executed original counterparts (or one (1) duly executed counterpart copy signed via electronic signature in accordance with Section 36 below) of the Assignment and Assumption of Leases in the form attached hereto as Exhibit E;

(iv) Two (2) duly executed original counterparts (or one (1) duly executed counterpart copy signed via electronic signature in accordance with Section 36 below) of the Assignment and Assumption of Contracts in the form attached hereto as Exhibit F;

(v) Seller's affidavit of non-foreign status as contemplated by 26 USCS section 1445, as amended (FIRPTA Affidavit);

(vi) All prorations, fees and other amounts to be paid by Seller at Closing;

(vii) To the extent reasonably required by Escrow Holder, all other papers and documents that may become necessary in order to close this transaction; and

(viii) To the extent reasonably required by Escrow Holder, proof of Seller's authority and authorization to enter into this Agreement.

(c) Buyer's Deposits into Escrow. Buyer will deposit with Escrow Holder, on or prior to the Closing, the following:

(i) Sufficient immediately available wire transfer funds which, when added to the Deposit and accrued interest, are sufficient to pay the Purchase Price and Buyer's

share of closing costs, less any amounts, if any, to be reimbursed to Buyer by Seller pursuant to the terms of this Agreement;

(ii) Two (2) duly executed original counterparts (or one (1) duly executed counterpart copy signed via electronic signature in accordance with Section 36 below) of the Assignment and Assumption of Leases;

(iii) Two (2) duly executed original counterparts (or one (1) duly executed counterpart copy signed via electronic signature in accordance with Section 36 below) of the Assignment and Assumption of Contracts;

(iv) To the extent reasonably required by Escrow Holder, all other papers and documents that may become necessary in order to close this transaction; and

(v) To the extent reasonably required by Escrow Holder, proof of Buyer's authority and authorization to enter into this Agreement.

(d) Closing Costs and Adjustments. Seller and Buyer shall each pay one-half (1/2) of all escrow charges. Seller shall pay all of the county documentary transfer taxes and recording fees in connection with the conveyance of the Property. Seller shall pay for the premium for the Title Policy charged in connection with an ALTA standard owner's policy and Buyer shall pay the cost of any additional endorsements, including all financing related endorsements, or additional or extended title coverage (i.e., an ALTA extended owner's policy) requested by Buyer. Unless specified elsewhere in this Agreement, all other closing costs related to the transaction, including any City documentary transfer taxes, shall be paid by the parties in the manner consistent with customary practice for the County in which the Property is located. Escrow Holder shall notify Buyer and Seller in writing of their respective shares of such costs at least three (3) business days prior to the Closing Date.

(e) Prorations.

(i) Real and personal property taxes and assessments against the Property (based on the most recent tax statement or bill available for the Property), sales and use taxes and similar impositions, water, sewer and utility charges, amounts payable under any Service Contracts (if applicable), annual permits and/or inspection fees (calculated on the basis of the period covered), and any other expenses normal to the operation and maintenance of the Property (collectively, the "**Operating Expenses**") shall be prorated as of 12:01 a.m. on the day the Closing actually occurs, on the basis of a 365-day year, including any additional property taxes that may be assessed after the Closing, but that relate to a period prior to the Closing, regardless of when notice of those taxes is received or who receives the notice. After Closing, Seller shall remain solely responsible for and shall promptly pay before delinquency any real property taxes or assessments relating to periods prior to the Closing.

(ii) Charges payable by Tenants as a common area maintenance charge ("**CAM Charges**") shall require the following adjustments: (i) Seller shall credit to Buyer at Closing the amount, if any, of collected CAM Charges that exceed Seller's prorated share of Operating Expenses; and (b) Buyer shall credit to Seller at Closing the amount, if any, that Seller's prorated share of Operating Expenses exceeds the amount of collected CAM Charges from Tenants.

(iii) Rent and other charges under the Leases (including advanced or prepaid rent), to the extent received by Seller prior to Closing, shall be prorated as of the Closing Date. Seller shall have the right to collect delinquent rentals but shall not have the obligation to do so. Delinquent rentals shall be prorated between the Buyer and the

Seller, but not until the rents are actually collected. In the event that as of the Closing Date, a tenant is in arrears for rent, then Buyer and Seller agree that unless a payment is designated to be applied to a specific period of time or obligation by such tenant, any rent received by Buyer from and after Closing shall be applied: (A) first, to rent first coming due after Closing and applicable to the period of time after Closing and any costs of collection incurred by Buyer; (B) second, to payment of the rent due for the month in which the Closing Date occurs, which amount shall be apportioned between Buyer and Seller as of the Closing Date; and (C) third, to rent first due for the time period prior to the month in which the Closing Date occurs.

(iv) The full amount of the security deposits under the Leases shall be credited to Buyer at the Closing.

(v) At least three (3) business days prior to the Closing Date, Escrow Holder shall deliver to Seller and Buyer a tentative proration schedule setting forth a preliminary determination of prorations. If any information needed for the proration of any item is not available, the parties shall re-prorate such item after Closing and payment shall be made promptly to the party entitled thereto.

(vi) In the event Seller has paid to applicable governmental authorities in advance any permit fees or impact fees (including, without limitation, sewer hook-up fees, utility connection fees and assessments, and traffic impact fees), which fees are the responsibility of Buyer (or any tenant of Buyer) hereunder, then such amounts shall be reimbursed by Buyer to Seller upon demand, whether paid prior to or following the Closing Date.

(vii) All of the forgoing items attributable to the period up to the date on which the Closing occurs shall be debited or credited to Seller as appropriate. All of the foregoing items attributable to the period on and after the Closing Date shall be debited or credited to Buyer, as appropriate. If (a) any errors or omissions are made regarding adjustments and prorations as set forth above, or (b) any information needed for the proration of any item is not available at the time of Closing, or (c) the actual amounts of the proration items or proration items themselves are unknown as of the Closing, then the prorations will be made at Closing on the basis of the best evidence then available and thereafter, as a post-Closing covenant of each party, once the actual figures are received (not to exceed 180 days after Closing), re-prorations shall be promptly made between the parties on the basis of the actual figures, and a final cash settlement (as to the proration item in question) shall be made between Seller and Buyer within 30-days after the parties become aware that an adjustment is required. This Section 14(e)(vi) shall survive the Closing Date.

(f) **Immediately Prior To Closing**. As soon as possible prior to the Closing Date, Escrow Holder shall (i) prepare and deliver to Buyer and Seller a preliminary closing statement; and (ii) advise Buyer of the amount of funds Buyer must deposit for the Closing.

(g) **Closing**. On the Closing Date, Escrow Holder will close Escrow as follows:

(i) record the Grant Deed (marked for return to Buyer) with the County Recorder of the County, which will be deemed delivery to Buyer;

(ii) deliver the Assignment and Bill of Sale to Buyer;

(iii) deliver one (1) fully executed counterpart of the Assignment and Assumption of Leases to each of Buyer and Seller;

(iv) deliver one (1) fully executed counterpart of the Assignment and Assumption of Contracts to each of Buyer and Seller;

(v) issue the Title Policy, and cause the Title Policy to be delivered to Buyer;

(vi) pay any commission due the Broker(s), if any, identified in the Specific Provisions of this Agreement pursuant to instructions from Seller;

(vii) charge Buyer for those costs and expenses to be paid by Buyer pursuant to this Agreement;

(viii) disburse to Seller the balance of funds remaining after payment of Monetary Liens on the Property and any prorated amounts and charges to be paid by or on behalf of Seller;

(ix) prepare and deliver to both Buyer and Seller one signed copy of Escrow Holder's closing statement showing all receipts and disbursements of the Escrow;

(x) deliver to Buyer the FIRPTA Affidavit; and

(xi) deliver any other documents and complete such other acts as required of Escrow Holder hereunder.

(h) Cancellation. Except as otherwise provided in Section 3(b), upon cancellation of this Agreement pursuant to exercise of a right to cancel given in this Agreement, Escrow Holder shall return Buyer's Deposit (except for the Independent Contract Consideration which was previously released to Seller) and interest less one-half of Escrow Holder's expenses, and shall return to the parties such other funds and documents they deposited with Escrow Holder. Upon cancellation, Seller shall pay the other one-half (1/2) of Escrow Holder's expenses and thereafter, except for Buyer's indemnity obligations arising from inspections and testing on the Property and except for such obligations and liabilities that expressly survive the termination hereof, the parties shall have no further rights or duties under this Agreement. Notwithstanding the above, if this Agreement is terminated due to a default of Party hereunder, the defaulting Party shall pay any and all Escrow Holder's expenses then due or owed.

(i) Contradictory Instructions. If Escrow Holder is unable to perform simultaneously all of the instructions above, Escrow Holder will notify Buyer and Seller and retain all funds and documents pending receipt of further instructions jointly issued by Buyer and Seller. The parties hereto expressly agree that if the parties give Escrow Holder contradictory instructions, Escrow Holder shall have the right at its election to file an action in interpleader requiring the parties to answer and litigate their several claims and rights among themselves, and Escrow Holder is authorized to deposit with the clerk of the court all documents and funds previously deposited with Escrow Holder. If such action is filed, then the parties agree to pay Escrow Holder's cancellation charges and costs, expenses and reasonable attorney's fees which Escrow Holder is required to expend or incur in the interpleader action, the amount thereof to be fixed and judgment therefor to be rendered by the court. Upon the filing of such an action, Escrow Holder shall thereupon be fully released and discharged from all obligations to perform further any duties or obligations otherwise imposed by the terms of this Agreement.

15. Notices. All notices, requests and demands ("**Notices**") to be made hereunder to the parties hereto shall be made in writing to the addresses set forth in the Specific Provisions and shall be given by any of the following means:

(a) nationally recognized courier or delivery service for guaranteed next business day delivery;

(b) personal service; or

(c) email with confirmation of receipt.

Such addresses as set forth in the Specific Provisions may be changed by notice to the other parties given in the same manner as provided herein. Any notice, demand or request shall be deemed received upon the actual delivery thereof. Refusal to accept delivery of any notice, request or demand shall be deemed to be delivery thereof.

16. Brokerage Claims. Except for the Broker(s) whose fees and compensation Seller will pay pursuant to a separate contract, the parties hereby warrant to each other that no other real estate agents or brokers have been involved in negotiating this transaction or the execution of this Agreement on such warranting party's behalf. Each party shall indemnify, defend, and hold the other party harmless from and against any and all claims for any commission, fees, or compensation in connection with this transaction, which is alleged to be owing by authorization of the indemnifying party.

17. Damage, Destruction, and Condemnation.

(a) Seller will bear the risk of loss for any damage, destruction, or condemnation that may occur prior to Closing. If any portion of the Property is damaged or destroyed prior to Closing, Buyer may elect to terminate this Agreement, unless prior to Closing all that damage has been repaired, restored or replaced to their condition prior to the damage. If any material portion of the Property is condemned or taken prior to Closing, Buyer may elect to terminate this Agreement.

(b) Buyer's election under this Section 17 with respect to any damage or destruction, condemnation or taking will be exercised by written notice to Seller within twenty (20) days after written notice from Seller of such damage, destruction, condemnation or taking. Notwithstanding any provision to the contrary herein, the Closing Date will be extended as necessary to give Buyer time to make the election.

(c) If Buyer elects to terminate this Agreement under this Section 17, neither party will have any further rights, duties, or obligations hereunder. If Buyer does not elect to terminate this Agreement, this Agreement will remain in full force and effect and the purchase contemplated in this Agreement, less any interest taken by condemnation, will be effected, and at the Closing, Seller will pay the Buyer the amount of any deductible under Seller's insurance policy and will assign, transfer, and set over to Buyer all of Seller's rights, title, and interest in and to any condemnation awards or insurance proceeds that have been or that may later be made for the taking or destruction.

18. Confidentiality. Each party, on behalf of itself and its shareholders, directors, officers, agents, employees, attorneys, and successors in interest, shall maintain as confidential this Agreement and the terms and conditions hereof (including but not limited to the Purchase Price, deposits, contingencies, timeframes, prorations, leasing information, proposed use, etc.), as well as all records, correspondence, memoranda, writings, documents and instruments arising out of, or relating thereto or made in connection therewith (including but not limited to property condition or operations, environmental studies or audits (e.g. Phase, I and/or Phase II), Hazardous Substances, soils conditions and reports, surveys, permits, appraisals, title conditions, liens, compliance issues, correspondence, etc.) and further agrees not to disclose any thereof to any Person or entity except as required by statute or court or administrative order, and only then with the prior or concurrent written notice to the other party stating the matters disclosed and identifying to whom disclosed, certifying that such Persons were notified in writing that such materials are subject to the confidentiality and non-disclosure obligations as imposed herein, except with respect to federal, state or local governmental audits or investigations.

19. **Assignment**. Buyer shall not assign its rights, duties, and obligations under this Agreement without Seller's prior written consent, which may be granted or withheld in Seller's sole discretion; provided, that Buyer may assign this Agreement without Seller's prior written consent to (a) an entity controlling, controlled by, or under common control with Buyer, or (b) an entity in which Buyer or any affiliate of Buyer is a manager, member, or partner. Notwithstanding any assignment of this Agreement by Buyer, the originally named Buyer hereunder shall remain fully liable for all of Buyer's covenants, obligations and duties hereunder.

20. **Amendments**. No amendment to this Agreement will be binding on any of the parties to this Agreement unless the amendment is in writing and executed by all parties with the same formality as this Agreement is executed. Such amendment must state that it is an amendment to this Agreement and specify the provisions hereof to be amended, and no acts or omission of any employee or agent of the parties or any broker, if any, shall alter, change or modify any of the provisions of this Agreement.

21. **Severability**. If any term, covenant, or condition of this Agreement or the application of them to any Person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement or the application of the terms, covenants, and conditions to Persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected, and each term, covenant, or condition of this Agreement will be valid and be enforced to the fullest extent permitted by law.

22. **No Waiver**. No failure of any party to exercise any power given that party under this Agreement or to insist on strict compliance by any other party to its obligations, and no custom or practice of the parties in variation with the terms of this Agreement will constitute a waiver of any party's right to demand exact compliance with the terms.

23. **Entire Agreement**. This Agreement constitutes the entire agreement of the parties and no representation, inducement, promise, or agreement, oral or written, between the parties not embodied in this Agreement, will be of any effect. This Agreement supersedes and cancels any and all prior or contemporaneous negotiations, arrangements, representations and understanding, oral or written, if any, between the parties.

24. **Binding Effect**. The provision of this Agreement will be binding on and will inure to the benefit of Buyer, Seller, and their respective heirs, executors, administrators, successors, and to the extent permitted, assigns, and shall run with the land.

25. **Other Documents**. Buyer and Seller will at the time of Closing execute all other papers and documents that may become necessary in order to close this transaction.

26. **Survival**. The representations, warranties, covenants, and other terms of this Agreement will survive the Closing, the delivery of the Grant Deed, and the payment of all required sums and will not be deemed to have merged in the Grant Deed delivered to Buyer at the Closing and shall run with the land and extend to and be binding upon the heirs, executors, administrators, successors, and to the extent permitted, assigns, unless otherwise limited in time herein.

27. **Notice of Default**. With respect to a default by either Party hereunder, neither party will be in default under this Agreement unless and until the other party gives the defaulting party written notice specifying the default or defaults and if such default or defaults have not been cured within three (3) business days from the defaulting party's receipt of such notice; provided, however, no notice shall be required to be delivered to Buyer to establish a default by Buyer if Buyer does not timely deposit the Purchase Price as and when required pursuant to the terms hereof.

28. **Tax Deferred Exchange**. Each party reserves the right to structure this transaction as a tax deferred exchange for the benefit of that party, and the other party agrees to cooperate with the exchanging party to effect the completion of such exchange, at no cost or liability to the other party. Said exchange may be completed either as a concurrent exchange or a delayed exchange, in either case

pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder. In the event of a delayed exchange, the Closing Date hereunder shall not be delayed unless specifically provided otherwise in this Agreement. In no event shall either party be required to take title to any other property, other than Buyer taking title to the Property, and in no event shall any parties' rights or obligations hereunder be altered by the other party's exchange. Either party structuring this transaction as a tax-deferred exchange hereby agrees to indemnify, defend and hold the other harmless from and against any and all claims, causes of action, suits, damages, liabilities, costs or expenses (including, without limitation, reasonable attorneys' fees) arising out of their exchange.

29. No Third-Party Beneficiaries. The provisions of this Agreement and of the documents to be executed and delivered at the Closing are and will be for the benefit of Seller and Buyer only and are not for the benefit of any third-party; and, accordingly, no third-party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at the Closing.

30. No Fiduciary Relationships. Seller is not the agent or representative of Buyer and Buyer is not the agent or representative of Seller. Nothing in this Agreement, nor the acts of the Parties, will be construed to create a partnership or joint venture between Seller and Buyer.

31. Authority to Sign. This Agreement may be executed on behalf of Seller only by: (i) the Members of the limited liability company, or (ii) the President, Secretary, or any Vice President of the corporation, as applicable. No other employee or agent of Seller or Seller's Broker, if any, has authority to enter into this Agreement or any warranty, representation, agreement or undertaking on behalf of Seller. This Agreement may be executed on behalf of Buyer only by: (i) the Members or Manager of the limited liability company, or (ii) the President, Secretary, or any Vice President of the corporation, as applicable. No other employee or agent of Buyer or Buyer's Broker, if any, has authority to enter into this Agreement or any warranty, representation, agreement or undertaking on behalf of Seller. The submission of this document for examination and negotiation does not constitute an offer to sell or a reservation of or option for the Property, and this document will become effective and binding only upon execution and delivery by Buyer and such authorized officer or officers of Seller.

32. Applicable Law. This Agreement will be interpreted and construed under and governed by the laws of the State where the Property is located.

33. Time of Essence. Subject to Section 27, time is of the essence as to each and every obligation contained in this Agreement.

34. Attorneys' Fees. In any legal action brought to interpret, enforce the performance of any term or condition of this Agreement, or to recover damages for the breach of this Agreement, as between Seller and Buyer, the prevailing party therein will be entitled to recover from the other party, as an element of its costs of suit and not as damages, reasonable attorneys' fees and costs from the party not prevailing. The prevailing party shall be the party who is entitled to costs of suit, whether or not suit proceeds to final judgment.

35. Merger. All of the terms, provisions, representations, warranties, and covenants of the parties under this Agreement will survive the Closing and will not be merged in the Grant Deed or other documents.

36. Counterparts and Signatures. This Agreement may be executed in any number of counterparts which together shall constitute the Agreement. Executed signature pages of this Agreement transmitted via facsimile or electronic mail shall be valid and binding as original signatures. Upon request from the other party, each party shall deliver an executed original of this Agreement with its original wet-ink signature to either the other party or Escrow Holder (which shall be deemed delivery to the other party) prior to the Closing Date, but failure to do so shall not affect the enforceability of this Agreement, it being expressly agreed that each party to this Agreement shall be bound by its own faxed or e-mailed signature and shall accept the faxed or e-mailed signature of the other party to this Agreement. In addition, this Agreement, any amendment hereto and/or any notice to be delivered in

accordance herewith may be signed and/or transmitted by electronic mail of a .PDF or .jpg file or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and effective to bind the party so signing as a paper copy bearing such party's hand-written signature; provided that to the extent any such notice is transmitted by electronic email, the sender of such notice does not receive a failed delivery message. The parties further consent and agree that (i) to the extent a party signs this Agreement using such electronic signature technology, by clicking "Sign" is signing this Agreement electronically, and (ii) the electronic signatures appearing on this Agreement, shall be treated, for purposes of validity, enforceability and admissibility, the same as hand-written signatures.

37. **Construction**. The Section headings and captions of this Agreement are, and the arrangement of this instrument is, for the sole convenience of the parties to this Agreement. The Section headings, captions, and arrangement of this instrument do not in any way affect, limit, amplify, or modify the terms and provisions of this Agreement. The singular form will include plural, and vice versa. Each term, condition or provision hereof has been freely negotiated and shall be equally binding upon Seller and Buyer and no such term, condition or provision shall be construed against either party hereto solely because such term, condition or provision was initially drafted or prepared by such party. Unless otherwise indicated, all references to Sections are to this Agreement. All Exhibits referred to in this Agreement are attached to it and incorporated in it by this reference. Any gender used shall be deemed to refer to any other gender more grammatically applicable to the party to whom such use of gender relates.

38. **Dates**. If, pursuant to this Agreement, any date indicated herein falls on an official United States holiday, or a Saturday or Sunday, the date so indicated shall mean the next business day following such date.

39. **Dispute Resolution; Judicial Reference**. Any dispute, controversy or claim arising out of or relating to this Agreement, including any dispute relating to interpretation of or performance under this Agreement ("**Dispute**"), shall be resolved in the manner set forth in this Section 39.

(a) **Negotiation**. The Parties will attempt in good faith to resolve the Dispute promptly by negotiations between senior representatives of the Parties who have authority to settle the Dispute (each a "**Representative**").

(b) **Judicial Reference**. In the event the Representatives are not able to resolve the Dispute within fifteen (15) days following the date one Party first notifies the other Party of the Dispute in writing (the "**Reference Date**"), the Dispute shall be resolved by a reference proceeding in accordance with the provisions of California Code of Civil Procedure Section 638, *et seq*. (or any similar successor statute) for a determination to be made, which determination shall be binding upon the Parties as if tried before a court or jury. The Parties agree specifically as to the following:

(i) Within five (5) business days after service of a demand by a Party hereto, the Parties shall agree upon a single referee who shall then try all issues, whether of fact or law, and then report a finding and judgment thereon. The referee shall be a retired judge of the Superior Court of California or any federal district court and shall not have previously been retained by either Party in any capacity. If the Parties are unable to agree upon a referee, either Party may seek to have a referee appointed pursuant to California Code of Civil Procedure Section 640 (or any similar successor statute), by the presiding judge or any other sitting judge of the Superior Court of the County.

(ii) The compensation of the referee shall be such charge as is customarily charged by the referee for like services. The cost of the referee and any facilities used for the proceeding, which are charged to the Parties, shall be borne equally by the Parties. However, the prevailing Party in such proceedings shall be entitled, in addition to costs recoverable by law, which are not expressly allocated hereunder, to recover its/his/her reasonable attorney's fees and any reporter fees for the cost of the proceeding as an item or items of damages and/or recoverable costs.

(iii) If a reporter is requested by either Party, then a reporter shall be present at all proceedings, and the fees of such reporter initially shall be borne equally by the Parties, subject to adjustment as provided for above. Such fees shall be an item of recoverable costs. Only a Party shall be authorized to request a reporter.

(iv) The referee shall apply all California Rules of Civil Procedure and Evidence and shall apply the substantive law of California in deciding the issues to be heard. Notice of any motions before the referee shall be given, and all matters shall be set at the convenience of the referee.

(v) The referee's decision under California Code of Civil Procedure Section 644 shall stand as the judgment of the court, subject to appellate review as provided by the laws of the State of California.

(vi) The Parties agree that they shall in good faith endeavor to cause any such Dispute to be decided within ninety (90) days after the Reference Date. The date of hearing for any proceeding shall be determined by agreement of the Parties and the referee, or if the Parties cannot agree, then by the referee alone. The venue for any such hearing shall be in any city located in the County, unless the Parties jointly agree otherwise.

(vii) The referee shall have the power to award injunctive relief and damages pursuant to California law, subject to any limitations thereon specified in this Agreement.

NOTICE: BY INITIALING THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS SECTION 39 DECIDED BY JUDICIAL REFERENCE AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION 39.. YOUR AGREEMENT TO THIS JUDICIAL REFERENCE PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF OR RELATING TO THE MATTERS INCLUDED IN THIS AGREEMENT TO JUDICIAL REFERENCE.

DS

_____ _____ _____

(Initials of Buyer) (Initials of Seller)

40. **Waiver of Trial by Jury**. To the extent permitted by applicable law, each Party voluntarily and with knowledge of its rights waives all rights to trial by jury in all proceedings for which a trial by jury would otherwise be available or required and involve any matter arising out of or connected with this Agreement.

(ii) The compensation of the referee shall be such charge as is customarily charged by the referee for like services. The cost of the referee and any facilities used for the proceeding, which are charged to the Parties, shall be borne equally by the Parties. However, the prevailing Party in such proceedings shall be entitled, in addition to costs recoverable by law, which are not expressly allocated hereunder, to recover its/his/her reasonable attorney's fees and any reporter fees for the cost of the proceeding as an item or items of damages and/or recoverable costs.

(iii) If a reporter is requested by either Party, then a reporter shall be present at all proceedings, and the fees of such reporter initially shall be borne equally by the Parties, subject to adjustment as provided for above. Such fees shall be an item of recoverable costs. Only a Party shall be authorized to request a reporter.

(iv) The referee shall apply all California Rules of Civil Procedure and Evidence and shall apply the substantive law of California in deciding the issues to be heard. Notice of any motions before the referee shall be given, and all matters shall be set at the convenience of the referee.

(v) The referee's decision under California Code of Civil Procedure Section 644 shall stand as the judgment of the court, subject to appellate review as provided by the laws of the State of California.

(vi) The Parties agree that they shall in good faith endeavor to cause any such Dispute to be decided within ninety (90) days after the Reference Date. The date of hearing for any proceeding shall be determined by agreement of the Parties and the referee, or if the Parties cannot agree, then by the referee alone. The venue for any such hearing shall be in any city located in the County, unless the Parties jointly agree otherwise.

(vii) The referee shall have the power to award injunctive relief and damages pursuant to California law, subject to any limitations thereon specified in this Agreement.

NOTICE: BY INITIALING THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS SECTION 39 DECIDED BY JUDICIAL REFERENCE AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS SECTION 39.. YOUR AGREEMENT TO THIS JUDICIAL REFERENCE PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF OR RELATING TO THE MATTERS INCLUDED IN THIS AGREEMENT TO JUDICIAL REFERENCE.

_____ (Initials of Buyer)

_____ (Initials of Seller)

_____

40. **Waiver of Trial by Jury**. To the extent permitted by applicable law, each Party voluntarily and with knowledge of its rights waives all rights to trial by jury in all proceedings for which a trial by jury would otherwise be available or required and involve any matter arising out of or connected with this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date(s) and year set forth below.

BUYER:

DWB CAPITAL, LLC,
a Delaware limited liability company

BY: DIVERSYFUND, INC.,
a Delaware corporation, its Manager

Dated: 1/12/2023

By: DocuSigned by: ALAN LEWIS 8BFC9DF47B8B48D...

ALAN LEWIS
Print Name

Chief Investment Officer
Title

Dated: _____

By: _____

Print Name

Title

SELLER:

URBAN ATELIER, LLC,
a California limited liability company

By: LYLES UNITED, LLC,
a Delaware limited liability company

Dated: _____

By: _____
Gerald V. Lyles, President

By: THE OROSCO FAMILY TRUST
dated June 28, 1977, as amended, Member

Dated: _____

By: _____
Christopher R. Orosco, Trustee

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date(s) and year set forth below.

