



## **Business, Investment & Risk Disclosure**

Ungentrified  
Virginia, LLC

Sponsored by  
Ungentrified, LLC

**Unlimited Offering in Beneficial Realty Interest Certificates (BRICs)**

**Sept 1, 2020**

*This disclosure version supersedes any predated disclosure version.*

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## Prospectus:

**Ungentrified Virginia, LLC** is a newly organized Virginia limited liability company formed to provide (through the origination of, investment in, and management of) a diversified portfolio of residential real estate properties in Virginia. We expect to use net proceeds from this offering to originate, acquire, and structure a diversified portfolio of residential real estate properties. Managed by our parent company and sponsor, **Ungentrified, LLC**, we aim not only to provide a significant return to our investors but also to create homeownership opportunities for our residential tenants. We endeavor to purchase single-family residential properties at very low-price points and provide tenants with five, seven, or ten-year (60, 84, or 120 payments, respectively) lease-purchase options that will allow our investors a return on their investments.

We are managed by **Ungentrified, LLC**, our parent company. **Ungentrified, LLC** owns and operates an online investment platform, [www.ungentrified.com](http://www.ungentrified.com) that allows investors to become equity holders in residential real estate opportunities. By accessing our web portal, individuals can invest in our real estate investments, monitor their investment, and access disclosure documents online. It is our goal to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes beginning with our taxable year ending December 31, 2021.

We are offering an unlimited amount of **Beneficial Realty Interest Certificates (BRICs)**, which represent transferrable limited liability company economic/financial interests available to potential investors who reside within the Commonwealth of Virginia. The minimum investment in our BRICs for the initial purchase is \$1.00, based on the current per unit BRIC price. We expect to offer BRICs in this offering in perpetuity unless terminated by our manager. Until December 31, 2021, the per BRIC purchase price for our BRICs will be \$1.00 per BRIC. Thereafter, the per BRIC purchase price will be adjusted quarterly and, as of January 1st, April 1st, July 1st and October 1st of each year will equal the sum of our net asset value (NAV), divided by the number of BRICs outstanding as of the end of the prior fiscal quarter (NAV/ BRIC). While we do endeavor to make our BRICs available for quotes and trading on "The Venture Market" or, the NASDAQ OTCQB, we have also adopted a redemption plan designed to provide our BRIC-holders with quarterly limited liquidity for their investments.

We intend to distribute our BRICs principally through [www.ungentrified.com](http://www.ungentrified.com)

## Risk Factors:

Investing in our BRICs is speculative and involves substantial risks. You should purchase these securities only if you can afford a complete loss of your investment. These risks include the following:

- We depend on our Manager to select our investments and conduct our operations. How we appropriate fees and expenses to our management and affiliates is not calculated on an arm's length basis. For this reason, we do not conduct an arm's length negotiations.
- We have no operating history, and as of the date of this Business, Investment & Risk Disclosure, our total assets consist of \$1,000 in cash. Therefore, there is no assurance that we will achieve our investment objectives.
- This is a "blind pool" offering because we have not identified any investments to acquire with the net proceeds of this offering. You will not be able to evaluate our investments before purchasing BRICs.
- Our Manager's executive officers and key real estate professionals are also officers, directors, managers, and/or key professionals of our sponsor and its affiliates. As a result, they will face conflicts of interest, including time constraints, allocation of investment opportunities, and significant conflicts created by our Manager's compensation arrangements with us and other affiliates of our sponsor.
- Our sponsor may sponsor other companies that compete with us, and our sponsor does not have an exclusive management arrangement with us; however, our sponsor has adopted a policy for allocating investments between different companies that it sponsors with similar investment strategies.
- These securities are being sold in reliance on an exemption to the federal securities registration requirements under section 3(a)(11) of the Securities Act of 1933 and under section 13.1-514(B)12 of the Virginia securities act. These securities can only be sold to residents of Virginia and are subject to restrictions on transferability and resale as contained in subsections (e) and (f) of SEC rule 147A, 17 CFR § 230.147A. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time and that they may lose all of the investment and can afford the loss of the investment. In making an investment decision, investors should rely on their own examination of the issuer and the terms revealed in these offering documents, including the merits and risks involved. These securities have not been recommended by any federal or state authority or regulatory commission nor have they confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