BUYER:

DWB CAPITAL, LLC,
a Delaware limited liability company

BY: DIVERSYFUND, INC.,
a Delaware corporation, its Manager

Dated: _____

By: _____

_____
Print Name

_____
Title

Dated: _____

By: _____

_____
Print Name

_____
Title

SELLER:

URBAN ATELIER, LLC,
a California limited liability company

By: LYLES UNITED, LLC,
a Delaware limited liability company

Dated: January 12, 2023

By: _____
Gerald V. Lyles, President

By: THE OROSCO FAMILY TRUST
dated June 28, 1977, as amended, Member

Dated: 1/12/2023

By: _____
Christopher R. Orosco, Trustee

ACCEPTANCE BY ESCROW HOLDER

OLD REPUBLIC TITLE COMPANY hereby acknowledges that it has received a fully executed counterpart of the foregoing AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS ("**Contract**") and agrees to act as Escrow Holder or agent under the Contract and to be bound by and perform the terms thereof as such terms apply to Escrow Holder.

Dated: 1/1323

OLD REPUBLIC TITLE COMPANY

By: Heather Tremper

Name: Heather Tremper

Its: Escrow Officer, Branch Manager

EXHIBIT A-1
LEGAL DESCRIPTION OF THE PROPERTY

The land referred to is situated in the County of Monterey, City of Sand City, State of California, and is described as follows:

Parcel One:

All of Tract No. 1498, Design Center, in the City of Sand City, County of Monterey, State of California, as shown on map filed January 23, 2008 in Volume 24, Page 16, of Maps of Cities and Towns, in the office of the County Recorder of said county.

APN'S: 011-234-001 through 011-234-055, 011-236-027 and 011-236-029

Parcel Two:

Lots Numbered 21, 22, 23, 24, 25 and 26, in Block Numbered 31, as said Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

Including the Easterly one-half of that portion of Elder Avenue vacated by Resolution SC 96-84 (1996), recorded November 15, 1996 in Reel 3445 Official Records, at Page 1276.

Parcel Two A:

A non-exclusive easement appurtenant to Lots 24 and 26, in Block 31, as such Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22, for the purpose of vehicular ingress and egress from said Lots to Elder Avenue, a City street, as reserved in that certain Grant Deed, executed by David L. Wilson and Mary A. Wilson, Trustees of the David L. Wilson and Mary A. Wilson 1992 Trust U/D/T February 3, 1992 in favor of Sand City Redevelopment Agency, an agency of the State in Deed, recorded 05/15/97 in Reel 3518, Official Records, Page 809 over the following described property:

A part of Elder Ave., formerly Anita (abandoned) as set forth in the order for abandonment, recorded 8/23/59 in Vol. 1981 Official Records, at Page 24, particularly described as the North 1/2 of Elder Ave. as described in said order lying South of Lots 24 and 26, Block Numbered 31, as said Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

APN: 011-232-21, 011-232-22 & 011-232-27

EXHIBIT A-2
PERSONAL PROPERTY

[TO BE ATTACHED]

EXHIBIT A-3
RENT ROLL

[TO BE ATTACHED]

Saratoga Capital Inc - The Independent

RENT ROLL DETAIL

As of 01/06/2023

Parameters: Properties - ALL;Show All Unit Designations or Filter by - ALL;Subjournals - ALL;Exclude Formers? - Yes;Sort by - Unit;Report Type - Details + Summary;Show Unit Rent as - Market + Addl.;

details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
103	2x2B	N/A	1352	Occupied	Wiseman, Jiran	07/10/2020	08/05/2022	08/04/2023	3,495.00	PARKING	0.00	125.00	3,461.00	1,500.00	0.00
										RENT	3,316.00	0.00			
										STORAGE	0.00	20.00			
104	2x2A	N/A	1300	Occupied	Brown, George	04/15/2022	04/15/2022	04/14/2023	2,419.00	PARKING	0.00	125.00	2,144.00	1,500.00	0.00
										RENT	2,019.00	0.00			
105	2x2A	N/A	1300	Occupied	Edwards, Amber	10/05/2022	10/05/2022	10/04/2023	3,495.00	PET RENT	0.00	50.00	3,545.00	2,000.00	0.00
										RENT	3,495.00	0.00			
106	2x2B	N/A	1352	Occupied	McCarty, Shannon	07/11/2022	07/11/2022	07/10/2023	3,495.00	PARKING	0.00	200.00	3,825.00	1,500.00	0.00
										PET RENT	0.00	100.00			
										RENT	3,495.00	0.00			
										STORAGE	0.00	30.00			
201	2x2C	N/A	1174	Occupied	Pham, Mai	04/02/2022	04/02/2022	04/01/2023	3,450.00	PET RENT	0.00	50.00	3,350.00	1,500.00	0.00
										RENT	3,300.00	0.00			
202	Studio A	N/A	544	Occupied	Gibson, Marque	11/22/2021	11/22/2021	11/21/2022	513.00	RENT	714.00	0.00	714.00	1,464.00	0.00
203	Studio A	N/A	544	Occupied	Carter, Omar	04/21/2018	11/01/2022	10/31/2023	2,095.00	RENT	2,015.00	0.00	2,015.00	750.00	0.00
204	1x1A	N/A	584	Occupied	Arellano Gomez, Jasmine	09/27/2021	09/27/2022	09/26/2023	2,465.00	RENT	2,431.00	0.00	2,431.00	1,000.00	0.00
205	1x1B	N/A	682	Occupied	Fischer, Heidi	04/24/2015	03/25/2022	03/24/2023	2,525.00	PARKING	0.00	125.00	2,511.00	1,100.00	(142.14)
										PET RENT	0.00	50.00			
										RENT	2,336.00	0.00			
206	1x1D	N/A	787	Occupied	Sullivan, Shannon	06/19/2020	08/05/2022	08/04/2023	2,625.00	PARKING	0.00	125.00	2,586.00	750.00	0.00
										RENT	2,461.00	0.00			
207	1x1B	N/A	681	Occupied	Mendoza, Patricia	12/22/2017	06/01/2022	05/31/2023	2,525.00	PARKING	0.00	100.00	2,418.00	1,350.00	0.00
										RENT	2,318.00	0.00			
208	1x1A	N/A	580	Occupied	Villalobos, Raul	11/22/2022	11/22/2022	11/21/2023	2,465.00	RENT	2,465.00	0.00	2,495.00	3,465.00	0.00
										STORAGE	0.00	30.00			
209	1x1C	N/A	752	Occupied-NTVL	Acevedo, Ryan	07/03/2021 01/22/2023	07/03/2021	07/02/2022	2,615.00	PARKING	0.00	125.00	2,740.00	1,500.00	0.00
										PET RENT	0.00	50.00			
										RENT	2,565.00	0.00			

* indicates amounts not included in detail totals

Saratoga Capital Inc - The Independent

RENT ROLL DETAIL

As of 01/06/2023

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details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
		N/A		Applicant	Premchand, Ragvender Miriyalu	02/01/2023	02/01/2023	01/31/2024		RENT	2,615.00 *	0.00 *	2,615.00 *	1,000.00	0.00
210	Studio B	N/A	588	Occupied	Peterson, Mary Jane	06/03/2022	06/03/2022	06/02/2023	2,025.00	PARKING	0.00	200.00	2,275.00	750.00	0.00
										PET RENT	0.00	50.00			
										RENT	2,025.00	0.00			
211	1x1B	N/A	672	Occupied	Safavi, Setareh	12/02/2022	12/02/2022	12/01/2023	2,625.00	RENT	2,625.00	0.00	2,625.00	1,000.00	0.00
212	Studio C	N/A	474	Occupied	Kim, Jun	06/17/2022	06/17/2022	06/16/2023	1,900.00	RENT	1,900.00	0.00	1,900.00	750.00	0.00
213	Studio B	N/A	588	Occupied	Monterey Bay, Comfort Keepers	02/01/2017	03/01/2018	02/28/2019	2,195.00	RENT	2,100.00	0.00	2,100.00	750.00	0.00
214	1x1C	N/A	746	Occupied	Bjazevic Montalvo, Illya	08/09/2019	08/09/2019	08/09/2020	1,845.00	RENT	1,630.00	0.00	1,630.00	1,000.00	0.00
215	1x1A	N/A	580	Vacant-Leased	VACANT				2,465.00		0.00 *	0.00 *			
		N/A		Applicant	Jefferies, Kathleen	01/18/2023	01/18/2023	01/17/2024		RENT	2,465.00 *	0.00 *	2,465.00 *	1,000.00	0.00
216	1x1B	N/A	682	Occupied	Hately, Seymour	08/16/2022	08/16/2022	08/15/2023	2,575.00	RENT	2,575.00	0.00	2,575.00	1,000.00	0.00
217	Studio C	N/A	454	Occupied	Ruller, Perry	09/01/2020	04/08/2022	04/07/2023	1,900.00	PET RENT	0.00	50.00	2,100.00	3,320.00	0.00
										RENT	2,030.00	0.00			
										STORAGE	0.00	20.00			
218	Studio D	N/A	426	Occupied	Hernandez, Miriam	07/01/2022	07/01/2022	06/30/2023	713.00	RENT	713.00	0.00	713.00	750.00	0.00
219	1x1B	N/A	679	Occupied	Cosgrove, Thomas	04/11/2021	04/11/2022	04/10/2023	2,525.00	PARKING	0.00	125.00	2,636.00	3,525.00	0.00
										PET RENT	0.00	50.00			
										RENT	2,461.00	0.00			
220	1x1A	N/A	580	Occupied	Sherrill, Christina Nina	06/10/2022	06/10/2022	06/09/2023	2,465.00	PET RENT	0.00	50.00	2,445.00	1,000.00	(50.00)
										RENT	2,395.00	0.00			
221	1x1C	N/A	719	Occupied	Mohler, Carla	08/17/2017	08/26/2022	04/25/2023	2,595.00	RENT	2,630.00	0.00	2,630.00	1,000.00	0.00
222	Studio C	N/A	445	Occupied	Liang, Qifang	07/23/2021	07/23/2021	07/22/2022	1,900.00	RENT	856.00	0.00	856.00	750.00	0.00
223	1x1A	N/A	567	Occupied	Garcia castro, Javier	07/06/2021	08/05/2022	08/04/2023	2,465.00	RENT	2,443.00	0.00	2,443.00	1,000.00	0.00
224	1x1B	N/A	684	Occupied	Duncan, Alan	04/17/2021	04/17/2022	04/16/2023	2,525.00	RENT	2,461.00	0.00	2,461.00	1,000.00	0.00
225	Studio A	N/A	514	Occupied	Chikkala, Vaibhav	09/05/2022	09/05/2022	09/04/2023	2,095.00	RENT	2,095.00	0.00	2,115.00	750.00	0.00

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Saratoga Capital Inc - The Independent

RENT ROLL DETAIL

As of 01/06/2023

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details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
										STORAGE	0.00	20.00			
226	Studio A	N/A	514	Occupied	Donangelo, Jimmy	03/27/2019	03/01/2022	02/28/2023	2,095.00	PARKING	0.00	125.00	2,250.00	750.00	0.00
										RENT	2,125.00	0.00			
301	1x1.5A	N/A	976	Occupied	Darrah, John	07/10/2017	03/01/2022	02/28/2023	2,895.00	PET RENT	0.00	50.00	2,669.00	1,350.00	0.00
										RENT	2,619.00	0.00			
302	2x2D	N/A	1281	Occupied-NTVL	Globerman, Dylan	05/29/2021 01/26/2023	05/29/2022	01/28/2023	3,650.00	RENT	3,513.00	0.00	3,533.00	1,500.00	0.00
										STORAGE	0.00	20.00			
		N/A		Applicant	Howard, Marcia	02/05/2023	02/05/2023	02/04/2024		RENT	3,650.00 *	0.00 *	3,650.00 *	1,500.00	0.00
304	2x2D	N/A	1281	Occupied	Morton, Jeffery	09/08/2021	09/15/2022	07/14/2023	3,905.00	PET RENT	0.00	50.00	3,700.00	1,500.00	0.00
										RENT	3,650.00	0.00			
305	1x1.5C	N/A	747	Occupied-NTVL	McCorkle, Sarah	01/28/2022 01/27/2023	01/28/2022	01/27/2023	2,800.00	PARKING	0.00	125.00	1,745.00	1,000.00	174.49
										PET RENT	0.00	50.00			
										RENT	1,570.00	0.00			
		N/A		Applicant	Kang, Jim	02/05/2023	02/05/2023	02/04/2024		RENT	1,600.00 *	0.00 *	1,600.00 *	1,000.00	0.00
306	2x2D	N/A	1281	Occupied	Oh, Kyong	12/16/2021	12/16/2022	12/15/2023	3,905.00	RENT	3,760.00	0.00	3,760.00	5,150.00	(27.00)
309	2x2D	N/A	1281	Occupied-NTV	Kang, Jim	07/16/2021 02/01/2025	07/16/2021	07/15/2022	2,584.00	PARKING	0.00	125.00	2,144.00	1,500.00	0.00
										RENT	2,019.00	0.00			
310	1x1.5B	N/A	862	Occupied	Peters, Dawn	09/28/2016	08/01/2018	08/31/2018	1,905.00	PARKING	0.00	125.00	1,640.00	1,000.00	0.00
										RENT	1,495.00	0.00			
										STORAGE	0.00	20.00			
311	2x2D	N/A	1281	Occupied	Jaffe, Linda	11/15/2022	11/15/2022	11/14/2023	3,650.00	PET RENT	0.00	50.00	3,700.00	2,000.00	0.00
										RENT	3,650.00	0.00			
312	1x1E	N/A	940	Occupied	Shaw, Robert	05/09/2019	12/10/2021	12/09/2022	2,725.00	PARKING	0.00	125.00	2,820.00	1,175.00	0.00
										RENT	2,695.00	0.00			
313	2x2D	N/A	1281	Occupied	Bakhtary, Bahar	05/07/2022	05/07/2022	05/06/2023	3,650.00	RENT	3,650.00	0.00	3,650.00	1,500.00	0.00
314	1x1F	N/A	1079	Occupied	Rasul, Eva	06/06/2020	08/05/2022	08/04/2023	3,030.00	PARKING	0.00	125.00	2,916.00	750.00	0.00
										RENT	2,771.00	0.00			
										STORAGE	0.00	20.00			

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RENT ROLL DETAIL

As of 01/06/2023

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details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
401	1x1.5A	N/A	993	Occupied	Spiering, Amy	04/15/2015	09/25/2022	12/24/2023	3,130.00	PARKING	0.00	125.00	2,661.00	750.00	0.00
										RENT	2,536.00	0.00			
402	2x2D	N/A	1280	Occupied	Derian, Ara	06/12/2018	06/01/2022	05/16/2023	4,140.00	PARKING	0.00	125.00	3,570.00	1,500.00	0.00
										RENT	3,425.00	0.00			
										STORAGE	0.00	20.00			
403	Loft 2x2	N/A	1452	Occupied	Peterson, George	06/11/2021	06/11/2022	06/10/2023	3,980.00	PARKING	0.00	125.00	3,722.00	1,500.00	0.00
										PET RENT	0.00	50.00			
										RENT	3,547.00	0.00			
404	2x2D	N/A	1281	Occupied	Sean Tillema, S Tech Consulting	10/01/2014	07/03/2022	06/30/2023	4,140.00	PARKING	0.00	125.00	3,190.00	2,100.00	0.00
										RENT	3,045.00	0.00			
										STORAGE	0.00	20.00			
405	1x1.5C	N/A	753	Occupied	Aljarf, Mithaq	11/23/2022	11/23/2022	11/22/2023	2,930.00	RENT	2,930.00	0.00	2,930.00	1,000.00	(878.95)
406	2x2D	N/A	1281	Occupied	Luce, Corey	05/31/2022	05/31/2022	05/30/2023	3,735.00	PARKING	0.00	125.00	3,880.00	1,500.00	0.00
										RENT	3,735.00	0.00			
										STORAGE	0.00	20.00			
407	1x1.5A	N/A	994	Occupied	Dorn, Marcus	11/01/2020	12/10/2021	12/09/2022	2,980.00	PARKING	0.00	125.00	2,973.00	1,000.00	0.00
										PET RENT	0.00	50.00			
										RENT	2,778.00	0.00			
										STORAGE	0.00	20.00			
408	1x1.5A	N/A	994	Occupied	Pazzaglia, Gino	09/09/2022	09/09/2022	09/08/2023	3,180.00	PET RENT	0.00	50.00	3,230.00	1,000.00	0.00
										RENT	3,180.00	0.00			
409	2x2D	N/A	1281	Occupied	MICHELS CORPORATION, *	05/21/2019	05/21/2019	11/30/2019	3,985.00	RENT	3,575.00	0.00	3,575.00	1,500.00	0.00
410	1x1.5B	N/A	863	Occupied	Nails, Danetter	01/23/2010	06/01/2022	05/31/2023	2,880.00	PARKING	0.00	125.00	2,600.00	1,700.00	0.00
										RENT	2,455.00	0.00			
										STORAGE	0.00	20.00			
411	2x2D	N/A	1281	Occupied	Thurman, James	06/01/2014	03/25/2022	03/24/2023	4,140.00	PARKING	0.00	125.00	3,161.00	2,100.00	2,783.27
										RENT	3,016.00	0.00			
										STORAGE	0.00	20.00			

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details

Unit	Floorplan	unit designation	SQFT	Unit/Lease Status	Name	Move-In Move-Out	Lease Start	Lease End	Market + Addl.	Trans Code	Lease Rent	Other Charges/ Credits	Total Billing	Dep On Hand	balance
412	1x1E	N/A	940	Occupied	Berry, Douglas	07/18/2009	08/05/2022	08/04/2023	2,960.00	PARKING	0.00	125.00	2,535.00	1,600.00	0.00
										RENT	2,410.00	0.00			
413	2x2D	N/A	1281	Occupied	Garza, Nicole	10/23/2020	10/23/2020	10/22/2021	3,935.00	Rent Credit-Mgr.	0.00	(3,935.00)	0.00	0.00	1.97
										RENT EMP UNIT	3,935.00	0.00			
414	Loft 2x2	N/A	1502	Occupied	Liang, Connie	05/28/2021	05/28/2021	05/27/2022	4,030.00	PARKING	0.00	125.00	3,672.00	1,500.00	0.00
										PET RENT	0.00	50.00			
										RENT	3,497.00	0.00			
303A	Studio F	N/A	521	Occupied	Cross, Denise	07/11/2022	07/11/2022	07/10/2023	2,200.00	PET RENT	0.00	50.00	2,250.00	750.00	0.00
										RENT	2,200.00	0.00			
303B	Studio F	N/A	521	Occupied	Petenbrink, Hayley	09/07/2015	11/01/2016	11/30/2016	1,966.00	RENT	800.00	0.00	820.00	750.00	0.00
										STORAGE	0.00	20.00			
307A	Studio E	N/A	498	Occupied	Espiritu, Michael	02/22/2022	02/22/2022	02/21/2023	2,150.00	RENT	2,195.00	0.00	2,215.00	2,945.00	0.00
										STORAGE	0.00	20.00			
307B	Studio E	N/A	514	Occupied	Mateus, Cheyenne	07/08/2022	07/08/2022	07/07/2023	1,991.00	RENT	856.00	0.00	856.00	750.00	961.00
308A	Studio E	N/A	514	Occupied	Mendoza, Trinity	05/19/2022	05/19/2022	05/18/2023	1,991.00	RENT	856.00	0.00	856.00	750.00	0.00
308B	Studio E	N/A	498	Occupied	Fernandez, Alberto	09/19/2020	09/19/2020	09/18/2021	2,150.00	RENT	2,185.00	0.00	2,185.00	750.00	2,370.20
totals:									**168,382.00**		**150,542.00**	**605.00**	**151,147.00**	**86,844.00**	

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Amt / SQFT: Market = 53,076 SQFT; Leased = 52,496 SQFT;

Floorplan	# Units	Average SQFT	Average Market + Addl.	Market + Addl.	Average Leased	Leased Amt / SQFT	Units Occupied	Occupancy %	Units Available
1x1.5A	4	989	3,046.25	3.08	2,778.25	2.81	4	100.00	0
1x1.5B	2	862	2,392.50	2.77	1,975.00	2.29	2	100.00	0
1x1.5C	2	750	2,865.00	3.82	2,250.00	3.00	2	100.00	0
1x1A	5	578	2,465.00	4.26	2,433.50	4.21	4	80.00	0
1x1B	6	680	2,550.00	3.75	2,462.67	3.62	6	100.00	0
1x1C	3	739	2,351.67	3.18	2,275.00	3.08	3	100.00	0
1x1D	1	787	2,625.00	3.34	2,461.00	3.13	1	100.00	0
1x1E	2	940	2,842.50	3.02	2,552.50	2.72	2	100.00	0
1x1F	1	1,079	3,030.00	2.81	2,771.00	2.57	1	100.00	0
2x2A	2	1,300	2,957.00	2.27	2,757.00	2.12	2	100.00	0
2x2B	2	1,352	3,495.00	2.59	3,405.50	2.52	2	100.00	0
2x2C	1	1,174	3,450.00	2.94	3,300.00	2.81	1	100.00	0
2x2D	12	1,280	3,784.92	2.95	3,414.42	2.67	12	100.00	1
Loft 2x2	2	1,477	4,005.00	2.71	3,522.00	2.38	2	100.00	0
Studio A	4	529	1,699.50	3.21	1,737.25	3.28	4	100.00	0
Studio B	2	588	2,110.00	3.59	2,062.50	3.51	2	100.00	0
Studio C	3	457	1,900.00	4.15	1,595.33	3.49	3	100.00	0
Studio D	1	426	713.00	1.67	713.00	1.67	1	100.00	0
Studio E	4	506	2,070.50	4.09	1,523.00	3.01	4	100.00	0
Studio F	2	521	2,083.00	4.00	1,500.00	2.88	2	100.00	0
totals / averages:	**61**	**870**	**2,760.36**	**3.17**	**2,509.03**	**2.87**	**60**	**98.36**	**1**

occupancy and rents summary for current date

unit status	Market + Addl.	# units	potential rent
Occupied, no NTV	154,268.00	56	140,875.00
Occupied, NTV	2,584.00	1	2,019.00
Occupied NTV Leased	9,065.00	3	7,648.00
Vacant Leased	2,465.00	1	2,465.00
Admin/Down		0	-
Vacant Not Leased		0	-

Parameters: Properties - ALL;Show All Unit Designations or Filter by - ALL;Subjournals - ALL;Exclude Formers? - Yes;Sort by - Unit;Report Type - Details + Summary;Show Unit Rent as - Market + Addl.;

totals:	**168,382.00**	**61**	**153,007.00**

summary billing by transaction code for current date

code	amount
PARKING	3,250.00
PET RENT	950.00
RENT	146,607.00
Rent Credit-Mgr.	(3,935.00)
RENT EMP UNIT	3,935.00
STORAGE	340.00
total:	**151,147.00**

SARATOGA CAPITAL, INC.

INVOICE

Urban Atelier, LLC
600 Ortiz Avenue
Sand City, CA 93955
408-207-0248

INVOICE #	:	65920
LEASE ID	:	11
DATE	:	12/19/2022
DUE DATE	:	**01/01/2023**
TOTAL AMOUNT	:	$5,551.72
TOTAL DUE	:	**$5,551.72**

Bill to: Post No Bills
Attn: Post No Bills
600 Ortiz Avenue, Suite 101
Sand City, CA 93955

DESCRIPTION / MEMO	AMOUNT
Retail Rent - Rent 01/01/2023 -01/31/2023	$3,732.72
CAM Charges - CAM 01/01/2023 -01/31/2023	$464.00
CAM Charges - Carport 01/01/2023 -01/31/2023	$75.00
CAM Water/Sewer - Est. Electric and Water 01/01/2023 -01/31/2023	$650.00
CAM Charges - Outdoor Seating Area Rent 01/01/2023 -01/31/2023	$630.00
TOTAL AMOUNT:	**$5,551.72**

Urban Atelier, LLC
600 Ortiz Avenue
Sand City, CA 93955
United States

TOTAL DUE: **$5,551.72**

AMOUNT ENCLOSED:

Tenant ID: 659PostNoBills
Invoice #:65920

Bill to: Post No Bills
Attn: Post No Bills
600 Ortiz Avenue, Suite 101
Sand City, CA 93955

Remit to: **Urban Atelier, LLC**
485 Alberto Way, Suite 200
Los Gatos, California 95032

EXHIBIT B
FORM OF ASSIGNMENT AND BILL OF SALE

Assignment and Bill of Sale

This ASSIGNMENT AND BILL OF SALE (this "**Bill of Sale**") is made as of _____ (the "Effective Date"), by URBAN ATELIER, LLC, a California limited liability company ("**Assignor**") in favor of DWB CAPITAL, LLC, a Delaware limited liability company, a Division of DIVERSYFUND, INC., a Delaware corporation ("**Assignee**"), pursuant to that certain AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS, by and between Assignor and DWB CAPITAL, LLC, a Delaware limited liability company, a Division of DIVERSYFUND, INC., a Delaware corporation dated December 2, 2022 (the "**Contract**"), which Contract was subsequently assigned to Assignee. This Bill of Sale is subject to the terms and provisions of the Contract, and in the event of any inconsistency between the Contract and this Bill of Sale, the terms and provisions of the Contract shall control.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby sells, conveys, grants, delivers, transfers and assigns to Assignee, all of Assignor's right, title and interest in, to and under any and all of the following items, to the extent that they are related to that certain real property located in the City of Sand City, County of Monterey, State of California, which is more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "**Real Property**"):

(a) all governmental zoning, use, occupancy, and operating permits, and all other governmental permits, licenses, approvals, applications, subdivision maps, entitlements, certificates, rights under development agreements, school fee mitigation agreements, development allocations, and development rights relating to the Real Property, if any so exist, as of the date of this Bill of Sale;

(b) all utility and other permits relating to the Real Property;

(c) all fee credits, license tax credits, and prepaid expenses, fees, and deposits applicable to the Real Property, and the right to any refunds thereunder or rebates thereof (including without limitation utility deposits);

(d) all plans and specifications for any improvements located on the Real Property, whether existing or anticipated;

(e) all warranties of contractors and subcontractors with respect to any grading and other work performed by or at Seller's direction on the Real Property;

(f) all easements, interests, adjacent streets, alleys and right-of-ways, drainage facilities, and other rights and powers appurtenant to the Land and/or the Improvements (the "**Appurtenances**");

(g) all Intangible Property (as defined in the Purchase Agreement) which relates exclusively to the ownership, use and/or operation of the Land, the Improvements and/or the Personal Property;

(h) all tangible personal property of any kind owned by Seller and attached to or directly used exclusively in connection with the ownership, maintenance, or operation of the Land or Improvements, including without limitation distribution systems, conduits, telephone systems, heating, ventilating and air conditioning equipment, fire sprinkler systems, security and fire

detection systems, carpets, window coverings, wall coverings and other similar items, if any, located in the Real Property, as described in Exhibit B attached hereto; and

(i) all of Assignor's rights, if any, as the declarant under any declarations or restrictions encumbering the Real Property (including without limitation those certain restrictions entitled "The Independent Declaration of Restrictions (CC&Rs) recorded on May 6, 2016 as Document No. 2016024677 in the Official Records of Monterey County, California, as such may have been amended (the "Resident6ial CC&Rs"), and/or under any association to which the Real Property is bound. Assignee hereby assumes all obligations of the declarant under the Residential CC&Rs first arising from and after the Effective Date.

(All of the above being referred to herein collectively as the "**Personal Property**").

The provisions of this Assignment shall be binding upon and shall inure to the benefit of the successors and assigns of Assignor and Assignee, respectively.

IN WITNESS WHEREOF, the undersigned have executed this Assignment and Bill of Sale as of the date and year set forth above.

ASSIGNOR:

URBAN ATELIER, LLC,
a California limited liability company

By: LYLES UNITED, LLC,
a Delaware limited liability company

By: EXHIBIT ONLY
Gerald V. Lyles, President

By: THE OROSCO FAMILY TRUST
dated June 28, 1977, as amended, Member

By: EXHIBIT ONLY
Christopher R. Orosco, Trustee

ASSIGNEE:

DWB CAPITAL, LLC,
a Delaware limited liability company,
a Division of DIVERSYFUND, INC.,
a Delaware corporation

By: EXHIBIT ONLY

Name: _____

Its: _____

EXHIBIT A TO ASSIGNMENT AND BILL OF SALE
LEGAL DESCRIPTION OF THE PROPERTY

The land referred to is situated in the County of Monterey, City of Sand City, State of California, and is described as follows:

Parcel One:

All of Tract No. 1498, Design Center, in the City of Sand City, County of Monterey, State of California, as shown on map filed January 23, 2008 in Volume 24, Page 16, of Maps of Cities and Towns, in the office of the County Recorder of said county.

APN'S: 011-234-001 through 011-234-055, 011-236-027 and 011-236-029

Parcel Two:

Lots Numbered 21, 22, 23, 24, 25 and 26, in Block Numbered 31, as said Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

Including the Easterly one-half of that portion of Elder Avenue vacated by Resolution SC 96-84 (1996), recorded November 15, 1996 in Reel 3445 Official Records, at Page 1276.

Parcel Two A:

A non-exclusive easement appurtenant to Lots 24 and 26, in Block 31, as such Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22, for the purpose of vehicular ingress and egress from said Lots to Elder Avenue, a City street, as reserved in that certain Grant Deed, executed by David L. Wilson and Mary A. Wilson, Trustees of the David L. Wilson and Mary A. Wilson 1992 Trust U/D/T February 3, 1992 in favor of Sand City Redevelopment Agency, an agency of the State in Deed, recorded 05/15/97 in Reel 3518, Official Records, Page 809 over the following described property:

A part of Elder Ave., formerly Anita (abandoned) as set forth in the order for abandonment, recorded 8/23/59 in Vol. 1981 Official Records, at Page 24, particularly described as the North 1/2 of Elder Ave. as described in said order lying South of Lots 24 and 26, Block Numbered 31, as said Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

APN: 011-232-21, 011-232-22 & 011-232-27

EXHIBIT B TO ASSIGNMENT AND BILL OF SALE
LIST OF PERSONAL PROPERTY

[None if no list is attached.]

EXHIBIT C
DUE DILIGENCE DOCUMENTS

	Name
1	#3394 Service Contract.pdf
2	#659-Interior Landscaping Proposal.pdf
3	12.31.20 Income Statement.pdf
4	12.31.21 Income Statement.pdf
5	120801_INDP2_Submittal DRAFT.pdf
6	18_7_10 5 yr fire sprinkler inspection report.pdf
7	191218 AXIOM PLAN CHECK.pdf
8	20-05-Indy-Apt 314-1.jpg
9	20-05-Indy-Apt 314-10.jpg
10	20-05-Indy-Apt 314-11.jpg
11	20-05-Indy-Apt 314-12.jpg
12	20-05-Indy-Apt 314-13.jpg
13	20-05-Indy-Apt 314-14.jpg
14	20-05-Indy-Apt 314-15.jpg
15	20-05-Indy-Apt 314-16.jpg
16	20-05-Indy-Apt 314-2.jpg
17	20-05-Indy-Apt 314-3.jpg
18	20-05-Indy-Apt 314-4.jpg
19	20-05-Indy-Apt 314-5.jpg
20	20-05-Indy-Apt 314-6.jpg
21	20-05-Indy-Apt 314-7.jpg
22	20-05-Indy-Apt 314-8.jpg
23	20-05-Indy-Apt 314-9.jpg
24	201.2.JPG
25	201.3.JPG
26	201.JPG
27	20101.JPG
28	2011_PNB Lease.pdf
29	2016_PNB Lease Extend May 2021.pdf
30	2017_Assign_Wholly Moses to Incipient Veisalglia.pdf
31	2019 inspection report.pdf
32	2019 Trailing Income Statement Custom-1.xlsx
33	2020 Compliance Letter to State#145871.pdf
34	2020 Compliance Letter to State#145872.pdf
35	2020-1002 Indy 1st Flr Commercial (clean).pdf
36	2020-1002 Indy 1st Flr Commercial.pdf
37	2020-1130 Parking Expansion Site Plan .pdf
38	2021_12 Annual Fire System Inspection.pdf
39	2022 T12 Indy Capital Repairs Detail.pdf

40	2022 Urban Atelier Cert 1.pdf
41	2022 Urban Atelier Cert 2.pdf
42	2022_09_01 All Units Report.pdf
43	2022_09_01 Delinquent+and+Prepaid.pdf
44	2022_09_01 Rent Roll + Detail - SL Edits.xlsx
45	2022_09_01 Rent Roll + Detail.pdf
46	2022_PNB Lease Extend May 2026.pdf
47	20220505 UA Lease Agreement with Arts Council for Monterey County-final.pdf
48	211.jpg
49	313.1.JPG
50	313.10Indy 061.JPG
51	313.11Indy 062.JPG
52	313.12Indy 063.JPG
53	313.13Indy 064.JPG
54	313.1Indy 049.JPG
55	313.2Indy 052.JPG
56	313.3Indy 053.JPG
57	313.4Indy 054.JPG
58	313.5Indy 055.JPG
59	313.6Indy 057.JPG
60	313.7Indy 058.JPG
61	313.8Indy 059.JPG
62	313.9Indy 060.JPG
63	313Indy 048.JPG
64	313Indy 050.JPG
65	600 Ortiz 1st Floor Add Res Units Study A.pdf
66	600 Ortiz 1st Floor Add Res Units Study B.pdf
67	600 Ortiz 1st Floor Add Res Units Study C.pdf
68	659 Indy Tax Bills 2021-2022.pdf
69	Affordable Housing Agreement.pdf
70	Affordable Housing Agreement.pdf
71	AO Smith water heater spec, existing 2020.pdf
72	AOSmithProSizeProject-20191216.pdf
73	AquaTek plumbing retrofit 2020.pdf
74	Artist Use Agreement.pdf
75	AT&T Elev + Fire.pdf
76	AT&T Elev A.pdf
77	August 2022 T-12 - SL Edits .xlsx
78	August 2022 T-12.pdf
79	August 2022 T-12.xlsx
80	BMR Units.xls
81	CAM Expense Summary 2019.xls
82	Comcast Bundled SVC.pdf

83	Comcast Internet - Tech Room.pdf
84	Contract.pdf
85	Current Rent Roll 10.14.21 MB EDITS.xlsx
86	Current Rent Roll 10.14.21.pdf
87	Current Rent Roll 10.14.21.xlsx
88	Delinquent+and+Prepaid as of 10.10.22 Current residents.pdf
89	Delinquent+and+Prepaid Current resident 10.18.22.pdf
90	Delinquent+and+Prepaid Current resident Vesper.pdf
91	DoorKIng subscription 2020-2021.pdf
92	DSC_0087.JPG
93	DSC_0102.JPG
94	DSC_0145.JPG
95	DSC_0146.JPG
96	DSC_0147.JPG
97	DSC_0150.JPG
98	DSC_0153.JPG
99	DSC_0155.JPG
100	DSC_0156.JPG
101	DSC_0178.JPG
102	DSC_0188.JPG
103	ePre Prelim 600 Ortiz 2022-11-03.pdf
104	Expense Walk Recovery By Charge.pdf
105	Final Billing Report.pdf
106	First Alarm contract.pdf
107	First Amendment to Afford House Agm.pdf
108	First Amendment to Afford House Agm.pdf
109	Flooring invoices.pdf
110	FP-1.png
111	FP10-1x1-672sf.pdf
112	FP-11.jpg
113	FP11-2x2_1174.pdf
114	FP1-Studio-544sf.pdf
115	FP-2.png
116	FP2-Studio-445sf.pdf
117	FP3-1x1-752sf.pdf
118	FP4-1x1-681.pdf
119	FP5-1x1-580sf.pdf
120	FP6-Studio-588sf.pdf
121	FP7-1x1-787sf.pdf
122	FP8-Studio-426sf.pdf
123	FP9-Studio-454sf.pdf
124	Generator permit and log information.pdf
125	IMG_1299.JPG

126	IMG_1300.JPG
127	IMG_1305.JPG
128	IMG_1308.JPG
129	IMG_1312.JPG
130	IMG_1313.JPG
131	IMG_1315.JPG
132	IMG_1319.JPG
133	Income Statement Budget Comparison.xlsx
134	Independent Operating Statement (TTM Dec 2016).xlsx
135	Independent Operating Statement (TTM June 2017).xlsx
136	Independent Rent Roll 09.12.2022.pdf
137	Independent Tax Installments 2021-2022.xlsx
138	Independent Trend Reports DEC 2016 (2017-01-13).pdf
139	Indy 001.JPG
140	Indy 003.JPG
141	Indy 045.JPG
142	Indy 058.JPG
143	Indy 070.JPG
144	Indy 072.JPG
145	Indy All+Units.xls
146	Indy Budget Report.pdf
147	Indy Condo Map APNS.pdf
148	Indy Operating Statement 6-30-17.pdf
149	INDY_2ndFloor_FP-Styles.pdf
150	Indy_Apt217_20_051.jpg
151	Indy_Apt217_20_052.jpg
152	Indy_Apt217_20_053.jpg
153	Indy_Apt217_20_054.jpg
154	Indy_Apt314_2x21.jpg
155	Indy_Apt314_2x210.jpg
156	Indy_Apt314_2x211.jpg
157	Indy_Apt314_2x212.jpg
158	Indy_Apt314_2x213.jpg
159	Indy_Apt314_2x214.jpg
160	Indy_Apt314_2x215.jpg
161	Indy_Apt314_2x216.jpg
162	Indy_Apt314_2x217.jpg
163	Indy_Apt314_2x22.jpg
164	Indy_Apt314_2x23.jpg
165	Indy_Apt314_2x24.jpg
166	Indy_Apt314_2x25.jpg
167	Indy_Apt314_2x26.jpg
168	Indy_Apt314_2x27.jpg

169	Indy_Apt314_2x28.jpg
170	Indy_Apt314_2x29.jpg
171	Indy_BMR-FP.pdf
172	Indy_Lux1x1.5.jpg
173	Inv_38665J7621_from_ELEVATOR_SERVICE_COMPANY_of_CENTRAL_CALIFORNIA_INC._15596.pdf
174	Landscaping Estimate and service details.pdf
175	Letter to Arts Council 2022-06-15-executed.pdf
176	Pages from All+Units.pdf
177	Phase2 UA Summary (2015-02-10).pdf
178	PNB Lease Amendment 2016-07-01 FE.pdf
179	Post No Bills Invoice August.pdf
180	Post nobill invoice with CAMs.pdf
181	Rent Roll - 9.15.22.xls
182	Rent Roll 9.25.xlsx
183	Rent+Roll+Detail updated Urban Atelier 6.16.22.pdf
184	Rent+Roll+Detail UrbAN - SL Edits.xls
185	Rent+Roll+Detail Urban 10.17.22.xls
186	Rent+Roll+Detail Urban Atelier.pdf
187	Rent+Roll+Detail Urban in excel - 5.31.22.xls
188	Rent+Roll+Detail Urban in excel.xls
189	Rent+Roll+Detail+Excel as of 10.18.22 Urban.xls
190	SARATOGACAPITAL_Email19700117_090722_pg.pdf
191	SARATOGACAPITAL_Email19865663_092322_pg.pdf
192	SARATOGACAPITAL_Email19879751_092622_pg.pdf
193	SC 20-30 Authorizing the City Manager to Execute a Second Amendment to Agreement Regarding Affordable Housing.pdf
194	SchematicFloorplan_POSTNOBILLS_201001.pdf
195	Second Amendment to Agreement Regarding Affordable Housing UA 2020-11-06 Owner executed.pdf
196	Second Amendment to Agreement Regarding Affordable Housing UA 2020-11-06 Owner executed.pdf
197	September 2022 T12.xlsx
198	The Independent - August 2022 T12.xlsx
199	The Independent - C&W - Offering Memorandum.pdf
200	therma maint contract.pdf
201	Trailing 12 month 9.30.21 MB Edits.xlsx
202	Trailing 12 month 9.30.21.pdf
203	Trailing 12 month 9.30.21.xlsx
204	Twelve_Month_Trailing_Income_Statement 7-31-22.xlsx
205	UA PNB Consent to Assignment 2017-03-21 FE.pdf
206	Unit-201-2x2-FP-11.jpg
207	Unit-204-FP-5.jpg

208	Unit-206-FP-7.jpg
209	Unit-209-FP-3.jpg
210	unit-217-FP-9.jpg
211	unit-218-FP-8.jpg
212	Unit-223-FP-4.png
213	unit-224-FP-3.png
214	Unit313_2x2_1281sf.pdf
215	Urban 12 month trailing in excel - April 2022.xlsx
216	Urban Atelier 4.30.21 12 month trailing (003).xlsx
217	Urban Atelier 4.30.21 12 month trailing.pdf
218	Utility Bills (past 12 months), to the extent in Seller's files
219	Building plans and specifications, to the extent in Seller's files
220	Applicable warranties, to the extent known to Seller and in Seller's files
221	List of all garages and paid parking spaces
222	List of Existing Lease concessions to the extent not described in the Rent Roll

EXHIBIT D
FORM OF GRANT DEED

RECORDING REQUESTED BY AND WHEN RECORDED, MAIL TO:

_____
_____
_____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DOCUMENTARY TRANSFER TAX $_____

__√__Computed on the consideration or value of property conveyed,
OR

_____ Computed on the consideration or value less liens or encumbrances remaining at time of sale.

_____
Signature of Declarant or Agent determining tax – Firm Name

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, URBAN ATELIER, LLC, a California limited liability company (the "**Grantor**") hereby **GRANTS** and conveys to _____ (the "**Grantee**"), the real property in the City of Sand City, County of Monterey, State of California, described on Exhibit A attached hereto and incorporated by reference herein.

THE PROPERTY IS CONVEYED TO GRANTEE SUBJECT TO: (a) all on- and off-record liens, encumbrances, rights, rights of way, easements, covenants, conditions and restrictions; (b) all matters which would be revealed or disclosed by an inspection or survey of the Property; and (c) liens for taxes on real property not yet delinquent, and liens for any general or special assessments of record against the Property not yet delinquent.

Dated: _____, 2022

URBAN ATELIER, LLC,
a California limited liability company

By: LYLES UNITED, LLC,
a Delaware limited liability company

By: _____
Gerald V. Lyles, President

By: THE OROSCO FAMILY TRUST
dated June 28, 1977, as amended, Member

By: _____
Christopher R. Orosco, Trustee

EXHIBIT A TO GRANT DEED
LEGAL DESCRIPTION OF THE PROPERTY

The land referred to is situated in the County of Monterey, City of Sand City, State of California, and is described as follows:

Parcel One:

All of Tract No. 1498, Design Center, in the City of Sand City, County of Monterey, State of California, as shown on map filed January 23, 2008 in Volume 24, Page 16, of Maps of Cities and Towns, in the office of the County Recorder of said county.

APN'S: 011-234-001 through 011-234-055, 011-236-027 and 011-236-029

Parcel Two:

Lots Numbered 21, 22, 23, 24, 25 and 26, in Block Numbered 31, as said Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

Including the Easterly one-half of that portion of Elder Avenue vacated by Resolution SC 96-84 (1996), recorded November 15, 1996 in Reel 3445 Official Records, at Page 1276.

Parcel Two A:

A non-exclusive easement appurtenant to Lots 24 and 26, in Block 31, as such Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22, for the purpose of vehicular ingress and egress from said Lots to Elder Avenue, a City street, as reserved in that certain Grant Deed, executed by David L. Wilson and Mary A. Wilson, Trustees of the David L. Wilson and Mary A. Wilson 1992 Trust U/D/T February 3, 1992 in favor of Sand City Redevelopment Agency, an agency of the State in Deed, recorded 05/15/97 in Reel 3518, Official Records, Page 809 over the following described property:

A part of Elder Ave., formerly Anita (abandoned) as set forth in the order for abandonment, recorded 8/23/59 in Vol. 1981 Official Records, at Page 24, particularly described as the North 1/2 of Elder Ave. as described in said order lying South of Lots 24 and 26, Block Numbered 31, as said Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

APN: 011-232-21, 011-232-22 & 011-232-27

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____)

County of _____)

On _____, before me, _____, a Notary Public, personally appeared CHRISTOPHER R. OROSCO, who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/~~they~~ executed the same in his/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by his/~~her~~/~~their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of _____ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public Signature _____ (Seal)

Commission Number: _____ Commission Expiration: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of Fresno)

On _____, before me, _____, a Notary Public, personally appeared GERALD V. LYLES, who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/~~they~~ executed the same in his/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by his/~~her~~/~~their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public Signature _____ (Seal)

Commission Number: _____ Commission Expiration: _____

EXHIBIT E
FORM OF ASSIGNMENT AND ASSUMPTION OF LEASES

Assignment and Assumption of Leases

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (the "**Agreement**") is dated and effective as of _____, ("Effective Date") by and between URBAN ATELIER, LLC, a California limited liability company ("**Assignor**"), and _____ ("**Assignee**").

WHEREAS, Assignor and DWB CAPITAL, LLC, a Delaware limited liability company, a Division of DIVERSYFUND, INC., a Delaware corporation entered into that certain Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions, dated as of December 2, 2022 (the "**Purchase Agreement**"), for that certain real property commonly known as 600 Ortiz Avenue, Sand City, California (the "**Property**");

WHEREAS, DWB CAPITAL, LLC, a Delaware limited liability company, a Division of DIVERSYFUND, INC., a Delaware corporation subsequently assigned his rights under the Purchase Agreement to Assignee;

WHEREAS, pursuant to the terms of the Purchase Agreement Assignor must assign its right, title and interest under the Leases (as defined below) to Assignee;

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. **Assignment**. Assignor conveys and assigns to Assignee all right, title and interest, if any, in and to the leases referenced in Schedule 1 attached hereto and incorporated herein by reference (the "**Leases**"). Assignor agrees to indemnify, defend and hold Assignee harmless (with counsel reasonably acceptable to Assignee) from and against any and all actions, claims, demands, penalties, damages, losses, liabilities, costs, fees and expenses (including attorneys' fees and costs) arising out of Assignor's failure to perform Assignor's duties, liabilities and obligations as landlord under the Leases before the date of this Agreement, but excluding, in all cases, as claims that are expressly assumed by Assignee pursuant to Section 2 below.

2. **Assumption**. Assignee assumes and agrees to be bound by all of Assignor's liabilities and obligations pursuant to the Leases, if any, and agrees to perform and observe all of the covenants and conditions contained in the Leases, from and after the date of this Agreement. Notwithstanding the foregoing, Assignee hereby agrees to assume all of Assignor's liabilities and obligations pursuant to the Leases with respect to the physical condition of the premises provided that (a) Assignor was unaware of such claim prior to the Effective Date, or if Assignor was aware of such claim, Assignor disclosed such claim to Assignee in writing prior to the Effective Date, and (b) such claims are brought after the Closing, regardless of whether such obligations accrue during or relate to the period before the date of this Agreement. Assignee agrees to indemnify, defend and hold Assignor harmless from and against any and all losses, costs, liabilities, damages and expenses including, without limitation, reasonable attorney's fees, arising out of the Leases and accruing on or after the date of this Agreement, including all obligations of Assignor as landlord under the Leases.

3. **Binding Effect**. This Agreement will inure to the benefit of and will be binding upon the parties hereto and their respective successors and assigns.

4. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which will constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Assignment and Assumption of Leases as of the date and year set forth above.

ASSIGNEE:

DWB CAPITAL, LLC,
a Delaware limited liability company,
a Division of DIVERSYFUND, INC.,
a Delaware corporation

Dated: _____

By: _____

_____
Print Name

_____
Title

Dated: _____

By: _____

_____
Print Name

_____
Title

ASSIGNOR:

URBAN ATELIER, LLC,
a California limited liability company

By: LYLES UNITED, LLC,
a Delaware limited liability company

Dated: _____

By: _____
Gerald V. Lyles, President

By: THE OROSCO FAMILY TRUST
dated June 28, 1977, as amended, Member

Dated: _____

By: _____
Christopher R. Orosco, Trustee

SCHEDULE 1 TO ASSIGNMENT AND ASSUMPTION OF LEASE

[RENT ROLL TO BE ATTACHED]

EXHIBIT F
FORM OF ASSIGNMENT AND ASSUMPTION OF CONTRACTS

Assignment and Assumption of Contracts

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS (the "**Assignment**") dated as of _____, is between URBAN ATELIER, LLC, a California limited liability company ("**Assignor**"), and DWB CAPITAL, LLC, a Delaware limited liability company, a Division of DIVERSYFUND, INC., a Delaware corporation ("**Assignee**").

A. Assignor owns that certain real property located at 600 Ortiz Avenue in the City of Sand City, County of Monterey, State of California, and more particularly described in attached Exhibit A (the "**Property**").

B. Assignor has entered into certain contracts which are more particularly described in Schedule 1 attached hereto (the "**Contracts**"), which affect the Property.

C. Assignor and DWB CAPITAL, LLC, a Delaware limited liability company, a Division of DIVERSYFUND, INC., a Delaware corporation have entered into an Agreement of Purchase and Sale of Real Property and Joint Escrow Instructions dated as of December 2, 2022 (the "**Agreement**"), which Agreement was subsequently assigned by DWB CAPITAL, LLC, a Delaware limited liability company, a Division of DIVERSYFUND, INC., a Delaware corporation to Assignee.

D. Pursuant to the terms of the Agreement, Assignee agreed to purchase the Property from Assignor and Assignor agreed to sell the Property to Assignee, on the terms and conditions contained therein.

E. Assignor desires to assign to Assignee its interest in the Contracts, and Assignee desires to accept the assignment thereof, on the terms and conditions below.

ACCORDINGLY, the parties hereby agree as follows:

1. As of the date on which the Property is conveyed to Assignee pursuant to the Agreement (the "**Conveyance Date**"), Assignor hereby assigns its right, title and interest in and to the Contracts.

2. Assignor covenants, represents and warrants to Assignee that, (a) all of the Contracts are in full force and effect, (b) none of the Contracts have been amended or modified except as reflected on Schedule 1, (c) there are no assignments or agreements to assign any of the Contracts to any other party, and (d) all necessary consents to the assignment of the Contracts to Assignee have been obtained by Assignor.

3. Assignor hereby agrees to indemnify and defend Assignee against and hold Assignee harmless from any and all liabilities, losses, damages, claims, costs or expenses, including, without limitation, reasonable attorneys' fees and costs (collectively, "**Claims**"), (a) originating prior to the Conveyance Date and arising under the Contracts, and (b) arising, in whole or in part, from a breach of the representations and warranties contained herein.

4. Concurrently with the conveyance of Assignor's interest in the Property to Assignee, Assignee hereby assumes all of Assignor's obligations under the Contracts and agrees to indemnify and defend Assignor against and hold Assignor harmless from any and all Claims originating on or subsequent to the Conveyance Date and arising under the Contracts.

5. In the event of any dispute between Assignor and Assignee arising out of the obligations of Assignor under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and expenses of such dispute, including, without limitation, reasonable attorneys' fees and costs. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Assignment shall be recoverable separately from and in addition to any other amount included in such judgment, any such attorneys' fees obligation is intended to be severable from the other provisions of this Assignment and to survive and not be merged into any such judgment.

6. This Assignment shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. Assignor covenants, represents and warrants to Assignee that it will, at the request of Assignee, execute and deliver to Assignee all other and further instruments necessary to vest in Assignee any of Assignor's right, title and interest in or to any of the Contracts.

7. This Assignment (a) may be executed in any number of counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument, and (b) shall be governed by and construed in accordance with the laws of the State of California.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Assignment and Assumption of Contracts as of the date and year set forth above.

BUYER:

DWB CAPITAL, LLC,
a Delaware limited liability company,
a Division of DIVERSYFUND, INC.,
a Delaware corporation

Dated: _____ By: _____

_____
Print Name

_____
Title

Dated: _____ By: _____

_____
Print Name

_____
Title

SELLER:

URBAN ATELIER, LLC,
a California limited liability company

By: LYLES UNITED, LLC,
a Delaware limited liability company

Dated: _____ By: _____
Gerald V. Lyles, President

By: THE OROSCO FAMILY TRUST
dated June 28, 1977, as amended, Member

Dated: _____ By: _____
Christopher R. Orosco, Trustee

EXHIBIT A TO ASSIGNMENT AND ASSUMPTION OF CONTRACTS

Legal Description of the Property

The land referred to is situated in the County of Monterey, City of Sand City, State of California, and is described as follows:

Parcel One:

All of Tract No. 1498, Design Center, in the City of Sand City, County of Monterey, State of California, as shown on map filed January 23, 2008 in Volume 24, Page 16, of Maps of Cities and Towns, in the office of the County Recorder of said county.

APN'S: 011-234-001 through 011-234-055, 011-236-027 and 011-236-029

Parcel Two:

Lots Numbered 21, 22, 23, 24, 25 and 26, in Block Numbered 31, as said Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

Including the Easterly one-half of that portion of Elder Avenue vacated by Resolution SC 96-84 (1996), recorded November 15, 1996 in Reel 3445 Official Records, at Page 1276.

Parcel Two A:

A non-exclusive easement appurtenant to Lots 24 and 26, in Block 31, as such Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22, for the purpose of vehicular ingress and egress from said Lots to Elder Avenue, a City street, as reserved in that certain Grant Deed, executed by David L. Wilson and Mary A. Wilson, Trustees of the David L. Wilson and Mary A. Wilson 1992 Trust U/D/T February 3, 1992 in favor of Sand City Redevelopment Agency, an agency of the State in Deed, recorded 05/15/97 in Reel 3518, Official Records, Page 809 over the following described property:

A part of Elder Ave., formerly Anita (abandoned) as set forth in the order for abandonment, recorded 8/23/59 in Vol. 1981 Official Records, at Page 24, particularly described as the North 1/2 of Elder Ave. as described in said order lying South of Lots 24 and 26, Block Numbered 31, as said Lots and Block are shown on that certain map entitled, "Map of East Monterey, Monterey County, Ca., Surveyed by W. C. Little", filed for record October 18, 1887 in the office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 22.