- If we raise substantially less than expected, we may not be able to acquire a diverse portfolio of investments and the value of your BRICs may vary more widely with the performance of specific assets. We may commence operations with as little as \$10,000.
- If we internalize our management functions, your interest in us could be diluted and we could incur other significant costs associated with self-management.
- We may change our investment guidelines without BRIC-holder consent, which could result in investments that are different from those described in this Business, Investment & Risk Disclosure.
- We do not expect to declare any distributions until the proceeds from our public offering are invested and generating operating cash flow. While our goal is to pay distributions from our cash flow from operations, we may use other sources to fund distributions, including offering proceeds or sales of assets. We have not established a limit on the number of proceeds we may use to fund distributions. If we pay distributions from sources other than our cash flow from operations, we will have fewer funds available for investments and your overall return may be reduced. In any event, we intend to make annual distributions as required to comply with the REIT distribution requirements and avoid U.S. federal income and excise taxes on retained income.
- Our accountants will calculate our NAV quarterly using valuation methodologies that involve subjective judgments and estimates. As a result, our NAV may not accurately reflect the actual prices at which our residential real estate assets and investments, including related liabilities, could be liquidated on any given day.
- Our operating agreement does not require our Manager to seek BRIC-holder approval to liquidate our assets by a specified date, nor does our operating agreement require our Manager to list our BRICs for trading by a specified date. No public market currently exists for our BRICs. Until our BRICs are listed, if ever, you may not sell your BRICs.
- If we fail to qualify as a REIT for U.S. federal income tax purposes and no relief provisions apply, we could be subject to entity-level federal income tax and, as a result, our cash available for distribution to our BRIC-holders and the value of our BRICs could materially decrease.
- Real estate investments are subject to general downturns in the industry as well as downturns in specific geographic areas. We cannot predict what the occupancy level will be in a particular building or that any tenant or mortgage or other real estate-related loan borrowers will remain solvent. We also cannot predict the future value of our properties. Accordingly, we cannot guarantee that you will receive cash distributions or appreciation of your investment.

The price per BRIC shown was arbitrarily determined by our Manager and will apply until December 31, 2021. Thereafter, our price per BRIC will be adjusted every fiscal quarter and will be based on our NAV as of the end of the prior fiscal quarter.

This is a “best efforts” offering. We will not start operations or draw down on investors’ funds and admit investors as BRIC- holders until we have raised at least \$10,000 in this offering. Until the minimum threshold is met, investors’ funds will be refundable and will remain in escrow at the company’s bank/financial institution. If we do not raise \$10,000 within 24 months, we will cancel the offering and release all investors from their commitments.

Investors will not pay upfront selling commissions in connection with the purchase of our BRICs. We will reimburse our Manager for organization and offering costs, which are expected to be approximately \$1,000. Reimbursement payments will be made in monthly installments, but the aggregate monthly amount reimbursed can never exceed 0.50% of the aggregate gross offering proceeds from this offering. If the sum of the total unreimbursed amount of such organization and offering costs, plus new costs incurred since the last reimbursement payment, exceeds the reimbursement limit described above for the applicable monthly installment, the excess will be eligible for reimbursement in subsequent months (subject to the 0.50% limit), calculated on an accumulated basis, until our Manager has been reimbursed in full. See “Management Compensation and Expenses” for a description of additional fees and expenses that we will pay our Manager.

Generally, we will limit individual investors in this offering to the aggregate purchase price paid for BRICs is less than or equal to 10% of the greater of your annual income or net worth. Different rules apply to accredited investors and non-natural persons, but we will also likely limit the aggregate annual investment amount for any investor to \$10,000 for both 2020 and 2021. Before making any representation that your investment does not exceed applicable thresholds, and for general information on investing, we encourage you to refer to [www.investor.gov](http://www.investor.gov).