APN: 011-232-21, 011-232-22 & 011-232-27

SCHEDULE 1 TO ASSIGNMENT AND ASSUMPTION OF CONTRACTS

[to be inserted by Seller]

EXHIBIT G
FORM OF TENANT ESTOPPEL

Estoppel Certificate

The undersigned, as Tenant under that certain Lease (the "**Lease**") dated as of _____, made by URBAN ATELIER, LLC, a California limited liability company, as Landlord, with respect to the premises located at 600 Ortiz Avenue, Sand City, California, , hereby certifies to DWB CAPITAL, LLC, a Delaware limited liability company, a Division of DIVERSYFUND, INC., a Delaware corporation, and its successors and assigns, as follows:

1. The Lease (including all amendments thereto and guarantees thereof) is described on Schedule 1;

2. The commencement date under the Lease was _____;

3. The term of the Lease will expire on _____;

4. The Lease contains _____ (__) option(s) to extend the term for _____ (__) years each upon at least _____ (__) days prior written notice to Landlord;

5. Tenant has deposited with Landlord the sum of _____ and 00/100 Dollars ($_____) as a Security Deposit;

6. Tenant's obligations under the Lease are guaranteed by _____;

7. No rents or charges have been paid in advance, except for the following rents or charges which have been paid to the date specified: $_____ paid to _____;

8. The current monthly rental (including adjustments pursuant to the terms of the Lease and CAM charges) is _____ and 00/100 Dollars ($_____);

9. The Lease (including all Exhibits) is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except as follows _____

10. The Lease, as affected by those changes set forth in Paragraph 9 above, represents the entire agreement between the parties as to the Premises;

11. There are no uncured defaults by Landlord under the Lease, and Tenant knows of no events or conditions which, with the passage of time or notice, or both, would constitute a default by Landlord under the Lease, except as follows: _____

12. At the date hereof, there are no existing defenses or offsets which the undersigned has against the enforcement of the Lease by Landlord;

13. Tenant acknowledges that it has waived any right of first refusal to purchase the Premises or any right to purchase the Premises or any option to purchase the Premises that it may have; and

14. All conditions of the Lease to be performed by Landlord and necessary to the enforceability of the Lease have been satisfied.

EXECUTED this _____ day of _____, 20_____.

INCIPIENT VEISALGIA, INC.,
a California corporation

By: _____

Name: _____

Title: _____

EXHIBIT H
FORM OF TENANT NOTIFICATION LETTER

[END OF PURCHASE AGREEMENT]

NOTICE TO TENANT

TO: [Tenant Address per Lease notice requirements]

_____

Attention:

DATE: [Closing Date]

RE: Notice of Change of Ownership of Real Property located at 600 Ortiz Avenue San City, CA 93955.

Dear Tenant:

YOU ARE HEREBY NOTIFIED AS FOLLOWS:

That as of the date hereof, the undersigned has transferred, sold, assigned and conveyed all of its right, title and interest in and to the above-described property to _____, a

_____limited liability company ("Purchaser") and assigned to Purchaser all the undersigned's right, title and interest under that certain Lease dated _____ between

_____as Tenant and _____as Landlord (the "Lease").

Accordingly, Purchaser is the new landlord under the Lease and, until you receive further notice from Purchaser, all rent checks and other payments to landlord under the Lease should be made payable to and mailed or delivered to Purchaser at the address below, and future notices and correspondence with respect to your leased premises at the Property should be made to Purchaser at the following address:

_____

_____

_____

With a copy (for all notices and correspondence other than rent payments) to:

_____

_____

_____

In addition, to the extent required by the Lease, please amend all insurance policies you are required to maintain pursuant to the Lease to name Purchaser as an additional insured thereunder and promptly provide Purchaser with evidence thereof.

Very truly yours, [Seller's Name]

cc:

By: _____ Name: _____ Title

APPENDIX III

OVERVIEW OF AFFILIATED ENTITIES

ENTITY	**MEMBERS/PRINCIPALS**	**MANAGERS / DIRECTORS**
DF REGATTA PARTNERS LLC ("Company")	• Members, including certain principals and affiliates of the Manager	• Manager
DIVERSYFUND, INC. ("Manager")	• Majority owned by Craig Cecilio and Alan Lewis	• Craig Cecilio and Alan Lewis, Directors
DF MANAGER, LLC ("REIT Manager")	• Wholly-owned by DiversyFund, Inc.	• Manager
DF GROWTH REIT, LLC ("REIT")	• Owned by multiple third party investors	• REIT Manager

APPENDIX IV

SUBSCRIPTION AGREEMENT

DIVERSY FUND

DF INDEPENDENT PARTNERS LLC

SUBSCRIPTION AGREEMENT

DIVERSY FUND

Confidential

DF INDEPENDENT PARTNERS LLC

NO PUBLIC MARKET EXISTS FOR ANY UNITS OFFERED HEREBY, AND NO ASSURANCES ARE GIVEN THAT ANY SUCH MARKET WILL DEVELOP. SUBSCRIBERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD.

THIS SUBSCRIPTION BOOKLET HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PROSPECTIVE SUBSCRIBERS IN THE COMPANY AND CONSTITUTES AN OFFER ONLY TO THE PROSPECTIVE SUBSCRIBERS TO WHOM IT WAS DELIVERED. DISTRIBUTION OF THIS SUBSCRIPTION BOOKLET TO ANY PERSON OTHER THAN SUCH PROSPECTIVE SUBSCRIBER AND THOSE PERSONS RETAINED TO ADVISE IT WITH RESPECT TO THE INVESTMENT IS UNAUTHORIZED.

IN MAKING AN INVESTMENT DECISION, SUBSCRIBERS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. SUBSCRIBERS SHOULD CAREFULLY REVIEW THE INFORMATION IN THE PRIVATE PLACEMENT MEMORANDUM AND THE INVESTMENT SUMMARY RELATED TO THIS OFFERING WITH THE COMPANY'S OPERATING AGREEMENT AND OTHER EXHIBITS AND THIS SUBSCRIPTION AGREEMENT. SUBSCRIBERS SHOULD ALSO CONSULT WITH AN INVESTMENT ADVISOR, ATTORNEY, ACCOUNTANT OR OTHER ADVISOR REGARDING AN INVESTMENT IN THE COMPANY AND ITS SUITABILITY FOR SUBSCRIBER.

THE SECURITIES DESCRIBED IN THIS SUBSCRIPTION BOOKLET HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "**COMMISSION**"), NOR HAS THE COMMISSION OR ANY APPLICABLE STATE OR OTHER JURISDICTION'S SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS SUBSCRIPTION AGREEMENT OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. NONE OF THE SECURITIES MAY BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE TRANSACTION EFFECTING SUCH DISPOSITION IS REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR AN EXEMPTION THEREFROM IS AVAILABLE AND THE COMPANY RECEIVES AN OPINION OF COUNSEL ACCEPTABLE TO IT THAT SUCH REGISTRATION IS NOT REQUIRED PURSUANT TO SUCH EXEMPTION.

Confidential
May Not Be Reproduced or Distributed

DF INDEPENDENT PARTNERS LLC

Subscription Booklet

This booklet contains documents that must be read, executed, and returned if Subscriber wishes to invest in DF INDEPENDENT PARTNERS LLC, a Delaware limited liability company (the "**Company**").

Subscriber should carefully review the information in the Private Placement Memorandum related to this offering with all appendices including the Company's Operating Agreement and other documents (the "Private Placement Memorandum") and this Subscription Agreement and should consult with Subscriber's financial adviser, attorney, accountant or other advisor before completing and returning documents.

If you decide to invest, please complete, sign, and return the documents required to subscribe to this offering, as listed under the headings below.

A. Individuals must return the following documents:

1. The execution page of the attached Subscription Agreement and the Authorization of Distributions to Subscriber form;
2. Executed copy of the signature page of the Company's Operating Agreement (the "**Operating Agreement**"), attached here following the Subscription Agreement execution page; and
3. Completed AML Background Document form attached as Exhibit C.

B. Entities must return the following documents:

1. The execution page of the attached Subscription Agreement and the Authorization of Distributions to Subscriber form;
2. Executed copy of the execution page of the Operating Agreement, attached following the Subscription Agreement execution page;
3. The applicable exhibit to the Subscription Agreement:
   (a) *If the Subscriber is a partnership or limited liability company*, please include the following in the documents to be returned to the Company: (i) copies of the entity's governing instruments, (ii) a copy of the executed resolutions of the managers/partners as specified in Exhibit A-1, and (iii) a completed Exhibit A-1;
   (b) *If the Subscriber is a custodian, trustee, or agent,* please include the following in the documents to be returned to the Company: (i) a copy of the trust agreement or other instrument governing the Subscriber, and (ii) a completed Exhibit A-2.
   (c) *If the Subscriber is a corporation*, please include the following in the documents to be returned to the Company: (i) copies of the corporation's governing instruments, (ii) a copy of the executed resolutions of the corporation's Board of Directors as specified in Exhibit A-3, and (iii) a completed Exhibit A-3;

4. Completed and executed copy of the Beneficial Owner Notice in the form attached as Exhibit B.

5. Completed AML Background Document form attached as Exhibit C.

TABLE OF CONTENTS

I. SUBSCRIPTION AGREEMENT AND SUITABILITY STATEMENTS: The Subscription Agreement is the document by which you agree to subscribe for and purchase Units in the Company. It includes a power of attorney granted to the Manager (the "**Manager**") in Section 3. The suitability statements, which are incorporated in Section 9 of the Subscription Agreement and therefore are part of this agreement, are important. Please read section 9 carefully. Both individuals and entities should carefully read each of the statements in the suitability section and fill out and sign the execution page to the subscription agreement.

II. ENTITY CERTIFICATES: IF THE SUBSCRIBER IS AN ENTITY, THE SUBSCRIBER MUST COMPLETE AND SIGN ONE OF EXHIBIT A-1, EXHIBIT A-2, OR EXHIBIT A-3, AS APPLICABLE.

III. BENEFICIAL OWNER NOTICE: EACH SUBSCRIBER MUST COMPLETE THE BENEFICIAL OWNER NOTICE ATTACHED HERETO AS EXHIBIT B.

IV. AML BACKGROUND DOCUMENTATION: SUBSCRIBER MUST COMPLETE THE AML BACKGROUND DOCUMENTATION FORM ATTACHED HERETO AS EXHIBIT C.

****

Please contact the Company if you have any questions:

DF INDEPENDENT PARTNERS LLC

Attention: Frank Pishler, Investor Relations
Telephone: +1 630-362-1160
Email: frank@diversyfund.com

DIVERSY FUND

DF INDEPENDENT PARTNERS LLC

SUBSCRIPTION AGREEMENT

This Subscription Agreement (this "**Agreement**") is entered into by and between DF INDEPENDENT PARTNERS LLC, a Delaware limited liability company (the "**Company**"), and the undersigned party as Subscriber (the "**Subscriber**"). In consideration of the mutual covenants set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Subscriber and the Company hereby agree as follows. *Capitalized terms used herein without definition have the meanings set forth in the Operating Agreement.*

1. **Offering**.

(a) The Company has been formed under the laws of the State of Delaware pursuant to a Certificate of Formation and is governed by the Operating Agreement in substantially the form attached to the Private Placement Memorandum as an exhibit, as it may be amended from time to time (the "**Operating Agreement**" and together with the Certificate of Formation, the "**Organizational Documents**").

(b) The Company is offering Class A Units ("**Units**") of the Company at a price of $1.00 per Unit in an aggregate amount of up to US $10,735,050 (the "**Offering Amount**"), to be sold on a "best efforts" basis on the terms set forth herein and in accordance with the Organizational Documents (the "**Offering**"), *provided* that the Company may in its sole discretion increase the Offering Amount without notice to the Subscriber.

(c) A minimum cash investment of $50,000 is required to subscribe to the Offering.

2. **Subscription**.

(a) Subject to the terms and conditions in this Agreement, the Subscriber hereby irrevocably tenders this subscription (this "**Subscription**") for the purchase of that number of Units stated on the signature page for the aggregate purchase price set forth on the signature page (the "**Purchase Price**").

(b) This Subscription, when and if accepted by the Company (subject to completion of verification of Subscriber's Accredited Investor status and compliance with applicable Anti-Money Laundering regulations), will constitute a commitment to contribute that portion of the Purchase Price accepted by the Company in accordance with the terms of the Operating Agreement. The Subscriber will be admitted as a Member at the time this Subscription is accepted and executed by the Company, subject to completion of verification of Subscriber's Accredited Investor status and compliance with applicable Anti-Money Laundering regulations, and the Subscriber hereby agrees to be bound by the Operating Agreement as a Member and to perform all obligations contained in the Operating Agreement. This Agreement will become irrevocable with respect to the Subscriber at the time of its submission to the Company and may not be withdrawn by the Subscriber unless the Company rejects this Subscription.

(c) SUBSCRIBER ACKNOWLEDGES THAT THE COMPANY MAY ACCEPT OR REJECT SUCH OFFER TO PURCHASE, IN WHOLE OR IN PART, IN ITS SOLE DISCRETION, AND THAT THE INVESTMENT MINIMUM MAY BE WAIVED BY THE MANAGER IN ITS SOLE DISCRETION.

(d) Tender of Purchase Price and Wiring Instructions. Subscriber hereby agrees to wire to the Company the amount of the Purchase Price in lawful currency of the United States of America. Subscriber's completed Form W-9 must be received by the Company prior to transmitting the Purchase Price. All wire fees assessed by the originating bank and any intermediary bank must be paid by the Subscriber separately and not deducted from the wire transfer.

WIRE FUNDS TO:

Bank: Silicon Valley Bank
ABA Number: 121140399
Account Holder: DF INDEPENDENT PARTNERS, LLC
Address: Symphony Tower 750 B Street, Suite 1930, San Diego, CA 92101
Account Number: 3303968228

(e) Closings. The Company may in the exercise of its discretion hold one or more closings (each a "**Closing**") at which the Company may accept Subscribers as Members(subject to completion of verification of Subscriber's Accredited Investor status and compliance with applicable Anti-Money Laundering regulations). All subscription proceeds will be deposited into an account of the Manager at Silicon Valley Bank and, following acceptance of the subscription and a Closing, subscription proceeds will be transferred to the Company. Upon the Closing with respect to the undersigned Subscriber, the Manager and the Company agree that the Subscriber shall be admitted as a Member, (subject to completion of verification of Subscriber's Accredited Investor status and compliance with applicable Anti-Money Laundering regulations), on the terms and conditions, and in consideration of Subscriber's agreement to be bound by the terms and provisions, of the Operating Agreement and this Agreement. SUBJECT TO THE TERMS AND CONDITIONS HEREOF AND OF THE OFFERING DOCUMENTS, THE SUBSCRIBER'S OBLIGATION TO SUBSCRIBE AND PAY FOR THE SUBSCRIBER'S UNITS SHALL BE COMPLETE AND BINDING UPON THE EXECUTION AND DELIVERY OF THIS AGREEMENT.

3. **Power of Attorney.** Subscriber hereby irrevocably constitutes and appoints the Manager (and any substitute or successor managers of the Company) as Subscriber's true and lawful attorney in Subscriber's name, place and stead, (a) to receive and pay over to the Company on Subscriber's behalf, to the extent set forth in this Agreement, all funds received hereunder, (b) to complete or correct, on Subscriber's behalf, all documents to be executed by Subscriber in connection with the Subscriber's subscription for the Units herein, including, without limitation, filling in or amending amounts, dates, and other pertinent information, and (c) to execute, acknowledge, swear to and file: (i) any counterparts of the Operating Agreement to be entered into pursuant to this Agreement and any amendments to which Subscriber is a signatory; (ii) any amendments to any such amendments (as provided in the Operating Agreement); (iii) any agreements or other documents relating to the obligations of the Company, as defined in the Operating Agreement and in the Assumption Transaction (as defined below); (iv) any certificates of formation required by law and all amendments thereto; (v) all certificates and other instruments necessary to qualify, or continue the qualification of, the Company in the states where it may be doing business and to preserve the limited liability status of the Company in the jurisdictions in which the Company may acquire investments; (vi) any certificates or other instruments which may be required to effectuate any change in the equity ownership of the Company; (vii) all assignments, conveyances, or other instruments or documents necessary to effect the dissolution of the Company; and (viii) all other filings with agencies of the federal government, of any state or local government, or of any other jurisdiction, which the Manager considers necessary or desirable to carry out the purposes of this Agreement, the Operating Agreement, the Assumption Transaction (as defined below) and the business of the Company. This power of

attorney shall be deemed coupled with an interest, shall be irrevocable, and shall survive the transfer of the Subscriber's Units.

4. **Other Subscriptions.** The Company has entered into separate subscription agreements ("**Other Subscription Agreements**" and, together with this Agreement, the "**Subscription Agreements**") with other subscribers ("**Other Purchasers**"), providing for the sale to Other Purchasers of Units and the admission of Other Purchasers as Members. This Agreement and the Other Subscription Agreements are separate agreements and the sales of Units to Subscriber and Other Purchasers are separate sales.

5. Conditions Precedent to Subscriber's Obligations.

(a) Conditions Precedent. Subscriber's obligation to subscribe for the Units and be admitted as a Member at the Closing is subject to the fulfillment (or waiver by Subscriber), prior to or at the time of the Closing, of the following conditions:

(i) Operating Agreement. The Operating Agreement shall be in full force and effect and shall have been duly authorized, executed, and delivered by the Manager.

(ii) Representations and Warranties. The representations and warranties of the Company contained in Section 7 of this Agreement shall be true and correct in all material respects when made and at the time of the Closing, except as affected by the consummation of the transactions contemplated by this Agreement or the Operating Agreement.

(iii) Performance. The Company shall have duly performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

(iv) Legal Investment. On the Closing, the subscription hereunder shall be permitted by the laws and regulations applicable to Subscriber.

(b) Nonfulfillment of Conditions. If at the Closing any of the conditions specified in Section 5(a) shall not have been fulfilled, Subscriber shall, at Subscriber's election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights Subscriber may have by reason of such nonfulfillment. If Subscriber elects to be relieved of Subscriber's obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement shall be null and void as to Subscriber and the power of attorney contained herein shall be used only to carry out and effect the actions required by this sentence, and the Company shall promptly take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to the Subscriber.

6. Conditions Precedent to the Company's Obligations.

(a) The Conditions Precedent. The obligations of the Company and the Manager to issue to Subscriber the Units and to admit Subscriber as a Member at the Closing shall be subject to the fulfillment (or waiver by the Company) of the following conditions:

(i) Operating Agreement. A counterpart of the Operating Agreement shall have been duly authorized, executed, and delivered by or on behalf of the Subscriber. The Operating Agreement shall be in full force and effect.

(ii) Representations and Warranties. The representations and warranties made by the Subscriber in Section 8 and Section 9 shall be true and correct when made and at the time of the Closing.

(iii) Performance. Subscriber shall have duly performed and complied with all agreements and conditions contained in this Agreement, including submission of documents required for verification of Subscriber's Accredited Investor status and compliance with applicable Anti-Money Laundering regulations, that are required to be performed or complied with by Subscriber prior to or at the time of the Closing.

(b) Nonfulfillment of Conditions. If at or following the Closing any of the conditions specified in Section 6(a) shall not have been fulfilled, or if Subscriber fails to verify Subscriber's Accredited Investor status or compliance with Anti-Money Laundering regulations, the Company shall, at the Manager's election and in its sole discretion, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights it may have by reason of such nonfulfillment. If the Manager elects for the Company to be relieved of its obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement shall be null and void as to the Subscriber and the power of attorney contained herein shall be used only to carry out and effect the actions required by this sentence, and the Company shall promptly take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to the Subscriber.

7. Representations and Warranties of the Company.

(a) The Representations and Warranties. The Company represents and warrants that:

(i) Formation and Standing. The Company is duly formed and validly existing as a limited liability company under the laws of the State of Delaware and, subject to applicable law, has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted.

(ii) Authorization of Agreement. The execution and delivery of this Agreement has been authorized by all necessary action on behalf of the Company and this Agreement is a legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with its terms. The execution and delivery by the Manager of the Operating Agreement has been authorized by all necessary action on behalf of the Company and the Operating Agreement is a legal, valid, and binding agreement of the Manager, enforceable against the Manager in accordance with its terms.

(iii) Compliance with Laws and Other Instruments. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Operating Agreement, or any agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Company or its business or properties. The execution and delivery of the Operating Agreement and the consummation of the transactions contemplated thereby will not conflict with or result in any violation of or default under any provision of the bylaws of the Manager, or any agreement or instrument to which the Manager is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Manager or its respective businesses or properties.

(b) Survival of Representations and Warranties. All representations and warranties made by the Company in Section 7(a) shall survive the execution and delivery of this Agreement, as well as any investigation made at any time by or on behalf of Subscriber and the issue and sale of Units.

8. **Representations and Warranties of the Subscriber.** Subscriber hereby represents and warrants to the Company and its Manager, officers, employees, agents, attorneys, Members and Other Purchasers, as of the date of this Agreement, that:

(a) Review of Material Documents. Subscriber has carefully reviewed and understands each of the following documents (collectively, the "**Offering Documents**"):

(i) this Subscription Agreement, together with all exhibits and attachments hereto;

(ii) the Organizational Documents, together with all amendments and modifications or supplements thereto; and

(iii) the Private Placement Memorandum together with all exhibits and attachments thereto, including the Investment Summary.

By signing this Agreement, whether electronically or manually, Subscriber agrees to be bound by the terms of this Agreement, to transact business with the Company and to receive communications relating to the Company electronically.

(b) Bad Actor. Neither Subscriber nor, if applicable, any of its shareholders, members, managers, general or limited partners, directors, affiliates or executive officers, is subject to any of the "**Bad Actor**" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "**Disqualification Event**"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3).

(c) Accuracy of Information. All information that Subscriber has provided to the Company or the Manager concerning the Subscriber, Subscriber's investor status, financial position and knowledge and experience of financial, tax and business matters, or in the case of a Subscriber that is an entity, the knowledge and experience of financial, tax and business matters of the person making the investment decision on behalf of such entity, is correct and complete as of the date hereof.

(d) Investment Experience and Ability to Bear Risk. Subscriber (1) is knowledgeable and experienced with respect to the financial, tax, and business aspects of the ownership of the Units and of the business contemplated by the Company and is capable of evaluating the risks and merits of purchasing the Units and, in making a decision to proceed with this investment, has not relied upon any representations, warranties or agreements, other than those set forth in this Agreement and the Offering Documents; and (2) can bear the economic risk of an investment in the Company for an indefinite period of time, and can afford to suffer the complete loss thereof. Further, Subscriber represents and warrants that Subscriber has adequate means of providing all of Subscriber's current and foreseeable needs and personal contingencies and Subscriber has no need for liquidity in this investment.

(e) Financial Information; Advice. Subscriber is not relying on any financial information, including financial projections or oral representations, in making the decision to purchase Units. Subscriber has completely relied on the advice of or has consulted Subscriber's own legal, investment, ERISA, tax, and/or financial advisers to the extent Subscriber deems necessary concerning the advisability of investing in this Offering, including the legal requirements for acquiring the Units, the suitability of such acquisition for the Subscriber, any ERISA or tax-related consequences of such acquisition to the Subscriber, and any applicable currency exchange restrictions. *Subscriber also acknowledges and agrees that Subscriber has not relied on the Company or the Manager or any of their affiliates, managers, members, directors, shareholders, officers, attorneys, accountants or any other agents thereof.*

(f) Questions Asked and Answered. Subscriber has had an opportunity to review and ask questions concerning the Company and the Offering Documents and Subscriber understands the risks of, and other considerations relating to, a purchase of Units, including the risks set forth in the Private Placement Memorandum. Subscriber has been given access to, and prior to the execution of this Agreement Subscriber was provided an opportunity to ask questions of and receive answers from, the Manager or any of its respective principals concerning the terms and conditions of the Offering, and to obtain any other information which Subscriber and Subscriber's investment representative and professional advisors requested with respect to the

Company and Subscriber's investment in the Company in order to evaluate Subscriber's investment and verify the accuracy of all information furnished to Subscriber regarding the Company. All such questions, if asked, were answered satisfactorily and all information or documents provided were found to be satisfactory.

(g) No Resale. Subscriber is purchasing the Units solely for Subscriber's own account for investment purposes only and not with a view to the sale or distribution of any Units by public or private sale or other disposition. Subscriber understands that no public market exists for the Units and that the Units may have to be held for an indefinite period of time. Subscriber has no intention of selling, granting any participation in or otherwise dividing, distributing or disposing of any portion of the Units, except that participants in and beneficiaries of any Subscriber that is a Qualified Plan Investor (as defined below) will benefit as provided in plan documents.

(h) Not Registered; No Market. Subscriber understands that the Units have not been and will not be registered under the Securities Act, or approved or disapproved by the U.S. Securities and Exchange Commission or by any state securities administrator, or registered or qualified under any state securities law. The Units are being offered and sold in reliance on exemptions from the registration requirements of both the Securities Act and applicable state securities laws, and the Units may not be transferred by Subscriber except in compliance with the Operating Agreement and applicable laws and regulations. The Company is not required to register the Units or make any exemption from registration available, and there will be no public market for the Units. Subscriber may not be able to sell Units and must bear the economic risk of an investment in Units for an indefinite period.

(i) Awareness of Certain Risks. Subscriber acknowledges and agrees that:

(1) The structure and relationships of the Indemnified Persons (defined below) could present potential and actual conflicts of interest as described in the Private Placement Memorandum;

(2) The Company has limited assets and is newly formed with no history of operations;

(3) Investment returns set forth in any supplemental letters or materials thereto are not necessarily indicative of the returns, if any, that may be achieved by the Company;

(4) The Company may, in its sole discretion, accept more or less than the aggregate offering amount;

(5) The Manager will receive substantial compensation in connection with the acquisition, management and development of the Company's assets.

(6) The Units are illiquid and involve a substantial degree of risk of loss of Subscriber's entire investment, and there is no assurance of any return on Subscriber's investment;

(7) Any federal and/or state income tax benefits that may be available to Subscriber may be lost through the adoption of new laws or regulations, changes to existing laws and regulations, or changes in the interpretation of existing laws and regulations;

(8) No federal state, local or non-U.S. agency has passed upon the Offering or the Units or made any findings or determination as to the fairness of this investment; and

(9) The representations, warranties, agreements, undertakings and acknowledgement made by Subscriber in this Subscription Agreement will be relied upon by the Company and the Manager in determining Subscriber's suitability as a purchaser of the Units and the Company's compliance with federal and state securities laws, and shall survive Subscriber's admission as a Member.

(j) No Duplication. Subscriber has not reproduced, duplicated or delivered this Subscription Agreement or any of the Offering Documents to any other person, except to the beneficial owners of, and certain professional advisers to, Subscriber or as otherwise instructed in writing by the Manager.

(k) Notices Pursuant to Securities Laws. Subscriber agrees that the Manager and the Company may provide in any electronic medium (including via email or website access) any disclosure or document required by applicable securities laws to be provided to Subscriber.

(l) Place of Residence. Subscriber was offered the Units in only the state or jurisdiction listed as Subscriber's residence or principal place of business as provided herein, and Subscriber intends that the securities laws of that state or jurisdiction govern Subscriber's subscription.

(m) Investment Representation and Warranty. Subscriber is acquiring Subscriber's Units for Subscriber's own account or for one or more separate accounts maintained by Subscriber or for the account of one or more pension or trust funds of which Subscriber is a trustee as to which Subscriber is the sole qualified professional asset manager within the meaning of Prohibited Transaction Exemption 84-14 (a "**QPAM**") for the assets being contributed hereunder, in each case not with a view to or for sale in connection with any distribution of any or all of such Units. Subscriber hereby agrees that Subscriber will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of any or all of such Units (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of any or all of the Units) except in accordance with the registration provisions of the Securities Act, or an exemption from such registration provisions, with any applicable state or other securities laws, and with the terms of the Organizational Documents. If Subscriber is purchasing for the account of one or more pension or trust funds, Subscriber represents that (except to the extent Subscriber has otherwise advised the Company in writing prior to the date hereof) Subscriber is acting as sole trustee or sole QPAM for the assets being contributed hereunder and has sole investment discretion with respect to the acquisition of the Units to be purchased by Subscriber pursuant to this Agreement, and the determination and decision on Subscriber's behalf to purchase such Units for such pension or trust funds is being made by the same individual or group of individuals who customarily pass review on such investments, so that Subscriber's decision as to purchases for all such funds is the result of such study and conclusion.

(n) No Investment Company Issues. If Subscriber is an entity, Subscriber represents that:

(1) Subscriber was not formed, and is not being utilized, primarily for the purpose of making an investment in the Company; and

(2) Subscriber is not an investment company under the Investment Company Act or a "private investment company" that avoids registration and regulation under the Investment Company Act based on the exclusion provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

(o) Certain Securities Matters. Subscriber understands that (1) the Company will not register as an investment company under the Investment Company Act; (2) the Manager is not currently registered as an investment adviser under the Advisers Act or any applicable state regulations, and accordingly, the specific protections available to clients of registered investment advisers are not available to the Company or its Members; (3) the Units will not be registered under the Securities Act, any U.S. state securities laws, or any non-U.S. securities laws, as applicable; (4) the Units are being offered and sold in reliance upon exemptions provided in the Securities Act, U.S. state securities laws, and other laws as applicable; and (5) legends stating that the Units have not been registered under the Securities Act, any U.S. state securities laws, or any non-U.S. securities laws, as applicable, or otherwise referring to the restrictions on the transferability and resale of the Units may be placed on the documents evidencing the Units.

(p) Certain ERISA Matters. Subscriber represents that:

(1) Except as described in a letter to the Manager dated at least five days prior to the date hereof, no part of the funds used by Subscriber to acquire the Units constitutes assets of any "employee benefit plan" within the meaning of Section 3(3) of ERISA, either directly

or indirectly through one or more entities whose underlying assets include plan assets by reason of a plan's investment in such entities (including insurance company separate accounts, insurance company general accounts or bank collective investment funds, in which any such employee benefit plan (or its related trust) has any interest); or

(2) If the Units are being acquired by or on behalf of any such plan (any such purchaser being referred to herein as an "**ERISA Member**"), (A) such acquisition has been duly authorized in accordance with the governing documents of such plan and (B) such acquisition and the subsequent holding of the Units do not and will not constitute a "non-exempt prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code (i.e., a transaction that is not subject to an exemption contained in ERISA or in the rules and regulations adopted by the U.S. Department of Labor (the "**DOL**") thereunder). Subscriber acknowledges that the Manager is not registered as an "investment adviser" under the Advisers Act, and that as a Member, Subscriber will have no right to withdraw from the Company except as specifically provided in the Operating Agreement. If, in the good faith judgment of the Manager, the assets of the Company would be "plan assets" (as defined in DOL Reg. § 2510.3-101 promulgated under ERISA, as it may be amended from time to time) of an employee benefit plan (assuming that the Company conducts its business in accordance with the terms and conditions of the Operating Agreement), then the Company and each ERISA Member will use their respective best efforts to take appropriate steps to avoid the Manager becoming a "fiduciary" (as defined in ERISA) as a result of the operation of such regulations. These steps may include (x) selling Subscriber's Units (if Subscriber is an ERISA Member) to a third party which is not an employee benefit plan, or (y) making any appropriate applications to the DOL, but the Manager shall not be required to register as an "investment adviser" under the Advisers Act.

(3) If Subscriber is an ERISA Member, Subscriber further understands, agrees and acknowledges that Subscriber's allocable share of income from the Company may constitute "unrelated business taxable income" ("**UBTI**") within the meaning of section 512(a) of the Code and be subject to the tax imposed by section 511(a)(1) of the Code. Subscriber further understands, agrees and acknowledges that the Company neither makes nor has made any representation to it as to the character of items of income (as UBTI or otherwise) allocated (or to be allocated) to its Members (including ERISA Member) for federal, state, or local income tax purposes. Subscriber (prior to becoming a Member of the Company) has had the opportunity to consider and discuss the effect of Subscriber's receipt of UBTI with independent tax counsel of Subscriber's choosing, and upon becoming a Member of the Company voluntarily assumes the income tax and other consequences resulting from the treatment of any item of the Company's income allocated to Subscriber as UBTI. The Company shall not be restricted or limited in any way, or to any degree, from engaging in any business, trade, loan, or investment that generates or results in the allocation of UBTI to Subscriber or any other ERISA Member, nor shall the Company have any duty or obligation not to allocate UBTI to Subscriber or any other ERISA Member. Subscriber hereby releases the Company and all of its other Members from any and all claims, damages, liability, losses, or taxes resulting from the allocation to Subscriber by the Company of UBTI.

(q) Anti-Money Laundering Law Compliance. The Subscriber acknowledges that the Company and/or the Manager may be subject to certain anti-money laundering laws and regulations in the United States ("**AML**") and otherwise prohibited from engaging in transactions with, or providing services to, certain foreign countries, territories, entities and individuals, including without limitation, specially designated nationals, specially designated narcotics traffickers and other parties subject to sanctions and embargoes programs by the United States government or the United Nations. Subscriber hereby represents and warranties the following and shall promptly notify the Manager if any of the following ceases to be true and accurate. Subscribers should

check the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") website at http://www.treas.gov/ofac before making the following representations.

(1) None of (A) Subscriber, (B) any person controlling or controlled by the Subscriber, directly or indirectly, (C) any person having a beneficial interest in the Subscriber, directly or indirectly, or (D) any person for whom the Subscriber is acting as agent or nominee in connection with this investment, directly or indirectly, is: (y) a country, territory, individual or entity named on an any OFAC list, nor is a person or entity with whom U.S. persons are prohibited from dealing by any OFAC programs; or (z) acting as agent or nominee of any senior foreign political figure, or any immediate family member or close associate of any senior political figure as such terms are defined by applicable AML Laws.

(2) Subscriber has conducted thorough due diligence (and where appropriate, enhanced due diligence) with respect to, and has established the identities, of all of the Subscriber's investors, directors, officers, other beneficiaries, and/or if applicable grantors and settlors; holds records evidencing such identities; will maintain all such records for at least five years after the date of the Subscriber's withdrawal of all of Subscriber's capital in the Company; and will promptly make such records available for inspection by the Company upon a request made in good faith by the Company in order to comply with any requirements of U.S., international, and/other anti-money laundering, embargo, trade sanction, or similar laws, regulations, treaties, conventions, requirements and regulatory policies, in each case whether or not with force of law and whether imposed by a governmental or other person in the United States or another jurisdiction, and any related disclosure and compliance policies adopted by counterparties and financial intermediaries.

(3) Subscriber has conducted thorough due diligence and due diligence and investigation that: (A) the funds contributed by the Subscriber to the Company pursuant to this subscription were not, and are not, directly or indirectly derived from activities that contravene U.S. federal or state laws and regulation, or international laws and regulations, including, but not limited to, any AML Laws; (B) the proceeds from the Subscriber's investment in the Company will not be used to finance illegal activities; and (C) the funds contributed by Subscriber to the Company pursuant to this subscription do not originate from, or will be routed through, an account maintained at a foreign shell bank, an "offshore bank," or a bank organized or chartered under the laws of a non-cooperative jurisdiction, or a bank or financial institution subject to special measures under the USA Patriot Act.

(4) No contribution or payment by Subscriber to the Company or the Manager shall cause the Company or Manager (acting on behalf of the Company) to be in violation of any AML Laws, including, without limitation, the United States Bank Secrecy Act, the United States Money Laundering Control Act of 1986, and the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001.

(5) Subscriber understands and agrees that if at any time it is discovered that any of the representations in this Section 8(a)(xv) are untrue or inaccurate, or if otherwise required by applicable law or regulation related to money launder and similar activities, the Manager may undertake any appropriate actions to ensure compliance with applicable law or regulations, including, but not limited to, blocking or freezing the account of the Subscriber, segregating or redeeming Subscriber's investment in the Company, or withholding distributions to Subscriber. Subscriber understands and agrees that the Company may also be required to report such action(s) and to disclose the Subscriber's identity to OFAC.

(6) Subscriber is not a non-U.S. banking institution ("**Foreign Bank**"), and does not receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank.

(7) The United States Foreign Account Tax Compliance Act, including any regulations (whether proposed, temporary or final) or administrative guidance promulgated

thereunder (as may be amended, "**FATCA**"), imposes or may impose certain obligations on the Company, and the Subscriber acknowledges and agrees that:

(A) The Company may, from time to time and as otherwise may be required by FATCA, (I) require further information and/or documentation relating to or concerning the Subscriber, which information and/or documentation may (y) include Subscriber's direct and indirect beneficial owners (if any), the Subscriber's identity, residence (or jurisdiction of formation) and income tax status, and (z) need to be certified by the Subscriber under penalties of perjury; and (II) provide or disclose any such information and document to the United States Internal Revenue Service or any other governmental agencies.

(B) Subscriber shall provide such information and/or documentation concerning Subscriber and Subscriber's direct and indirect beneficial owners (if any), as and when requested by the Company, as the Company, in its sole discretion, determines is necessary or advisable for the Company to comply with its obligations under FATCA, including, but not limited to, in connection with the Company or any of its affiliates entering into or amending or modifying an FFI Agreement (as defined under FATCA) with the United States Internal Revenue Service. Furthermore Subscriber shall waive any provision of law of any foreign jurisdiction outside of the United States that would, absent a waiver, prevent the Company's compliance with any FFI Agreement, including, but not limited to, Subscriber's provision of any requested information and/or documentation.

(C) If Subscriber does not timely provide the requested information and/or documentation or waiver, as applicable, the Company may, at its sole option and in addition to all other remedies available at law or in equity, prohibit in whole or part Subscriber from participating in additional portfolio investment and/or deduct from the Subscriber's account and retain amounts sufficient to indemnify and hold harmless the Company and the Manager and their affiliates, officers, directors, members, managers, shareholders, employee, and agents of the foregoing, and each other person, if any, who controls or is controlled by any of the foregoing, within the meaning of Section 15 of the Securities Act, from any and all withholding taxes, interest, penalties and other losses or liabilities suffered by any such person on account of the Subscriber's failure comply with the provisions of this Section 8(a)(xv) or failure duly provide any requested information and/or documentation.

(D) Subscriber shall have no claim against the Company or the Manager or their respective affiliates, officers, directors, members, shareholders, managers, employees, and agents of the foregoing, and each other person, if any, who controls or is controlled by any of the foregoing, within the meaning of Section 15 of the Securities Act, for any damages or liabilities attributable to any AML Laws compliance related determinations.

(8) Subscriber acknowledges and agrees that the Company, the Manager or any administrator acting on behalf of the company or Manager may require further documentation verifying Subscriber's identity or the identity of Subscriber's beneficial owners, if any, and the source of the funds used to purchase the Units. Subscriber hereby agrees to provide such documentation as may be requested by the Manager in accordance with the foregoing and Subscriber acknowledges and agrees that the Company or the Manager may release confidential information regarding Subscriber and, if applicable, any of Subscriber's beneficial owners, to government authorities (whether federal, state or international) if the Manager, in its sole discretion, determines that releasing such information is in the best interest of the Company with respect to any AML Law.

(9) The information provided by Subscriber in this Subscription Agreement (including its attachments) is accurate, and Subscriber shall promptly notify the Manager of any change to such information.

(r) No C-Corporation Status. The Company may encounter significant accounting issues if Subscriber acquires Units and holds them as a "C-corporation" under the Code. Accordingly, Subscriber hereby represents and warrants that Subscriber is not currently taxed or taxable as C-corporation and that Subscriber will not, whether by transfer, conveyance, conversion, merger, reorganization or otherwise, effect a change in the nature of Subscriber's organization such that Subscriber would be taxed or taxable as a C-corporation under the Code so long as Subscriber holds the Units.

(s) Suitability. Subscriber has evaluated the risks involved in investing in the Units and has determined that the Units are a suitable investment for Subscriber. Specifically, the aggregate amount of other investments Subscriber has in, and Subscriber's commitments to, all similar investments that are illiquid is reasonable in relation to Subscriber's net worth, both before and after the subscription for and purchase of the Units pursuant to this Agreement.

(t) Transfers and Transferability. Subscriber understands and acknowledges that the Units have not been registered under the Securities Act or any state securities laws and are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and, therefore, cannot be resold or transferred unless they are subsequently registered under the Securities Act and such applicable state securities laws or unless an exemption from such registration is available. Subscriber also understands that the Company does not have any obligation or intention to register the Units for sale under the Securities Act, any state securities laws or of supplying the information which may be necessary to enable Subscriber to sell the Units; and that Subscriber has no right to require the registration of the Units under the Securities Act, any state securities laws or other applicable securities regulations. Subscriber also understands that sales or transfers of Units are further restricted by the provisions of the Operating Agreement. Subscriber further represents and warrants that Subscriber has no contract, understanding, agreement or arrangement with any person to sell or transfer or pledge to such person or anyone else of all or any portion of the Units for which Subscriber hereby subscribes (in whole or in part); and Subscriber represents and warrants that Subscriber has no present plans to enter into any such contract, undertaking, agreement or arrangement. Subscriber understands that there is no public market for the Units and that any disposition of the Units may result in unfavorable tax consequences to Subscriber. Subscriber is aware and acknowledges that, because of the substantial restrictions on the transferability of the Units, it may not be possible for Subscriber to liquidate Subscriber's investment in the Company readily, even in the case of an emergency.

(u) Residence. Subscriber maintains Subscriber's domicile at the address shown in the signature page of this Subscription Agreement and Subscriber is not merely a transient or temporary resident there.

(v) Publicly Traded Company. By the purchase of the Units, Subscriber represents to the Manager and the Company that (1) Subscriber has neither acquired nor will Subscriber transfer or assign any of the Units Subscriber purchases (or any interest therein) or cause any such Units (or any interest therein) to be marketed on or through an "established securities market" or a "secondary market" (or the substantial equivalent thereof) within the meaning of Section 7704(b)(1) of the Code, including, without limitation, an over-the-counter-market or an interdealer quotation, system that regularly disseminates firm buy or sell quotations; and (2) Subscriber either (A) is not, and will not become, a partnership, Subchapter S corporation, or grantor trust for U.S. federal income tax purposes, or (B) is such an entity, but none of the direct or indirect beneficial owners of any of the interests in such entity have allowed or caused, or will allow or cause, eighty percent (80%) or more (or such other percentage as the Manager may establish) of the value of such interests to be attributed to Subscriber's ownership of the Units. Further, Subscriber agrees that if Subscriber determines to transfer or assign any of Subscriber's Units pursuant to the provisions of the Operating Agreement Subscriber will cause

Subscriber's proposed transferee to agree to the transfer restrictions set forth therein and to make the representations set forth in (1) and (2) above.

(w) Capacity to Contract. If Subscriber is an individual, Subscriber represents that Subscriber is over 21 years of age and has the capacity to execute, deliver and perform this Subscription Agreement and the Operating Agreement. If Subscriber is not an individual, Subscriber represents and warrants that Subscriber is a validly existing corporation, partnership, association, joint stock company, trust or unincorporated organization, and was not formed for the specific purpose of acquiring the Units.

(x) Power, Authority; Valid Agreement. (1) Subscriber has all requisite power and authority to execute, deliver and perform Subscriber's obligations under this Agreement and the Operating Agreement and to subscribe for and purchase or otherwise acquire Subscriber's Units; (2) Subscriber's execution of this Agreement and the Operating Agreement has been authorized by all necessary corporate or other action on Subscriber's behalf; and (3) this Agreement and the Operating Agreement are each valid, binding and enforceable against Subscriber in accordance with their respective terms.

(y) No Conflict: No Violation. The execution and delivery of this Agreement and the Operating Agreement by Subscriber and the performance of Subscriber's duties and obligations hereunder and thereunder (1) do not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under (A) any charter, bylaws, trust agreement, operating agreement, partnership agreement or other governing instrument applicable to Subscriber, (B)(y) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement or understanding, or (B)(z) any license, permit, franchise or certificate, in either case to which Subscriber or any of Subscriber's affiliates is a party or by which Subscriber or any of Subscriber's affiliates is bound or to which Subscriber's or any of Subscriber's affiliates' properties are subject; (2) do not require any authorization or approval under or pursuant to any of the foregoing; and (3) do not violate any statute, regulation, law, order, writ, injunction or decree to which Subscriber or any of Subscriber's affiliates is subject.

(z) No Default. Subscriber is not (1) in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement or condition contained in (A) this Agreement or the Operating Agreement, (B) any provision of any charter, bylaws, trust agreement, operating agreement, partnership agreement or other governing instrument applicable to Subscriber, (C)(y) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or any lease or other agreement or understanding, or (C)(z) any license, permit, franchise or certificate, in either case to which Subscriber or any of Subscriber's affiliates is a party or by which Subscriber or any of Subscriber's affiliates is bound or to which properties of Subscriber or any of Subscriber's affiliates' are subject, or (2) in violation of any statute, regulation, law, order, writ, injunction, judgment or decree applicable to Subscriber or any of Subscriber's affiliates.

(aa) No Litigation. There is no litigation, investigation or other proceeding pending or, to Subscriber's knowledge, threatened against Subscriber, Subscriber's spouse or spousal equivalent, or any of Subscriber's affiliates which, if adversely determined, would adversely affect Subscriber's business or financial condition or Subscriber's ability to perform Subscriber's obligations under this Agreement or the Operating Agreement.

(bb) Consents. No consent, approval or authorization of, or filing, registration or qualification with, any court or governmental authority on Subscriber's part is required for the execution and delivery of this Agreement or the Operating Agreement by Subscriber or the performance of Subscriber's obligations and duties hereunder or thereunder.

(cc) Survival of Representations and Warranties. All representations and warranties made by Subscriber in Section 8(a) of this Agreement shall survive the execution and delivery of this Agreement, as well as any investigation at any time made by or on behalf of the Company and the issue and sale of the Units.

(dd) Reliance. Subscriber acknowledges that Subscriber's representations, warranties, acknowledgments and agreements in this Agreement will be relied upon by the Company in determining Subscriber's suitability as a purchaser of the Units.

(ee) Further Assurances. Subscriber agrees to provide, if requested, any additional information that may be requested or required to determine Subscriber's eligibility to purchase the Units.

(ff) Indemnification. Subscriber hereby agrees to indemnify the Company, its affiliates, managers, members, officers, employees, agents, accountants, and attorneys (the "**Indemnified Persons**"), and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorneys' fees (collectively, a "**Loss**") due to or arising out of a breach of a representation, warranty or agreement by Subscriber, whether contained in this Subscription Agreement (including the Suitability Statements) or any other document provided by Subscriber to the Company in connection with Subscriber's investment in the Units. Subscriber hereby agrees to indemnify the Company and the Indemnified Persons and to hold them harmless against all Loss arising out of the sale or distribution of the Units by Subscriber in violation of the Securities Act or other applicable law or any misrepresentation or breach by Subscriber with respect to the matters set forth in this Agreement. In addition, Subscriber agrees to indemnify the Company and any affiliates and to hold such persons harmless from and against, any and all Loss, to which they may be put or which they may reasonably incur or sustain by reason of or in connection with any misrepresentation made by Subscriber with respect to the matters about which representations and warranties are required by the terms of this Agreement, or any breach of any such warranty or any failure to fulfill any covenants or agreements set forth herein.

9. Accredited Investor Status. SUBSCRIBERS ARE REQUIRED TO MAKE THE REPRESENTATIONS AND WARRANTIES IN THIS SECTION 9 IN ORDER FOR THE COMPANY TO EVALUATE COMPLIANCE WITH THE EXEMPTIONS FROM THE SECURITIES ACT AND STATE LAWS BEING RELIED ON BY THE COMPANY WITH RESPECT TO THE OFFER AND SALE OF THE UNITS. SUBSCRIBER AGREES TO FURNISH ANY ADDITIONAL INFORMATION THAT THE COMPANY OR ITS COUNSEL DEEMS NECESSARY IN ORDER TO VERIFY THE RESPONSES SET FORTH BELOW.

(a) Individual Subscribers. If Subscriber is an individual, Subscriber represents and warrants that he or she is an "**Accredited Investor**" as defined in Rule 501 of Regulation D under the Securities Act. ***Subscriber's status as an "Accredited Investor" is based on one or more of the following being true and correct:***

(i) "Net Worth Test": Subscriber is an individual with a net worth, or joint net worth together with his or her spouse or spousal equivalent, in excess of $1,000,000. Net worth for this purpose means total assets (including personal property and other assets) in excess of total liabilities, *but specifically excluding Subscriber's personal residence*. In addition, any mortgage or other loan on the residence does not count as a liability up to the fair market value of the residence. If the loan is for more than the fair market value of the residence (i.e., if Subscriber's mortgage is underwater), then the loan amount that is over the fair market value counts as a liability under the net worth test. Further, any increase in the loan amount on Subscriber's primary residence in the sixty (60) days prior to Subscriber's purchase of the securities (even if the loan amount does not exceed the value of the residence) will count as a liability as well. The reason for this is to prevent net worth from being artificially inflated through converting home equity into cash or other assets; OR

(ii) "Individual Income Test": Subscriber is an individual that had an individual income in excess of $200,000 in each of the two most recent years and reasonably expects the same income level in the current year; OR

(iii) "Joint Income Test": Subscriber is an individual who had, with his/her spouse or spousal equivalent, joint income in excess of $300,000 in each of the two (2) most recent years and reasonably expects the same joint income level in the current year; OR

(iv) "Management Test": Subscriber is a director, executive officer, or Manager of the Company or a director, executive officer of the Manager of the Company; OR

(v) Subscriber holds one of the following licenses in good standing: General Securities Representative (Series 7) license, Private Securities Offerings Representative (Series 8) license, OR Investment Adviser Representative (Series 65) license.

(b) Entity Subscribers. If subscriber is an entity, Subscriber represents and warrants that it is an "**Accredited Investor**" as defined in Rule 501 of Regulation D under the Securities Act. ***Subscriber's status as an "Accredited Investor is based on one or more of the following being true or correct:***

(i) Subscriber is a bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; OR

(ii) Subscriber is a broker or dealer registered pursuant to Section 15 of the Exchange Act; OR

(iii) Subscriber is an investment adviser registered pursuant to Section 203 of the Advisers or registered pursuant to the laws of a state or an investment adviser relying on the exemption from registering with the Commission under Section 203(l) or (m) of the Advisers Act; OR

(iv) Subscriber is an insurance company as defined in Section 2(a)(13) of the Securities Act; OR

(v) Subscriber is an investment company under the Investment Company Act or a business development company as defined in Section 2(a)(48) of the Investment Company Act; OR

(vi) Subscriber is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; OR

(vii) Subscriber is a Rural Business Investment Company as defined in Section 384A of the Consolidated Farm and Rural Development Act; OR

(viii) Subscriber is a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; OR

(ix) Subscriber is an employee benefit plan within the meaning of Title I of ERISA and (1) whose investment decision is being made by a plan fiduciary Section 3(21) ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser, OR (2) whose total assets are in excess of five million dollars ($5,000,000), OR (3) is a self-directed employee benefit plan with investment decisions made solely by persons that are accredited investors.

(x) Subscriber is a private business development company as defined in Section 2(a)(22) of the Advisers Act; OR

(xi) Subscriber is (1) either (A) an organization described in Section 501(c)(3) of the Internal Revenue Code; (B) a corporation; (C) a Massachusetts or similar business trust; (D) a partnership, or (E) a limited liability company that (2) is not formed for the specific purpose of acquiring the securities offered hereby, and that (3) has total assets in excess of five million dollars ($5,000,000); OR

(xii) Subscriber is a trust, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of five million dollars ($5,000,000) and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment in the securities offered; OR

(xiii) Any entity in which all of the beneficial equity owners are accredited investors; OR

(xiv) Subscriber is (1) an entity of a type not listed above, (2) not formed for the specific purpose of acquiring the securities offered, and (3) owns investments in excess of $5,000,000; OR

(xv) Subscriber is a "family office," as defined in Rule 202(a)(11)(G)-1 under the Advisers Act, (1) with assets under management in excess of $5,000,000, (2) that is not formed for the specific purpose of acquiring the securities being offered, and (3) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that the family office capable of evaluating the merits and risks of the prospective investment in the Units; OR

(xvi) Subscriber is a "family client" as defined in Rule 202(a)(11)(G)-1 under the Advisers Act, of a family office meeting the requirements above and whose prospective investment in the Company is directed by the family office pursuant to Section 9(b)(xvi)(3) above.

(c) Other Securities Matters. ***Subscriber further represents and warrants:***

(i) Subscriber (1) was not formed, and (2) is not being utilized, primarily for the purpose of making an investment in the Company (and investment in this Company does not exceed 40% of the aggregate capital committed to Subscriber by Subscriber's partners, shareholders or others);

(ii) Subscriber is not, and is not is acting on behalf of, an employee benefit plan, and is not an entity deemed to hold the assets of any such plan or plans (i.e., Subscriber is not subject to the fiduciary rules of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**");

(iii) Subscriber is not a U.S. pension trust or governmental plan qualified under Section 401(a) of the Code or a U.S. tax-exempt organization qualified under Section 501(c)(3) of the Code; and

(iv) If Subscriber relies on the "private investment company" exemption provided by Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 to avoid registration and regulation under the Investment Company Act (an "**Excepted Investment Company**"), all beneficial owners of Subscriber's outstanding securities (other than short-term paper), determined in accordance with Section 3(c)(1)(A) under the Investment Company Act, that acquired such securities on or before April 30, 1996 (hereafter in this paragraph referred to as "pre-amendment beneficial owners"), and all pre-amendment beneficial owners of the outstanding securities (other than short-term paper) of any Excepted Investment Company that, directly or indirectly, owns any outstanding securities of such

Excepted Investment Company, have consented to its treatment as a Qualified Purchaser, OR the Excepted Investment Company was formed after April 30, 1996.

(d) Disclosure of Foreign Ownership. ***Subscriber makes the following representations and warranties related to foreign ownership:***

(i) Subscriber is not an entity organized under the laws of a jurisdiction other than those of the United States or any state, territory or possession of the United States (a "**Foreign Entity**");

(ii) Subscriber is not a government other than the government of the United States or of any state, territory or possession of the United States (a "**Foreign Government**");

(iii) Subscriber is not a corporation of which, in the aggregate, more than one-fourth of the capital stock is owned of record or voted by foreign citizens, Foreign Entities, foreign corporations ("**Foreign Corporation**") or other foreign company;

(iv) Subscriber is not a general or limited partnership of which any general or limited partner is a foreign citizen, Foreign Entity, Foreign Government, Foreign Corporation or foreign company; and

(v) Subscriber is not a representative of, or entity controlled by, any of the entities listed in Sections 9(d)(i) through 9(d)(iv) above.

10. Certain Agreements and Acknowledgments of the Subscriber. Subscriber understands, agrees and acknowledges that:

(a) Acceptance. Subscriber's subscription for the Units contained in this Agreement may be accepted or rejected, in whole or in part, by the Manager in its sole and absolute discretion. No subscription shall be accepted or deemed to be accepted until Subscriber has been admitted as a Member in the Company on the Closing (subject to verification of Subscriber's Accredited Investor status and compliance with applicable Anti-Money Laundering regulations).

(b) Irrevocability. Except as provided in Section 5(b) and under applicable state securities laws, this subscription is and shall be irrevocable, except that Subscriber shall have no obligations hereunder if this subscription is rejected for any reason, or if the Offering is cancelled for any reason.

(c) No Recommendation. No foreign, federal, or state authority has made a finding or determination as to the fairness for investment of the Units and no foreign, federal or state authority has recommended or endorsed or will recommend or endorse this Offering.