**The date of this Business, Investment & Risk Disclosure is Sept 1, 2020.**

## **IMPORTANT INFORMATION ABOUT THIS BUSINESS, INVESTMENT & RISK DISCLOSURE**

Please carefully read the information in this Business, Investment & Risk Disclosure, and any accompanying supplements. You should rely only on the information contained in this Business, Investment & Risk Disclosure. We have not authorized anyone to provide you with different information. This Business, Investment & Risk Disclosure may only be used in Virginia, where it is legal to sell these securities. You should not assume that the information contained in this Business, Investment & Risk Disclosure is accurate as of any date later than the date hereof or such other dates as are stated herein or as of the respective dates of any documents or other information incorporated herein by reference.

Our sponsor and those selling BRICs on our behalf in this offering will be permitted to decide that the purchasers of BRICs in this offering are “qualified purchasers” in reliance on the information and representations provided by the BRIC-holder regarding the BRIC-holder's financial situation. Before making any representation that your investment does not exceed applicable thresholds, and for general information on investing, we encourage you to refer to [www.investor.gov](http://www.investor.gov).

### **Competitive Advantages**

Our Manager will utilize the personnel and resources of our sponsor to select our investments and manage our day-to-day operations. Our sponsor's existing operating platforms allow us to realize economies of scale and other benefits including the following:

- **Experienced Management Team** — Our sponsor has a highly experienced management team of real estate professionals, led by Fritz Pognon, its Co-Founder and Chief Executive Officer, and Hosh Weekes, its Co-Founder, and Chief Investment Officer. The senior investment executives of our sponsor have extensive experience in both the real estate sector and the investment sector. These executives provide stability in the management of our business and allow us to benefit from the knowledge and industry contacts they have gained through numerous real estate cycles. Please see “Management Executive Officers.”

- **Real Estate Investment Experience** — Although this is the first REIT offered by our sponsor, our CEO has been an investor in real estate for over 20 years and has purchased, owned, and/or sold over 50 residential properties. We believe that this level of leadership lends well towards establishing ourselves as an immediate leader in the residential REIT market.
- **Market Knowledge and Industry Relationships** — Through our CEO's active and broad participation in real estate, our sponsor benefits from market information that enables it to identify attractive residential real estate investment opportunities and to make informed decisions with regard to the relative valuation of financial assets and capital allocation. We believe that our sponsor's extensive industry relationships with a wide variety of residential real estate owners and operators, brokers, and other intermediaries and third party residential real estate debt originators will provide us with a competitive advantage in sourcing attractive investment opportunities to meet our investment objectives.

## Questions & Answers

### What is a real estate investment trust, or REIT?

#### **In general, a REIT is an entity that:**

- combines the capital of many investors to acquire or provide financing for a diversified portfolio of real estate investments under professional management;
- can qualify as a “real estate investment trust” for U.S. federal income tax purposes and is therefore generally not subject to federal corporate income taxes on its net income that is distributed, which substantially eliminates the “double taxation” treatment (i.e., taxation at both the corporate and BRIC-holder levels) that generally results from investments in a corporation; and
- pays distributions to investors of at least 90% of its annual ordinary taxable income.

*In this Business, Investment & Risk Disclosure, we refer to an entity that qualifies to be taxed as a real estate investment trust for U.S. federal income tax purposes as a REIT. We intend to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2021.*



### **Who will choose which investments you make?**

We are externally managed by ungentrified, LLC, or our Manager. Our Manager will make all of our investment decisions.

### **Who is Ungentrified, LLC?**

Ungentrified, LLC, is a real estate company and a Virginia limited liability company that focuses on increasing homeownership in distressed neighborhoods.

### **Why should I invest in residential real estate investments?**

Our goal is to provide a professionally managed, diversified portfolio consisting primarily of high-quality residential real estate properties to investors who generally have had very limited access to such investments in the past. Allocating some portion of your portfolio to a direct investment in high-quality residential real estate assets may provide you with:

- diversification of your portfolio, by investing in an asset class that historically has not been correlated with the stock the market generally; and
- the opportunity for both income generation and capital appreciation.

# BRIC Information

## NAV Calculation

Our NAV per BRIC will be calculated at the end of each fiscal quarter, beginning December 31, 2021, by our internal accounting process that reflects several components, including (1) estimated values of each of our residential real estate assets and investments, including related liabilities, based upon (a) market capitalization rates, comparable sales information, interest rates, net operating income, (b) with respect to debt, default rates, discount rates, and loss severity rates, and (c) in certain instances individual appraisal reports of the underlying real estate provided by an independent valuation expert, (2) the price of liquid assets for which third party market quotes are available, (3) accruals of our periodic distributions and (4) estimated accruals of our operating revenues and expenses. In instances where an appraisal of the real estate asset is necessary, we will engage an appraiser that has expertise in appraising residential real estate assets, to act as our independent valuation expert. The independent valuation expert will not be responsible for, or prepare, our quarterly NAV per BRIC.