(d) No Disposal. Subscriber will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of all or any part of Subscriber's Units (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Units) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws and with the terms of the Operating Agreement.

(e) High Risk. Investing in securities is high-risk due to their limited liquidity and required disclosures compared to public, registered and listed securities offerings. Investors should understand that their investment is expected to be illiquid for a period of at least five years and there is no certainty that they will receive any return on investment, or even a return of capital invested. Investors should carefully review the Private Placement Memorandum with all of its exhibits, including the Investment Summary, and this Subscription Agreement before subscribing to this offering.

(f) Update Information. If there should be any change in the information provided by Subscriber to the Company or the Manager (whether pursuant to this Agreement or otherwise) prior to Subscriber's purchase of any Units, Subscriber will immediately furnish such revised or corrected information to the Company.

(g) Taxpayer Identification/Backup Withholding Certification. Subscriber certifies that its taxpayer identification number is correct as provided to the Company. If Subscriber does not provide a taxpayer identification number which is certified to be correct and, upon request, such backup withholding certifications as may be deemed necessary by the Company, Subscriber acknowledges that Subscriber may be subject to backup withholding on certain distributions made to the Subscriber.

11. General Matters.

(a) Amendments and Waivers. This Agreement may be amended and the observance of any provision hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of Subscriber and the Company.

(b) Further Assurances. Subscriber agrees to provide, if requested any additional information that may be requested or required to determine its eligibility to purchase the Units. If and to the extent Subscriber provides additional, corrected or verifying information to the Company or its counsel verbally, the Company or its counsel is and shall be authorized to note such information in this Subscription Agreement, in which case this Subscription Agreement is, and shall be, automatically amended to incorporate such information. In addition, within five (5) days after receipt of a request from the Company, Subscriber will provide such information and deliver such documents as may be reasonable or necessary to comply with any and all laws and regulations to which the Company is subject.

(c) Assignment. Subscriber agrees that neither this Agreement nor any rights which may accrue to Subscriber hereunder may be transferred or assigned.

(d) Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given to any party when delivered by hand, when delivered by telecopier or electronic mail, or when mailed, first class postage prepaid, (i) if to Subscriber, to Subscriber at the address or facsimile number or electronic mail address set forth below Subscriber's signature, or to such other address or facsimile number or electronic mail address as Subscriber shall have furnished to the Company in writing, and (ii) if to the Company, to it c/o DiversyFund, Inc., Attention: Legal Department, Symphony Tower, 750 B Street, Suite 1930, San Diego, CA 92101; email address: legal@diversyfund.com, or to such other address or addresses, or electronic mail address or addresses, as the Company shall have furnished to Subscriber in writing, provided that any notice to the Company shall be effective only if and when received by the Manager.

(e) Governing Law. This Agreement shall be governed, construed, and enforced in accordance with the laws of the state of Delaware without regard to principles of conflict of laws (except insofar as affected by the securities or "blue sky" laws of the state or similar jurisdiction in which the offering described herein has been made to subscriber). For the purpose of any judicial proceeding to enforce an award or incidental to arbitration or to compel arbitration, the Subscriber and the Company hereby submit to the non-exclusive jurisdiction of the courts located in San Diego, California, and agree that service of process in such arbitration or court proceedings will be satisfactorily made if sent by registered mail addressed to it at the address set forth herein.

(f) Limitations on Damages. IN NO EVENT SHALL THE FUND BE LIABLE TO THE SUBSCRIBER FOR ANY LOST PROFITS OR SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING

SHALL BE INTERPRETED AND HAVE EFFECT TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, RULE OR REGULATION.

(g) Dispute Resolution.

(i) Notwithstanding anything to the contrary in this Agreement or the Operating Agreement, and except for any claim or action that the Manager or the Company may elect to commence to enforce any of its rights or the Subscriber's obligations under this Agreement or the Operating Agreement, the Subscriber agrees that all disputes arising out of (i) this Agreement, (ii) the Company's offering of Units, (iii) the Subscriber's subscription for purchase of Units and (iv) the Subscriber's rights and obligations under the Operating Agreement will be submitted to and resolved by binding arbitration in accordance with this subsection. The Subscriber acknowledges and agrees that the parties are waiving their right to seek remedies in court, including the right to jury trial.

(ii) In the event a party initiates litigation in violation of this Arbitration Provision, such action shall be subject to dismissal, with the reasonable fees and expenses of the non-initiating party or parties paid by the party or parties that initiated the action. Nothing in this Arbitration Provision shall limit the right of a party to seek an order from a court of competent jurisdiction (a) dismissing litigation brought in violation of this Arbitration Provision or (b) compelling a party to arbitrate in accordance with this Arbitration Provision. In the event such an order is sought and obtained, the non-prevailing party shall pay all reasonable fees and expenses of the prevailing party. The parties stipulate and agree that a violation of this Arbitration Provision shall constitute irreparable harm and that, on proof of a breach, the party seeking relief from such violation shall be entitled to equitable relief including, but not limited to, an injunction or specific performance.

(iii) The arbitration will be conducted in San Diego, California, and in accordance with Delaware law and the rules then in effect of the American Arbitration Association in accordance with its rules for commercial disputes, before three arbitrators appointed in accordance with those rules. In no event shall class arbitration be permitted, and the arbitrator shall have no authority to conduct any class arbitration. The award of the arbitrator will be final and conclusive and judgment on the award rendered may be entered in any court having jurisdiction.

(iv) Each of the parties will equally bear any arbitration fees and administrative costs associated with the arbitration. The prevailing party, as determined by the arbitrators, will be awarded its costs and reasonable attorneys' fees incurred in connection with the arbitration.

(h) Waiver of Jury Trial. THE PARTIES HERETO KNOWINGLY AND VOLUNTARILY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY SUIT, ACTION OR PROCEEDING BROUGHT OR INSTITUTED BY EITHER PARTY OR ANY SUCCESSOR OR ASSIGN OF EITHER PARTY (A) RELATED TO THIS AGREEMENT OR ANY RELATED AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THIS AGREEMENT OR (B) ARISING IN CONNECTION WITH ANY RELATIONSHIP RELATED TO THIS AGREEMENT.

(i) Descriptive Headings. The descriptive headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement.

(j) Waiver of Conflict of Interest. Subscriber hereby acknowledges and agrees that Ray Quinney & Nebeker P.C. and any other law firm retained by the Company in connection with the Offering, the management and operation of the Company, or any dispute between the Company and Subscriber arising from

the purchase or ownership of the Units, is acting as counsel to the Company and as such does not represent or owe any duty to Subscriber (or to other subscribers or Members as a group). Subscriber acknowledges that, at the direction of the Company, neither Ray Quinney & Nebeker P.C. nor its attorneys have (a) passed upon or rendered any opinion as to the merits of the offer and sale of the Units, the availability of one (1) or more exemptions from the registration requirements of the Securities Act, Investment Company Act, Advisers Act, Exchange Act, or state laws or securities of any foreign jurisdiction, or (b) passed upon the adequacy of disclosure or other matters related to the offer and sale of the Units.

(k) Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the subject matter of this Agreement, and there are no representations, covenants or other agreements except as stated or referred to herein.

(l) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

(m) Joint and Several Obligations. If Subscriber consists of more than one person, this Agreement shall consist of the joint and several obligation of all such persons.

BY SIGNING THIS AGREEMENT, THE SUBSCRIBER:

(i) ACKNOWLEDGES THAT ANY MISSTATEMENT MAY RESULT IN AN IMMEDIATE REDEMPTION OF SUBSCRIBER'S INTERESTS IN THE COMPANY.

(ii) AGREES THAT IF THE COMPANY BELIEVES THAT SUBSCRIBER OR A BENEFICIAL OWNER OF SUBSCRIBER IS A PROHIBITED INVESTOR, THE COMPANY MAY BE OBLIGATED TO FREEZE SUBSCRIBER'S INVESTMENT, DECLINE TO MAKE DISTRIBUTIONS OR SEGREGATE THE ASSETS CONSTITUTING SUBSCRIBER'S INVESTMENT WITH THE COMPANY IN ACCORDANCE WITH APPLICABLE LAW.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned Subscriber does represent and certify under penalty of perjury that the foregoing statements are true and correct and that Subscriber has, by the following signature(s), executed this Subscription Agreement and made the offer to purchase Units described above as of the date first set forth below. Subscriber also returns, with this Subscription Agreement, the following documents:

(i) A fully completed and executed IRS Form W-9; and
(ii) Two fully completed and executed copies of the signature page to the Operating Agreement.

TOTAL UNITS PURCHASED: _____

TOTAL PURCHASE PRICE: _____

SUBSCRIBER:

Signature:_____

_____
Name of Entity (if applicable)

_____
Name of Individual (Typed or Printed)

_____
Title of Individual (if applicable)

Tax Identification Number (Social Security Number if Individual):

_____

Address:

_____
_____

Telephone: _____

Email: _____

JOINT SUBSCRIBER (IF APPLICABLE):

Signature:_____

_____
Name of Entity (if applicable)

_____
Name of Individual (Typed or Printed)

_____
Title of Individual (if applicable)

Tax Identification Number (Social Security Number if Individual):

_____

Address:

_____
_____

Telephone: _____

Email: _____

AUTHORIZATION OF DISTRIBUTIONS TO SUBSCRIBER

IF BY AUTOMATIC DEPOSIT

Financial Institution: _____
Routing Number: _____
Account Number: _____

Checking: ___ OR Savings: ___

I hereby authorize DF INDEPENDENT PARTNERS LLC, a Delaware limited liability company, to (i) initiate automatic deposits to my account at the financial institution named above, and (ii) to make withdrawals from this account in the event a credit entry is made in error. Further I agree not to hold DF INDEPENDENT PARTNERS LLC responsible for any delay or loss of funds due to the incorrect or incomplete information supplied by me or by my financial institution or due to an error on the part of my financial institution in depositing funds to my account. This Agreement will remain in effect until DF INDEPENDENT PARTNERS LLC receives a written notice of cancellation from me or my financial institution, or until I submit new written direct deposit instructions.

Signature:_____

ACCEPTANCE OF SUBSCRIPTION

By signing below, the Company hereby accepts Subscriber's subscription for Units in the amount indicated on the Signature Page to the Subscription Agreement and hereby authorizes this signature page to be attached to the Subscription Agreement related to the Company's offering of Units.

DF Independent Partners LLC, a Delaware limited liability company

By: DiversyFund, Inc., a Delaware corporation, its Manager

By:_____

Date:_____

Name: _____

Title: _____

COUNTERPART SIGNATURE PAGE TO THE
OPERATING AGREEMENT OF
DF INDEPENDENT PARTNERS LLC

MEMBER

NAME OF MEMBER:_____

NUMBER OF UNITS:_____

ADDRESS:_____

TELEPHONE NO:_____

NAME OF TRUSTEE:*_____

ADDRESS OF TRUSTEE:*_____

NAME OF PLAN SPONSOR:*_____

ADDRESS OF PLAN SPONSOR:*_____

TAX ID or SOCIAL SECURITY NUMBER:_____

SIGNATURE OF THE MEMBER

Signature:_____
Name:_____
Title:_____

* If applicable.

EXHIBIT A-1

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A TRUST

CERTIFICATE OF _____(the "**Trust**")
Name of Trust

The undersigned, constituting all of the trustees of the Trust, hereby certify as follows:

1. That the Trust was established pursuant to a Trust Agreement dated _____, ____ (the "**Agreement**") a copy of which is attached to this certificate.

2. That, as the trustee(s) of the Trust, we have determined that the investment in, and the purchase of, the Units in DF INDEPENDENT PARTNERS LLC is of benefit to the Trust and have determined to make such investment on behalf of the Trust.

3. That _____ is authorized to execute, on behalf of the Trust, any and all documents in connection with the Trust's investment in DF INDEPENDENT PARTNERS LLC.

IN WITNESS THEREOF, we have executed this certificate as the trustee(s) of the Trust as of _____, 20___, and declare that it is truthful and correct.

_____
Name of Trust

By:_____
Trustee

By:_____
Trustee

By:_____
Trustee

EXHIBIT A-2

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A PARTNERSHIP OR LIMITED LIABILITY COMPANY

CERTIFICATE OF _____ (the "**Entity**")
Name of Entity

The undersigned, constituting the general partner(s), manager(s), or managing member(s) of the Company that must consent to the proposed investment by the Company hereby certify as follows:

1. That the Entity commenced business on and was formed under the laws of the State of _____ on _____, ____. A copy of the Entity's formation document is attached to this Certificate.

2. That the general partner(s), manager(s), or managing member(s) of the Entity have determined that an investment in, and purchase of, Units in DF INDEPENDENT PARTNERS LLC is of benefit to the Company and have determined to make such investment on behalf of the Entity. Attached hereto is a true, correct, and complete copy of (a) resolutions of the partners or members of the Entity duly authorizing this investment, and such resolutions have not been revoked, rescinded or modified and remain in full force and effect; or (b) the partnership agreement, operating agreement, limited liability company agreement, or other agreement or document of the Entity duly authorizing such general partner(s), manager(s), or managing member(s) to make this investment, and such agreement or other document has not been revoked, rescinded, or modified and remains in full force and effect.

IN WITNESS WHEREOF, we have executed this certificate as the general partner(s), manager(s), or managing member(s) of the Entity effective as of _____, 20___, and declare that it is truthful and correct.

_____
Name of Entity

By:_____
General Partner, Manager, or Managing Member

By:_____
General Partner, Manager, or Managing Member

EXHIBIT A-3

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A CORPORATION

CERTIFICATE OF _____(the "**Corporation**")
Name of Corporation

The undersigned, being the duly elected and acting Secretary or Assistant Secretary of the Corporation, hereby certifies as follows:

1. That the Corporation commenced business on and was incorporated under the laws of the State of _____ on _____. A copy of the Company's formation document is attached to this Certificate.

2. That the Board of Directors of the Corporation has determined, or appropriate officers under authority of the Board of Directors have determined, that the investment in, and purchase of, Units in DF INDEPENDENT PARTNERS LLC is of benefit to the Corporation and has determined to make such investment on behalf of the Corporation. Attached hereto is a true, correct and complete copy of resolutions of the Board of Directors (or an appropriate committee thereof) of the Corporation duly authorizing this investment, and said resolutions have not been revoked, rescinded, or modified and remain in full force and effect.

3. That the following named individuals are duly elected officers of the Corporation, who hold the offices set forth opposite their respective names and who are duly authorized to execute any and all documents in connection with the Corporation's investment in DF INDEPENDENT PARTNERS LLC and that the signatures written opposite their names and titles are their correct and genuine signatures.

Name	Title	Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, I have executed this certificate as of _____, 20___, and declared that it is truthful and correct.

_____
Name of Corporation

By:_____
Name: _____
Title: _____

EXHIBIT B

NOTICE OF BENEFICIAL OWNERS

NAME OF SUBSCRIBER: _____

ENTITY TYPE: _____

STATE INCORPORATED: _____

SUBSCRIBER HEREBY CERTIFIES THAT THE BELOW INFORMATION ACCURATELY DESCRIBES ALL BENEFICIAL OWNERS OF INTERESTS IN DF INDEPENDENT PARTNERS LLC:

Beneficial Owner 1: Full Legal Name: _____ _____ Entity Type (if applicable): ☐ Corporation; ☐ Limited Liability Company ☐ General Partnership; ☐Limited Partnership; ☐Limited Liability Partnership; ☐ Trust; ☐ Other If Other (please describe):_____ _____ State of Incorporation/Residence: _____ _____	**Beneficial Owner 2:** Full Legal Name: _____ _____ Entity Type (if applicable): ☐ Corporation; ☐ Limited Liability Company ☐ General Partnership; ☐Limited Partnership; ☐Limited Liability Partnership; ☐ Trust; ☐ Other If Other (please describe):_____ _____ State of Incorporation/Residence: _____ _____
Beneficial Owner 3: Full Legal Name: _____ _____ Entity Type (if applicable): ☐ Corporation; ☐ Limited Liability Company ☐ General Partnership; ☐Limited Partnership; ☐Limited Liability Partnership; ☐ Trust; ☐ Other If Other (please describe):_____ _____ State of Incorporation/Residence: _____ _____	**Beneficial Owner 4:** Full Legal Name: _____ _____ Entity Type (if applicable): ☐ Corporation; ☐ Limited Liability Company ☐ General Partnership; ☐Limited Partnership; ☐Limited Liability Partnership; ☐ Trust; ☐ Other If Other (please describe):_____ _____ State of Incorporation/Residence: _____ _____

Beneficial Owner 5:

Full Legal Name: _____
_____

Entity Type (if applicable):
☐ Corporation; ☐ Limited Liability Company
☐ General Partnership; ☐Limited Partnership;
☐Limited Liability Partnership; ☐ Trust;
☐ Other
If Other (please describe):_____
_____

State of Incorporation/Residence:
_____
_____

Beneficial Owner 6:

Full Legal Name: _____
_____

Entity Type (if applicable):
☐ Corporation; ☐ Limited Liability Company
☐ General Partnership; ☐Limited Partnership;
☐Limited Liability Partnership; ☐ Trust;
☐ Other
If Other (please describe):_____
_____

State of Incorporation/Residence:
_____
_____

Beneficial Owner 7:

Full Legal Name: _____
_____

Entity Type (if applicable):
☐ Corporation; ☐ Limited Liability Company
☐ General Partnership; ☐Limited Partnership;
☐Limited Liability Partnership; ☐ Trust;
☐ Other
If Other (please describe):_____
_____

State of Incorporation/Residence:
_____
_____

Beneficial Owner 8:

Full Legal Name: _____
_____

Entity Type (if applicable):
☐ Corporation; ☐ Limited Liability Company
☐ General Partnership; ☐Limited Partnership;
☐Limited Liability Partnership; ☐ Trust;
☐ Other
If Other (please describe):_____
_____

State of Incorporation/Residence:
_____
_____

Beneficial Owner 9:

Full Legal Name: _____
_____

Entity Type (if applicable):
☐ Corporation; ☐ Limited Liability Company
☐ General Partnership; ☐Limited Partnership;
☐Limited Liability Partnership; ☐ Trust;
☐ Other
If Other (please describe):_____
_____

State of Incorporation/Residence:
_____
_____

Beneficial Owner 10:

Full Legal Name: _____
_____

Entity Type (if applicable):
☐ Corporation; ☐ Limited Liability Company
☐ General Partnership; ☐Limited Partnership;
☐Limited Liability Partnership; ☐ Trust;
☐ Other
If Other (please describe):_____
_____

State of Incorporation/Residence:
_____
_____

EXHIBIT C

AML BACKGROUND DOCUMENTATION

To comply with the applicable AML Laws, Subscriber must provide the following information:

1. Name of the bank where the account from which Subscriber's payment to the Company is being made ("**Wiring Bank**"): _____

2. Is the Wiring Bank located in the U.S. or another FATF Country (as listed on the FATF Website as of the date hereof)? Yes _____ No _____

3. Are you a customer of the Writing Bank? Yes _____ No _____

IF THE ANSWER IS "NO" TO ANY OF THE FOREGOING QUESTIONS, PLEASE CONTACT THE MANAGER. SUBSCRIBER WILL BE REQUIRED TO PROVIDE ADDITIONAL DOCUMENTATION.

APPENDIX V

INVESTMENT SUMMARY

THE INDEPENDENT

Multifamily Investment Offering

Accredited Investors Only

DIVERSYFUND

Notice to Investors

- **The information** in this presentation is confidential and may not be disclosed, reproduced or shared with any other person. It is provided to prospective investors solely for the purpose of evaluating a potential investment. The presentation does not constitute an offer to sell or a solicitation of an offer to buy by anyone in any state or jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

- **Securities offered** will be sold in reliance on the exemption from the registration requirements of the Securities Act of 1933 provided in Section 4(2) and Rule 506(c) of Regulation D to a limited number of investors that are "accredited investors" and that have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of investing in the securities. These securities are restricted securities, not freely transferable, and may not be sold or transferred unless they are subsequently registered or an exemption from such registration is available. Investors must be prepared to bear the economic risks of their investment for an indefinite period.

- **This offering involves** a high degree of risk including the risk of loss of all capital. Investors should read carefully the information in this presentation and the risks and other information contained in the related Private Placement Memorandum, LLC Operating Agreement and Subscription Agreement. Prospective investors are urged to consult with their own advisors with respect to the financial and tax consequences of any investment.

- **This presentation contains** forward looking information that relates to future events or future predictions, including events or predictions relating to future financial performance. The market, financial and other forward-looking information presented in this presentation and in the related Private Placement Memorandum and Subscription Agreement is based on assumptions we believe are reasonable but that may or may not prove to be correct. There can be no assurance that our views are accurate or that our estimates will be realized, and nothing contained herein is, or should be relied on as, a promise of the future performance or condition of the company. Past performance does not guarantee future results. Financial projections, including target IRR, target cash-on-cash, and target equity multiple ("Targets") are hypothetical, are not based on actual investment results and are presented solely for the purpose of providing insight into the sponsor's investment objectives, detailing its anticipated risk and reward characteristics and establishing a benchmark for future evaluation of performance. Targets are not a predictor, projection or guarantee of future performance. There can be no assurance that these Targets will be met.

The Independent

600 Ortiz Avenue · Sand City, CA

61 Units	**2008** Year Built
870 Avg Unit SF	**95%** Occupancy*
2.21 Acres	**$3.13** Market Rent Per SF
$2,726 Market Rent	**53,076** Net Rentable SF

*As of Nov-22

Offering Overview	
Asset Type	Multifamily
Investment Strategy	Value-Add
Investment Minimum	$50,000
Purchase Price	$20,000,000
Equity Raise Amount	$10,735,050
Depreciation Benefits	Yes
*Hold Period Target	5 years
*Net Investor Return	15.0%
*Investor Multiple	1.9x
*Average Cash on Cash Return	7.1%

Projected amounts based on certain assumptions that are subject to change

Sample Investor Return Based on $100,000 Investment:

PROJECTED INVESTOR RETURNS BASED ON $100,000 INVESTMENT							
	Investment	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Investor Annual Percent Return*		4.8%	5.4%	8.9%	8.0%	8.6%	--
Investor Cash on Cash Return*	($100,000)	$4,833	$5,359	$8,864	$8,002	$8,575	$35,634*
Investor Return from Disposition		--	--	--	--	$151,716	$151,716
Total Return – Investor		$4,833	$5,359	$8,864	$8,002	$160,290	$187,349*

*Excludes Investment CF

15.0%
Net IRR

1.9x
Multiple

7.1%
Avg CoC

Projected Return Summary

Cap Rate	Return on Disposition	IRR	Equity Multiple	Avg. CoC*
5.00%	167,994	17.0%	2.04x	7.1%
5.25%	159,467	16.0%	1.95x	7.1%
5.50%	151,716	15.0%	1.87x	7.1%
5.75%	144,638	14.0%	1.80x	7.1%
6.00%	138,150	13.2%	1.74x	7.1%

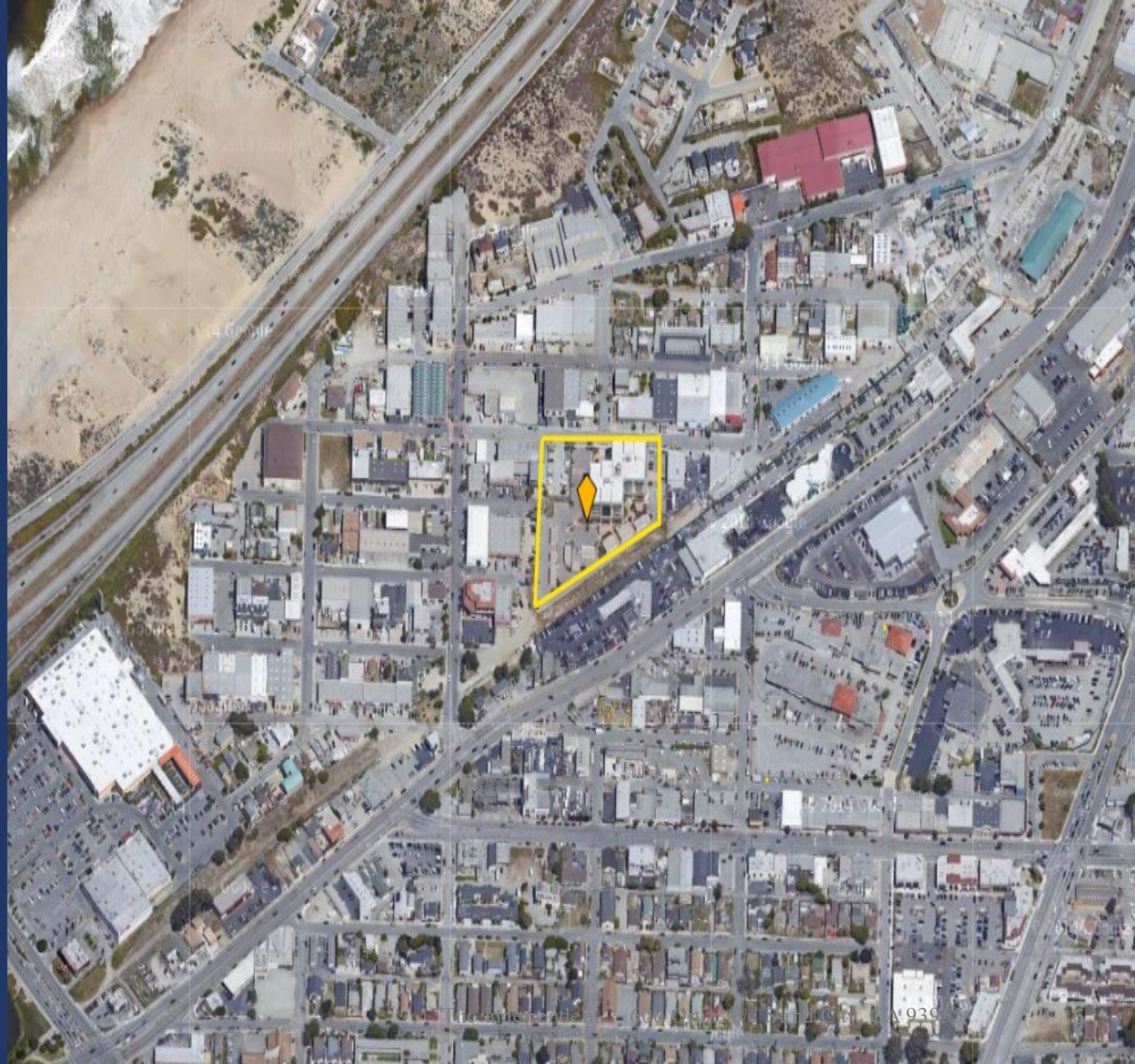
*Excludes proceeds from sale

Executive Summary

DIVERSYFUND is pleased to announce the acquisition of The Independent for $20,000,000. Located in the thriving coastal city of Sand City, CA, just outside the beautiful city of Monterey. The mixed-use property features 61 multifamily units and commercial space on the ground floor. The property was built in 2008 and partially renovated in 2014 and offers modern amenities in a sought-after location with limited supply.

ATTRACTIVE MARKET: The property is situated near world-class beaches, excellent school systems and the renowned Pebble Beach golf course. The submarket has a high median income and high median home prices, making renting an affordable option for families and young professionals.

STRONG UPSIDE POTENTIAL: The deal is well priced for its location and its potential with significant upside to increase revenue. The mixed-use property includes some vacant commercial space that can be brought online with reasonable investment and is situated on a large lot that allows for potential future development that could create additional upside not accounted for in our projections.



Investment Offering

The Independent is a 61-Unit Value-Add Investment Opportunity

Located less than a mile from the central coastline and an eight-minute drive to Monterey, CA, the asset is a 2008 four-story, mid-rise build (steel frame, poured concrete).

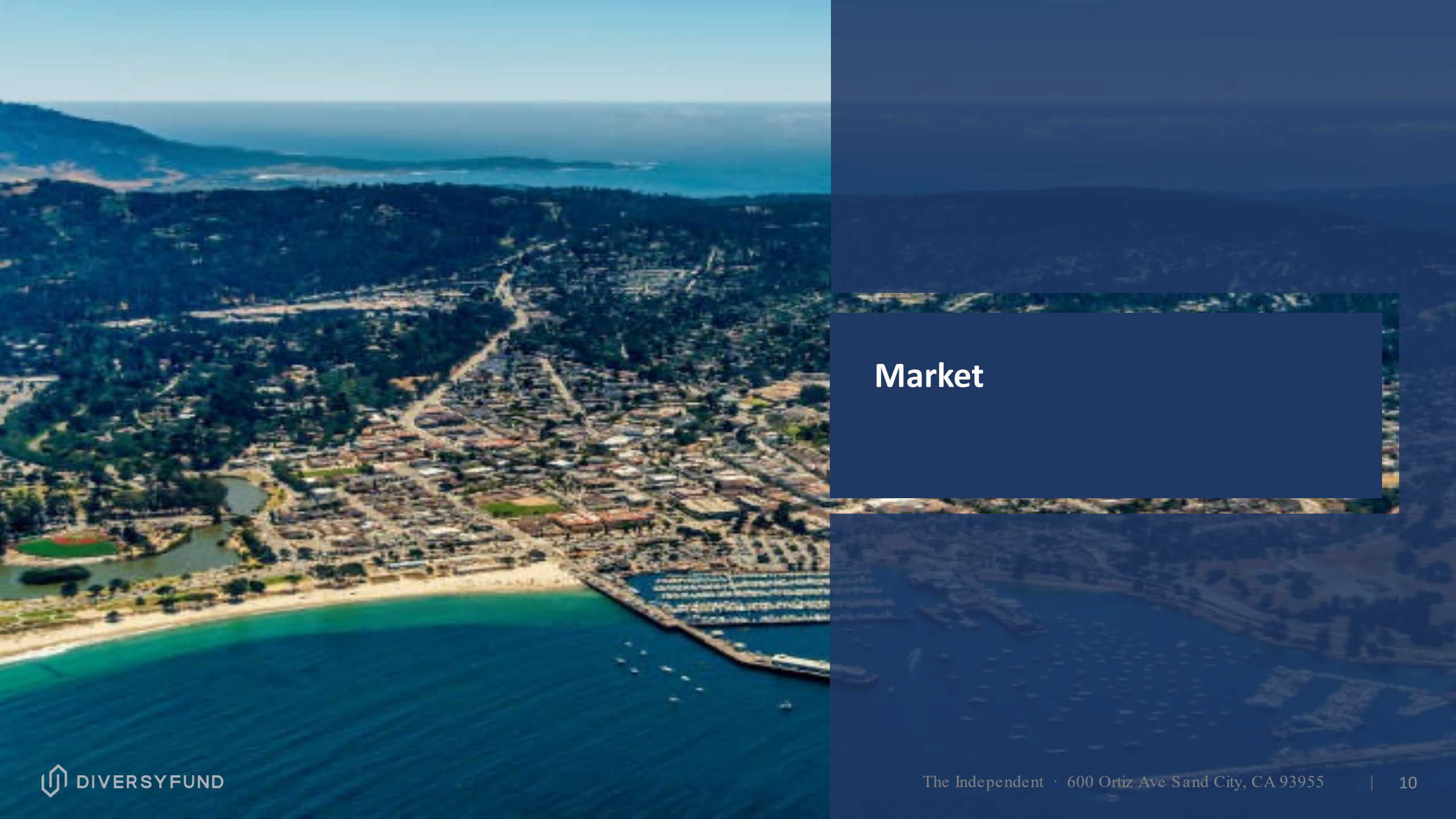
2014 Partial Renovation: The asset was originally mixed use with a repositioning in 2014, converting 2nd floor office into studio and 1 bd/1 ba apartments and a portion of the 1st floor into impressive, high-ceiling apartment units with an enclosed patio. The 3rd and 4th floors are original 2008 spec with amazing views of the ocean or hills. The current 1st floor commercial space has a single tenant, with just over 11,000 SF of vacant commercial space.

Upside Potential: This asset presents the opportunity to cut existing loss-to-lease and achieve market rents and unlock the value in the vacant commercial space through either the signing of new NNN lease tenants or the potential conversion to more multifamily units.

Northeast View

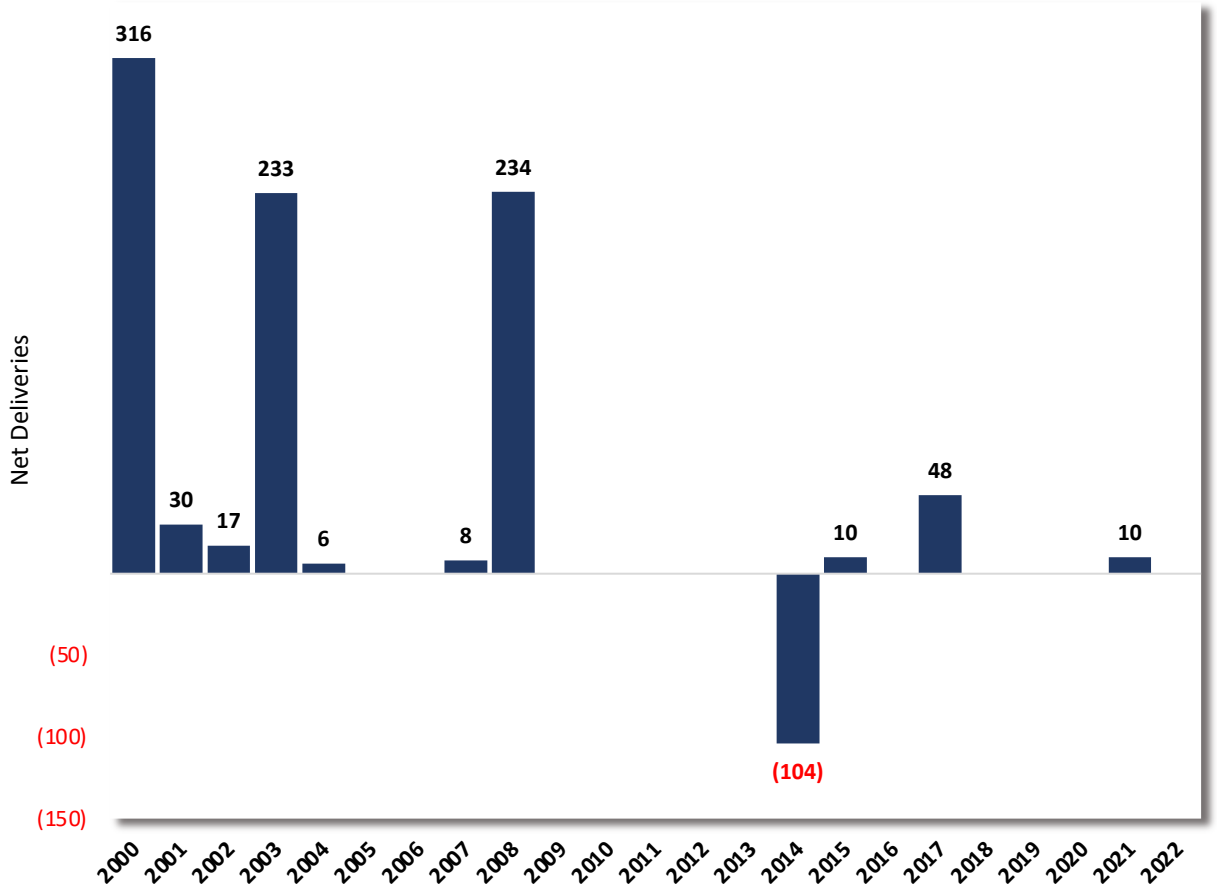
South View

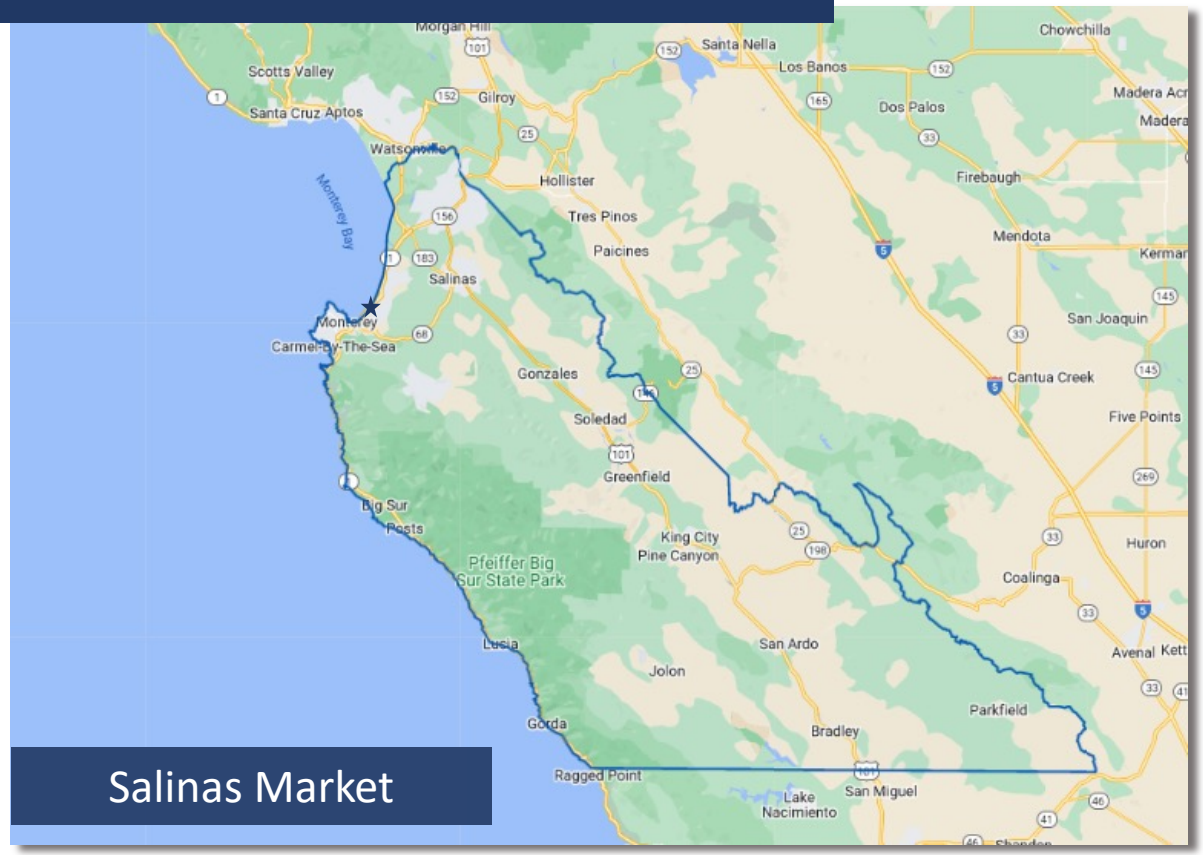
Magnificent stretch of coastline hosting world class golf, shopping, convenience and community.



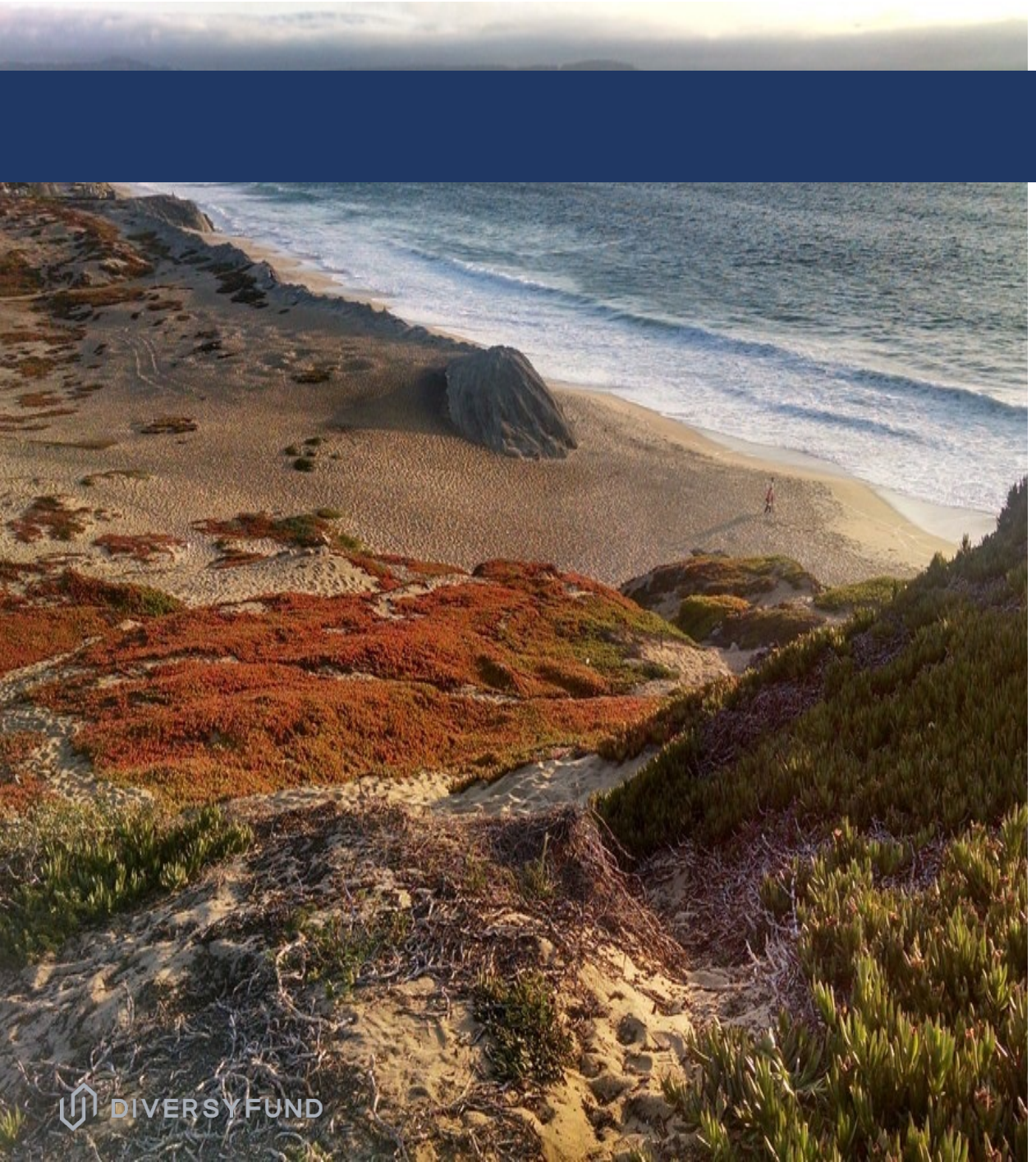
Market

Supply Constrained Coastal California

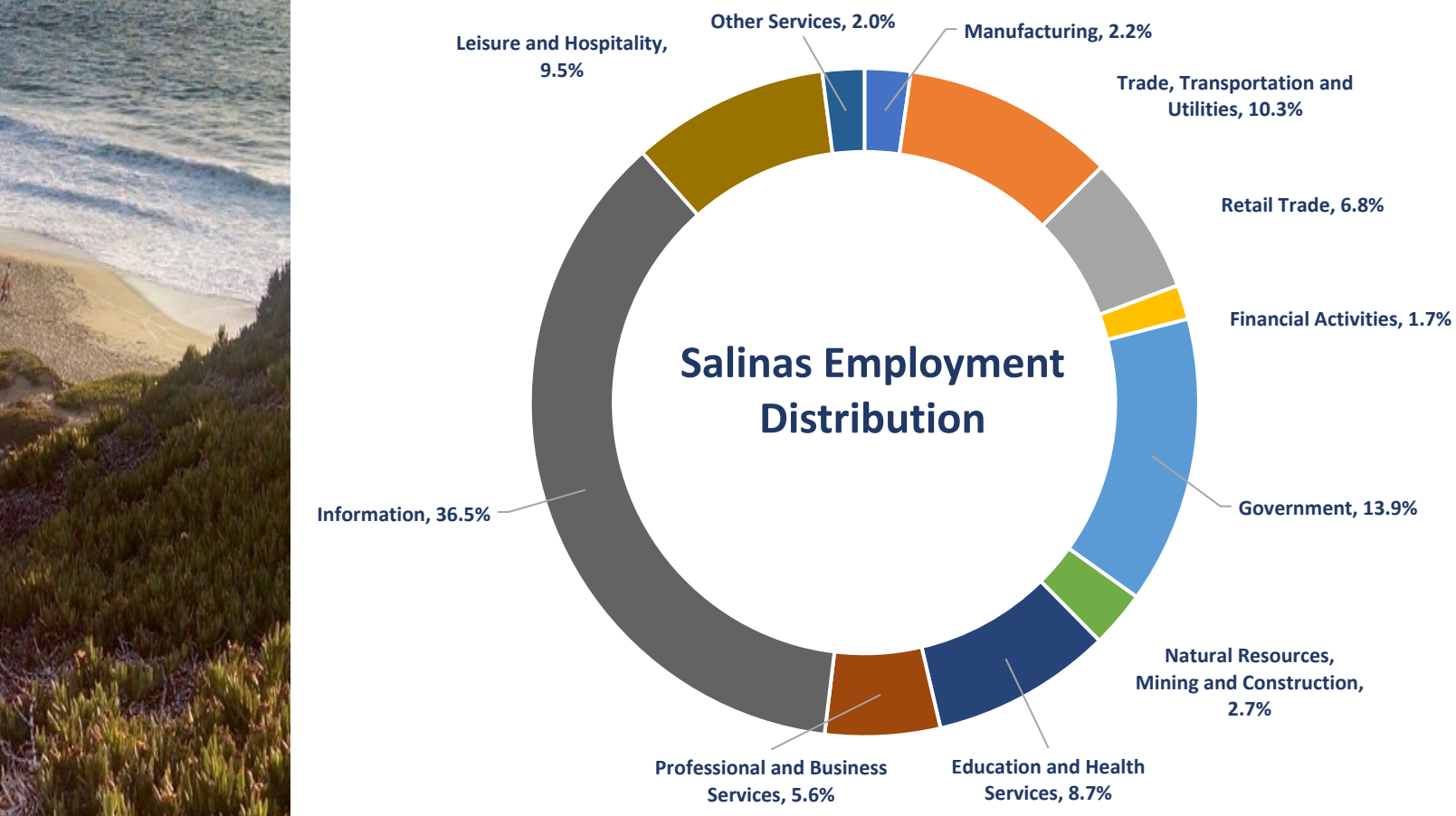




- **Net deliveries since 2000 show limited supply in the Salinas Market, even less so in Monterey/Sand City, CA submarket**
- **One of the last coastal California cities with significant investment upside and transitioning demographic**
- **The submarket has become increasingly sought after, with 19% rent growth in 2020 compared to 3% in San Francisco Bay**
- **Top suburban migration location from core Bay Area metro**



Information and Technology Sectors Largest in the Overall Market and Growing



Source: Oxford Economics

Strategically Located Outside Desirable Monterey Peninsula

In the growing Sand City metro area, residents enjoy several amenities, including beaches, parks, golf, shopping, dining, art galleries and cultural events.

½ mile from the beach

World Class Dining in 10 mi radius

Attractions

Exploring

Art

Dining

Attractive Fundamentals Based on Market Demographics

COMPELLING DEMOGRAPHICS AND GROWTH POTENTIAL

Affluent demographics, distinguished higher learning institutions, and strong rental demand make Monterey/Salinas multifamily market excellent exposure to supply-limited central coast California. The community is well positioned to set the market in rents and realize the expected submarket rent growth of 15.6% through 2027.

$88K AVG HOUSEHOLD INCOME AND STRONG RENTER BASE

Highly desirable living location with an affluent tenant base with median household income of $88K in a five-mile radius. With a rental household base of 57%, there is a significant demand for multifamily units in the area. This demand is likely to be driven by the high home prices, a median home price of almost $800K, which may make it difficult for some individuals or families to purchase a home in the area. The combination of the affluent population and high rental demand make it a favorable location for investors.

Area Demographics

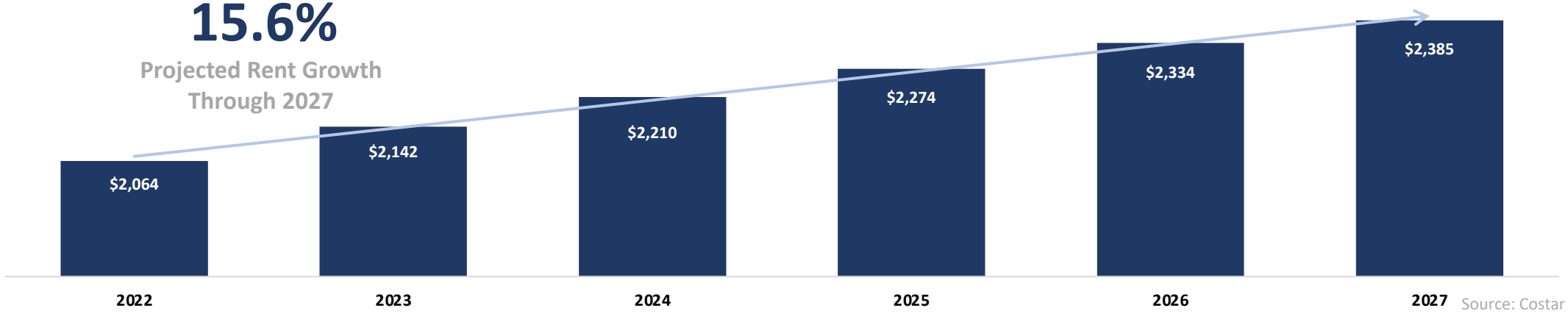
	5 mi radius
% Receiving Higher Ed	49%
Average HHI (2022)	$88,283
% Rental Households	57%
Median Home Price	$796,376

Source: Costar

Monterey/Salinas Rent Growth

15.6%

Projected Rent Growth Through 2027



Source: Costar

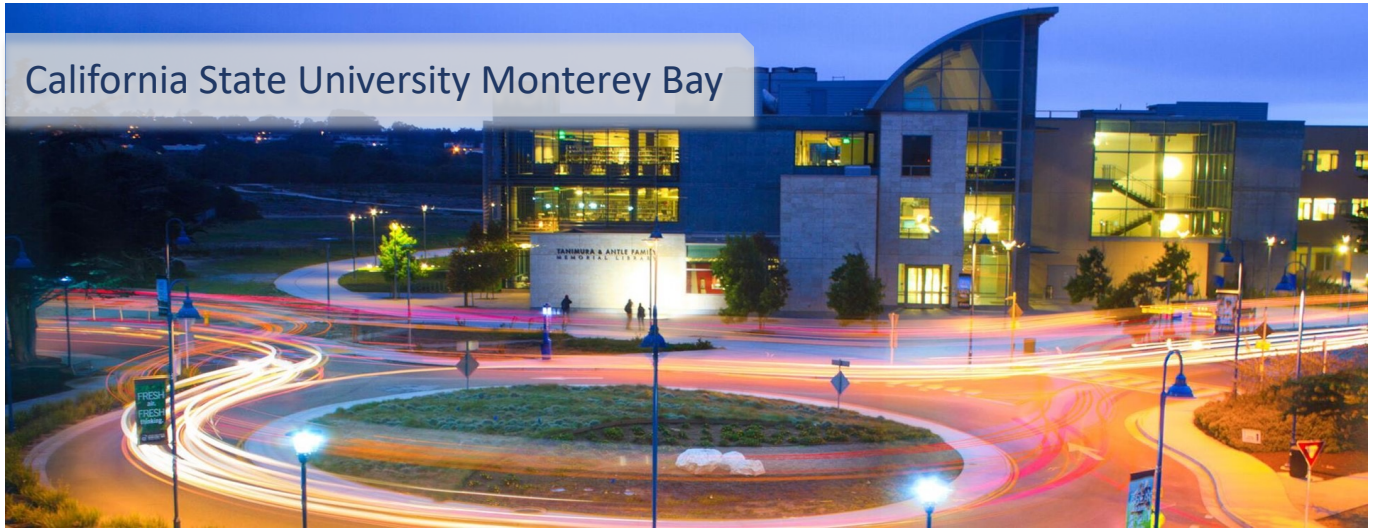
The Independent offers residents commuter access to some of the STATE'S TOP-RATED SCHOOLS:

CALIFORNIA STATE UNIVERISTY MONTEREY BAY

Located in Marina, CA, less than 5 miles from the property. CSUMB hosts 7,600 graduate and undergraduate students specializing in computer science, mathematics and marine science.

UNIVERSITY OF CALIFORNIA, SANTA CRUZ

Located in Santa Cruz, CA. UCSC hosts 19,457 graduate and undergraduate students and is a 40-minute drive from Sand City, CA.


California State University Monterey Bay


University of California Santa Cruz

Monterey Institute of International Studies

Property Details & Floor Plans


31%
2 Bedroom
26%
Studio
43%
1 Bedroom

The Independent Unit Mix

Sand City, CA

The Independent is a class B asset offering 61 multifamily units consisting of 11 affordable housing ("BMR") units in a mix of studio, 1-bedroom, and 2-bedroom apartments.

Floor Plans	Avg SF	# Units	Market	In-Place	Rent/SF
Studio D	426	1	995	713	$1.67
Studio C	445	1	1,194	856	$1.92
Studio C	464	2	2,004	1,965	$4.23
Studio E	498	2	2,234	2,190	$4.40
Studio E	514	2	1,194	856	$1.67
Studio F	521	1	2,244	2,200	$4.22
Studio F	521	1	1,194	800	$1.54
Studio A	524	3	2,137	2,078	$3.97
Studio A	544	1	995	714	$1.31
Studio B	588	2	2,152	2,063	$3.51
1x1A	578	5	2,514	2,407	$4.16
1x1B	680	6	2,601	2,446	$3.60
1x1C	736	2	2,657	2,598	$3.53
1x1C	746	1	1,630	1,630	$2.18
1x1.5C	747	1	1,570	1,570	$2.10
1x1.5C	753	1	2,989	3,062	$4.07
1x1D	787	1	2,678	2,461	$3.13
1x1.5B	862	1	2,189	1,495	$1.73
1x1.5B	863	1	2,749	2,455	$2.84
1x1E	940	2	2,749	2,553	$2.72
1x1.5A	989	4	3,091	2,742	$2.77
1x1F	1,079	1	3,091	2,771	$2.57
2x2C	1,174	1	3,519	3,300	$2.81
2x2D	1,281	11	3,871	3,491	$2.73
2x2D	1,281	1	2,503	2,019	$1.58
2x2A	1,300	1	3,565	3,250	$2.50
2x2A	1,300	1	2,503	2,019	$1.55
2x2B	1,352	2	3,565	3,406	$2.52
Loft 2x2	1,477	2	4,029	3,522	$2.38
Total/Average	**870**	**61**	**2,726**	**2,491**	**$2.86**

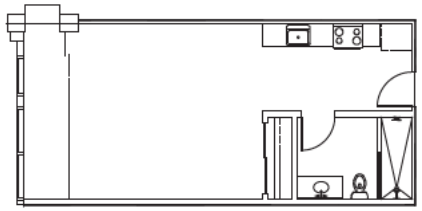
UNIT AMENITIES

- Air Conditioning
- Private Patio/Balcony
- Dishwasher
- Disposal
- Stainless Steel Appliances
- Walk-in Closets
- Washer/Dryer
- Heating
- Views

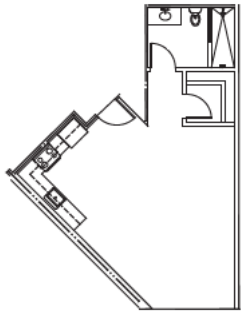
SITE AMENITIES

- 24 Hour Access
- Laundry Facilities
- Public Transportation
- Detached Garages
- Carports
- Proximity to Beach

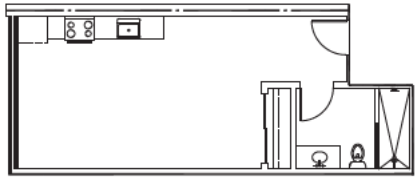
STUDIO A



STUDIO B



STUDIO C



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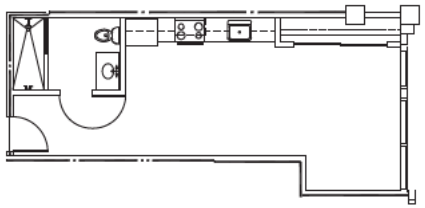
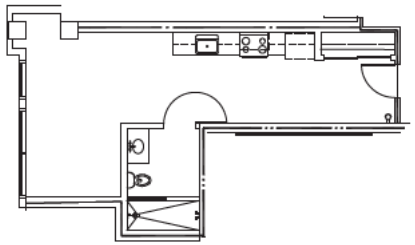
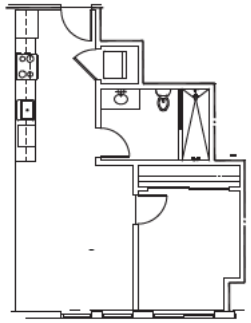


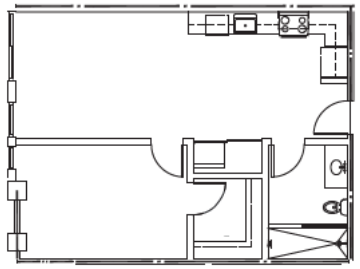
STUDIO D



1BR-1BA A



1BR-1BA B



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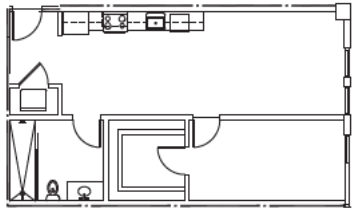

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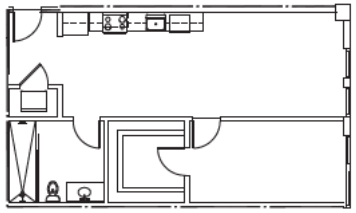
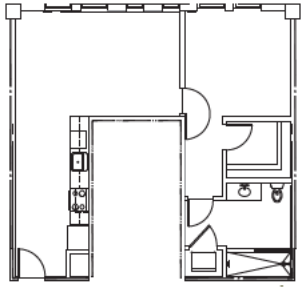
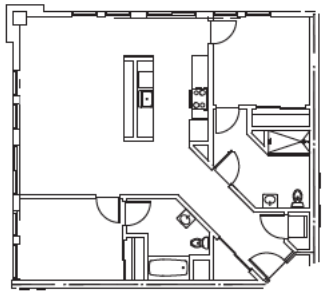


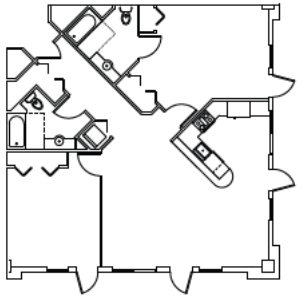
1BR-1BA D



2BR-2BA C



2BR-2BA D



Financial Analysis

Projected Financial Summary	
Cap Rate (T3)	5.10%
*Reversion Cap	5.5%
*Expense Ratio (Stabilized)	37%
**Occupancy	95%
*Average DSCR	1.8x
Purchase Price	$20,000,000
*Hold Period	5 years
*Investor Return	15.0%
*Investor Multiple	1.9x
*Average Cash on Cash Return	7.1%

**Projected amounts based on certain assumptions that are subject to change*
*** As of November 2022*

SOURCES	$ Amount	% Equity	% Total	USES	$ Amount	$ / Unit	% Total
Equity Capital	$ 10,735,050	100.00%	45.04%	Purchase Price	$ 20,000,000	$ 327,869	84.37%
Debt Capital	$ 13,100,000		54.96%	Closing Costs (excl. Financing)	$ 300,000	$ 4,918	1.27%
				Reserves for Projected Capital Exp.	$ 2,420,650	$ 39,683	10.21%
				Financing Costs	$ 183,400	$ 3,007	0.77%
				Acquisition Fee	$ 800,000	$ 13,115	3.37%
				Other Sponsor Fees	$ 131,000	$ 2,148	0.55%
TOTAL SOURCES AT CLOSING	**$ 23,835,050**	**100.00%**	**100.00%**	**TOTAL USES AT CLOSING**	**$ 23,835,050**	**$ 390,739**	**100.00%**

DEBT FINANCING*

Principal Balance	**$13,100,000**
LTV	**65.5%**
Loan Type	**Private**
Interest Rate	**6.15%**
Months of Interest Only Payments	**36**
Term (Years)	**5 years**
Fixed or Adjustable	**Fixed**
Prepayment Penalty	**3-2-1**

*Subject to change before closing

PROJECTED ANNUAL OPERATING CASH FLOW

	Oct-22 T3 Ann'd	Mar-24 Year 1	Mar-25 Year 2	Mar-26 Year 3	Mar-27 Year 4	Mar-28 Year 5
PROJECTED OPERATING REVENUE						
Potential Market Rent	$ 1,982,484	$ 2,031,447	$ 2,092,391	$ 2,155,163	$ 2,219,817	$ 2,286,412
(Loss to Lease) / Gain to Lease	($ 197,924)	($ 50,786)	($ 41,848)	($ 32,327)	($ 33,297)	($ 34,296)
Gross Potential Revenue	**$ 1,784,560**	**$ 1,980,661**	**$ 2,050,543**	**$ 2,122,835**	**$ 2,186,520**	**$ 2,252,116**
Vacancy	($ 36,904)	($ 101,572)	($ 104,620)	($ 107,758)	($ 110,991)	($ 114,321)
Non-Revenue Units	$ 39,420	-	-	-	-	-
Collection Loss / Bad Debt	-	-	-	-	-	-
Base Rental Revenue	**$ 1,787,076**	**$ 1,879,089**	**$ 1,945,924**	**$ 2,015,077**	**$ 2,075,529**	**$ 2,137,795**
Expense Reimbursements	$ 117,760	$ 119,092	$ 121,474	$ 123,903	$ 126,381	$ 128,909
Other Residential Income	$ 113,744	$ 115,250	$ 118,708	$ 122,269	$ 125,937	$ 129,715
Commercial Net Income	$ 44,796	$ 44,796	$ 46,140	$ 375,126	$ 386,380	$ 397,971
Other Income	**$ 276,300**	**$ 279,138**	**$ 286,321**	**$ 621,298**	**$ 638,698**	**$ 656,595**
EFFECTIVE GROSS REVENUE	**$ 2,063,376**	**$ 2,158,227**	**$ 2,232,245**	**$ 2,636,375**	**$ 2,714,227**	**$ 2,794,390**
PROJECTED OPERATING EXPENSES						
Repair & Maintenance	($ 290,661)	($ 30,500)	($ 31,110)	($ 31,732)	($ 32,367)	($ 33,014)
Contract Services	($ 53,162)	($ 46,360)	($ 47,287)	($ 48,233)	($ 49,198)	($ 50,182)
Turnover / Make-Ready	-	($ 13,725)	($ 14,000)	($ 14,279)	($ 14,565)	($ 14,856)
Landscaping / Grounds	-	-	-	-	-	-
Personnel	($ 145,330)	($ 100,650)	($ 102,663)	($ 104,716)	($ 106,811)	($ 108,947)
Marketing / Advertising	($ 4,035)	($ 5,185)	($ 5,289)	($ 5,394)	($ 5,502)	($ 5,612)
Administrative	($ 33,410)	($ 36,600)	($ 37,332)	($ 38,079)	($ 38,840)	($ 39,617)
Utilities	($ 253,101)	($ 253,101)	($ 258,163)	($ 263,326)	($ 268,593)	($ 273,965)
Insurance	($ 16,487)	($ 24,400)	($ 24,888)	($ 25,386)	($ 25,893)	($ 26,411)
Real Estate Taxes	($ 111,143)	($ 243,200)	($ 248,064)	($ 253,025)	($ 258,086)	($ 263,248)
Property Management Fee	($ 121,696)	($ 64,747)	($ 66,967)	($ 79,091)	($ 81,427)	($ 83,832)
TOTAL OPERATING EXPENSES	**($ 1,029,025)**	**($ 818,468)**	**($ 835,763)**	**($ 863,263)**	**($ 881,282)**	**($ 899,684)**
PROJECTED NET OPERATING INCOME						
Net Operating Income (bef. Reserves)	$ 1,034,351	$ 1,339,759	$ 1,396,482	$ 1,773,112	$ 1,832,946	$ 1,894,707
Replacement Reserves	($ 15,250)	($ 15,250)	($ 15,555)	($ 15,866)	($ 16,183)	($ 16,507)
NET OPERATING INCOME (AFT. RESERVES)	**$ 1,019,101**	**$ 1,324,509**	**$ 1,380,927**	**$ 1,757,246**	**$ 1,816,762**	**$ 1,878,199**

***Seller's accounting methodology booked a contra-expense offset by inflated salary expense to account for free rent for property manager.**

Underwriting Assumptions

	Oct-22 T3 Ann'd	Mar-24 Year 1	Mar-25 Year 2	Mar-26 Year 3	Mar-27 Year 4	Mar-28 Year 5
MONTHLY RENT						
Market Rent (average)	$ 2,708	$ 2,775	$ 2,858	$ 2,944	$ 3,033	$ 3,124
Effective Rent (average)	$ 2,438	$ 2,702	$ 2,798	$ 2,898	$ 2,985	$ 3,074
YEAR-ON-YEAR GROWTH RATES						
Market Rent			3.00%	3.00%	3.00%	3.00%
Market Rent (incl. Renovation Premium)			3.00%	3.00%	3.00%	3.00%
Effective Gross Revenue			3.43%	18.10%	2.95%	2.95%
Operating Expense			2.11%	3.29%	2.09%	2.09%
Net Operating Income			4.26%	27.25%	3.39%	3.38%
OPERATING METRICS						
Physical Occupancy (excl. Non-Rev. units)	100%	95%	95%	95%	95%	95%
Economic Occupancy	100%	95%	95%	95%	95%	95%
Operating Expense Margin	50%	38%	37%	33%	32%	32%
NOI Yield	5.10%	5.83%	6.07%	7.72%	7.97%	8.24%
Unleveraged Cash Flow Yield		5.83%	6.07%	7.72%	7.97%	8.24%
LEVERAGED METRICS						
Cash on Cash Yield		5.29%	5.87%	9.71%	8.76%	9.39%
Blended DSCR		1.64x	1.71x	2.18x	1.90x	1.96x

SALE & RENT COMPS

Sale Date	Property Name	Number of Units	Year Built	Sale Price	Price Per Unit
Pending	**The Independent**	**61**	**2008**	**$20,000,000**	**$327,869**
Oct 2022	Seventeen Mile Drive Village	84	1986	$13,325,000	$158,631
Oct 2022	Plaza Grande Apartments	120	1928	$9,250,000	$77,083
Aug 2021	La Canada Mobile Estates	113	1975	$18,500,000	$163,717
Jun 2021	Steinbeck Commons	100	1983	$27,000,000	$270,000
Feb 2021	The Gates at Marina Apartments	134	1987	$39,350,000	$293,657

Building Name	Address	Units	Stories	Year Built	Avg SF	Mi. Away	Rent/SF	Rent/Unit	Studio	1 Beds	2 Beds	3 Beds
The Independent	**600 Ortiz Ave**	**61**	**4**	**2008**	**870**	**--**	**$2.85**	**$2,492**	**$1,604**	**$2,439**	**$3,307**	**-**
SeaBreeze Apartments	1881 Baker St	121	3	1964	593	0.68	$3.95	$2,344	-	$2,000	$2,463	$2,752
Villa Ramona	455 Ramona Ave	58	2	1973	659	0.94	$3.09	$2,035	$1,580	$1,901	$2,233	-
Surfside Apartments	151 Surf Way	50	3	1965	972	0.99	$2.95	$2,868	-	-	$2,868	-
Olympia Oaks Apartments	500 Ramona Ave	44	2	1967	791	1	$2.07	$1,637	-	$1,632	$1,651	-
City Center Plaza	1530-1534 Fremont Blvd	26	3	1987	697	0.37	$2.02	$1,412	-	$1,406	$1,561	-
Amador Ave Apartments	944-966 Amador Ave	32	2	1968	700	0.43	$1.78	$1,245	-	$1,222	$1,267	-

Source: Costar

CAPITAL STRUCTURE & WATERFALL

Capital Stack

DF Growth REIT – 25% of equity*

Accredited Investors – 75% of equity

Debt – 65.5% LTV
$13.1 MM

~$10.7MM
Total Equity

PARTNERSHIP STRUCTURE

Investor Distribution of Cash Flow	7% Preferred Return Followed by GP catchup return (65/35)
Membership Ownership	65% until a 12% IRR 50/50 thereafter

***REIT investment allocation may differ from described but will be at least 10% of equity capital**

Sample Investor Return Based on $100,000 Investment:

PROJECTED INVESTOR RETURNS BASED ON $100,000 INVESTMENT							
	Investment	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Investor Annual Percent Return*		4.8%	5.4%	8.9%	8.0%	8.6%	--
Investor Cash on Cash Return*	($100,000)	$4,833	$5,359	$8,864	$8,002	$8,575	$35,634*
Investor Return from Disposition		--	--	--	--	$151,716	$151,716
Total Return – Investor		$4,833	$5,359	$8,864	$8,002	$160,290	$187,349*

*Excludes Investment CF

15.0%
Net IRR

1.9x
Multiple

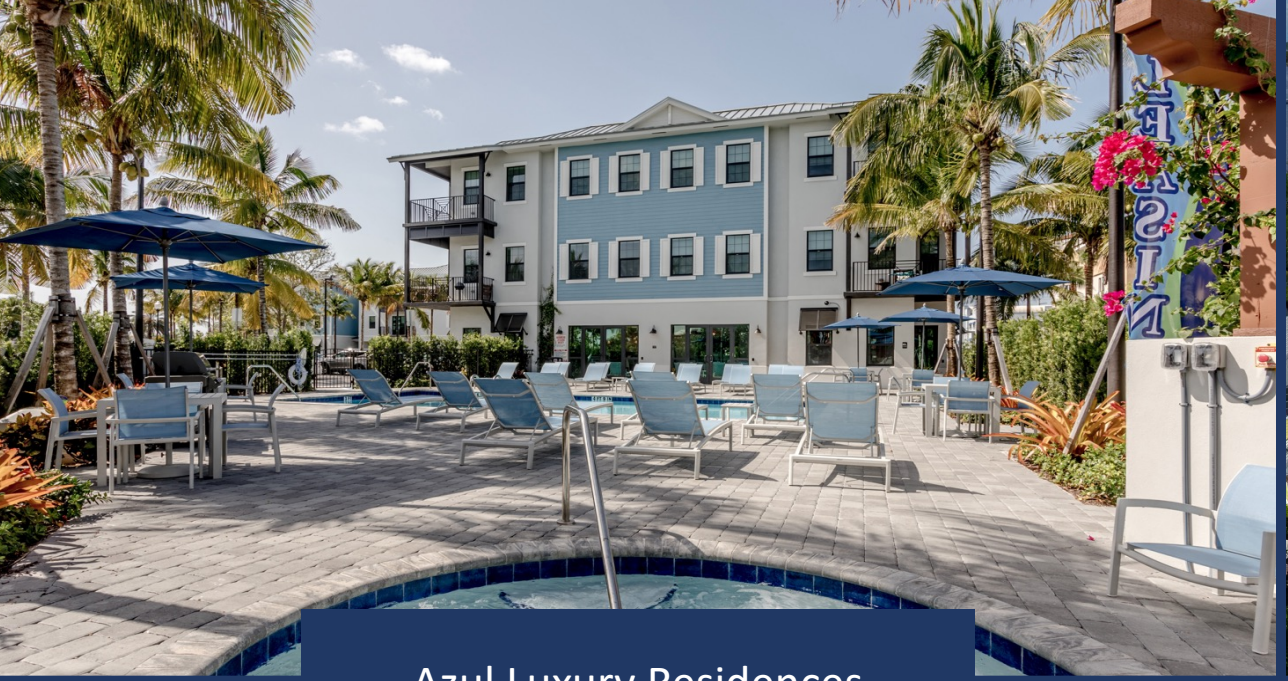
7.1%
Avg CoC

Projected Return Summary

Cap Rate	Return on Disposition	IRR	Equity Multiple	Avg. CoC*
5.00%	167,994	17.0%	2.04x	7.1%
5.25%	159,467	16.0%	1.95x	7.1%
5.50%	151,716	15.0%	1.87x	7.1%
5.75%	144,638	14.0%	1.80x	7.1%
6.00%	138,150	13.2%	1.74x	7.1%

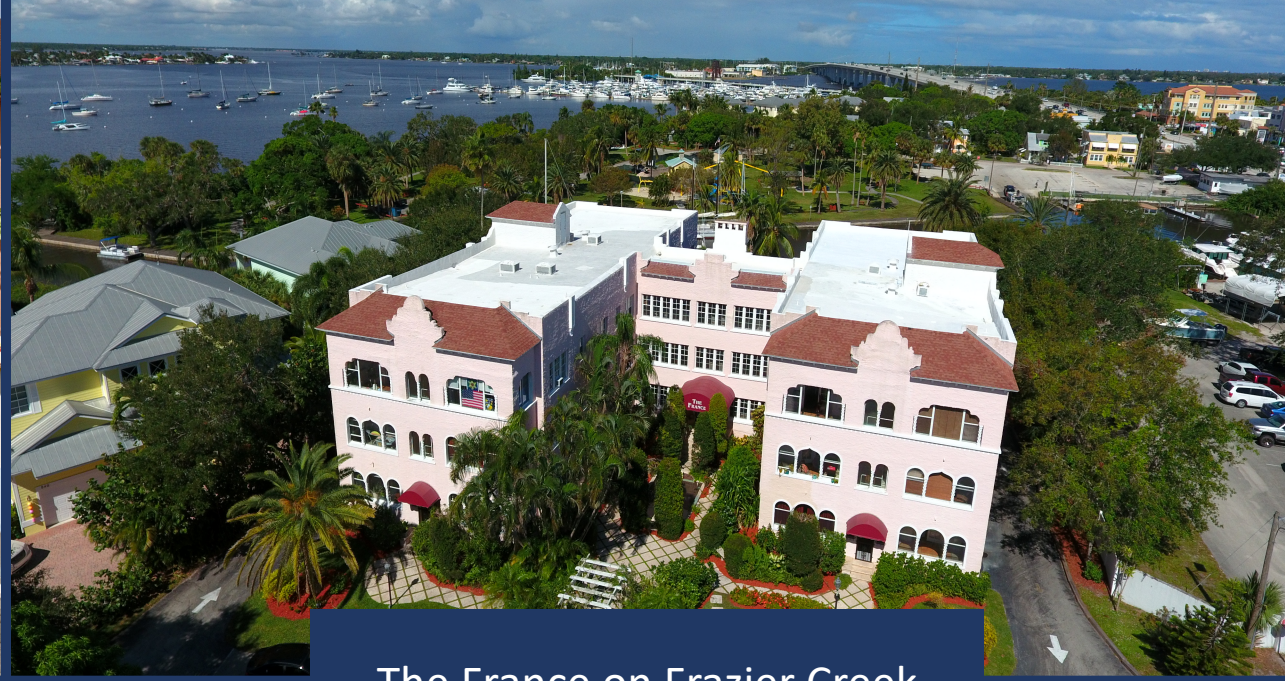
*Excludes proceeds from sale

DiversyFund Case Studies



Azul Luxury Residences

PROPERTY DETAILS	
CLASS	A
CONSTRUCTED	2019
LOCATION	Stuart, FL
UNITS	49
PURCHASE PRICE	$15,500,000



The France on Frazier Creek

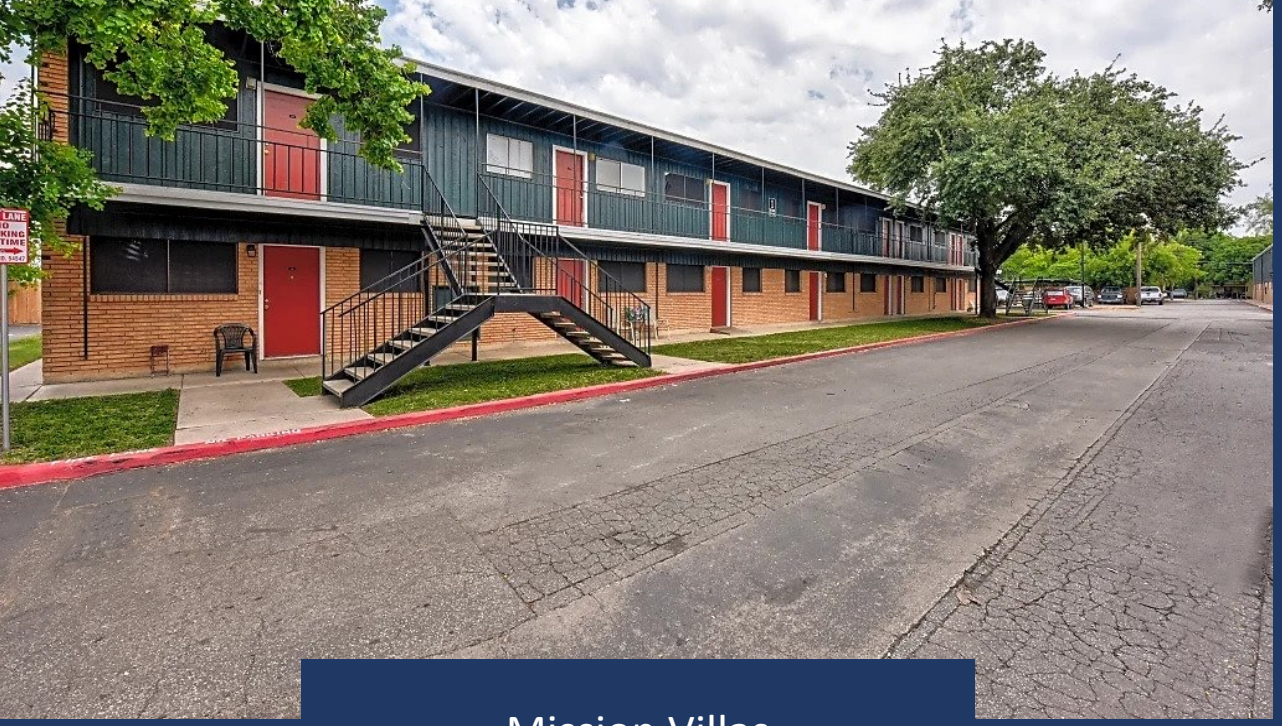
PROPERTY DETAILS	
CLASS	C
CONSTRUCTED	1925
LOCATION	Stuart, FL
UNITS	30
PURCHASE PRICE	$4,250,000

Avalon I at North Charleston

PROPERTY DETAILS	
CLASS	B
CONSTRUCTED	2002
LOCATION	North Charleston, SC
UNITS	145
PURCHASE PRICE	$22,475,000

Avalon II at North Charleston

PROPERTY DETAILS	
CLASS	B
CONSTRUCTED	2003
LOCATION	North Charleston, SC
UNITS	285
PURCHASE PRICE	$46,370,000



Mission Villas

PROPERTY DETAILS	
CLASS	C
CONSTRUCTED	1965
LOCATION	San Antonio, TX
UNITS	176
PURCHASE PRICE	$10,250,000

Swaying Oaks*

*Invested as Co-GP

PROPERTY DETAILS	
CLASS	B
CONSTRUCTED	2017
LOCATION	San Antonio, TX
UNITS	64
PURCHASE PRICE	$7,475,000

Cobble Hill*

*Invested as Co-GP

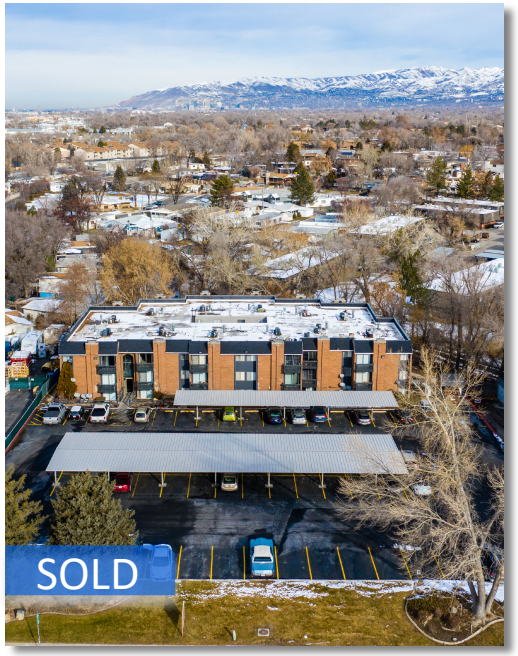
PROPERTY DETAILS	
CLASS	C
CONSTRUCTED	1984
LOCATION	Dallas-Fort Worth, TX
UNITS	136
PURCHASE PRICE	$12,000,000

Village Creek*

*Invested as Co-GP

PROPERTY DETAILS	
CLASS	C
CONSTRUCTED	1970
LOCATION	Dallas-Fort Worth, TX
UNITS	184
PURCHASE PRICE	$14,550,000

DiversyFund Multifamily Dispositions



DiversyFund Dispositions

Property	Market	Hold Period	Net IRR	Investor Multiple	Sales Price
Cottonwood Creek Estates	Salt Lake City, UT	2 Years	19.1%	1.36x	$8,235,000
Woodside Apartment Homes	Salt Lake City, UT	2 Years	21.7%	1.45x	$13,400,000
Boulevard West	Greenville, NC	2.2 Years	28.3%	1.71x	$24,000,000
McArthur Landing	Fayetteville, NC	2.4 Years	21.4%	1.59x	$16,600,000
Summerlyn	Kileen, TX	2 Years	9.3%	1.17x	$11,625,000

Average Investor Returns

Avg Annual Return	IRR	Equity Multiple
21.6%	20.0%	1.46x

Thank You!

DIVERSYFUND



Questions?
Contact us at investments @diversyfund.com

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