Our goal is to provide a reasonable estimate of the market value of our BRICs as of the end of each fiscal quarter. Our assets will consist principally of residential real estate equity investments. Our independent valuation and internal valuation of our real estate assets are subject to a number of judgments and assumptions that may not prove to be accurate. The use of different judgments or assumptions would likely result in different estimates of the value of our real estate assets. Moreover, although we evaluate and provide our NAV per BRIC quarterly, our NAV per BRIC may fluctuate daily, so that the NAV per BRIC in effect for any fiscal quarter may not reflect the precise amount that might be paid for your BRICs in a market transaction. Further, our published NAV per BRIC may not fully reflect certain material events to the extent that they are not known or their financial impact on our portfolio is not immediately quantifiable. Any resulting potential disparity in our NAV per BRIC may be in favor of either BRIC-holders who redeem their BRICs, or BRIC-holders who buy new BRICs, or existing BRIC-holders.

## BRIC Redemption

While we do intend to make our BRICs available for quotes and trading on "The Venture Market" or, the NASDAQ OTCQB, you should view your investment in our BRICs as a long-term investment with limited liquidity. For this reason, we have adopted a redemption plan whereby, quarterly, BRIC-holders may request that we redeem at least 25% or more of their BRICs. The per BRIC redemption price will be calculated based on a fixed 3% discount to the per BRIC price for our BRICs in effect at the time of the redemption request. The redemption price, as discounted, will then be subject to the following variable price discounts depending upon when the BRICs are redeemed:

## Holding Period from Date of Purchase

|                           | Price After Variable Price Discount<br>(as a percentage of per BRIC redemption price) | Effective Redemption Price<br>(as a percentage of per BRIC redemption price) (1)<br>(2) |
|---------------------------|---|---|
| <b>Less than 6 months</b> | <b>No redemption allowed</b>  | <b>No redemption allowed</b>  |
| 6 months until 2 years    | 95%   | 92%   |
| 2 years until 3 years     | 96%   | 93%   |
| 3 years until 4 years     | 97%   | 94%   |
| 4 years until 5 years     | 98%   | 95%   |
| 5 years until 6 years     | 99%   | 96%   |
| 6 years or more           | 100%  | 97%   |

(1) The Effective Redemption Price includes the fixed 3% discount to the per BRIC price for our BRICs in effect at the time of the redemption request. The Effective Redemption Price will be rounded down to the nearest 1%, as illustrated in the chart above.

(2) The Effective Redemption Price will be rounded down to the nearest \$0.01.

Also, the redemption price will be reduced by the aggregate sum of distributions, if any, declared on the BRICs subject to the redemption request with record dates during the period between the quarter-end redemption request date and the redemption date. Furthermore, a BRIC-holder requesting redemption will be responsible for any third-party costs incurred in effecting such redemption, including but not limited to, bank transaction charges, custody fees, and/or transfer agent charges. The redemption plan may be suspended at any time without notice.

While we designed our redemption plan to allow BRIC-holders to request redemptions quarterly of all or any portion of their BRICs (subject to the six month holding period and applicable redemption discount), we need to impose limitations on the total amount of net redemptions per quarter to maintain sufficient sources of liquidity to satisfy redemption requests without impacting our ability to invest in residential real estate assets and maximize investor returns. We presently intend to limit the number of BRICs to be redeemed during any calendar year to 5.0% of the weighted average number of BRICs outstanding during the prior calendar year (or 1.25% per quarter, with excess capacity carried over to later quarters in the calendar year). If we do not have sufficient funds available to redeem all of the BRICs for which redemption requests have been submitted in any quarter, such pending requests will be honored on a pro-rata basis. For investors who hold BRICs with more than one record date, redemption requests will be applied to such BRICs in the order in which they were purchased, on a first in first out basis. Further, our Manager may in its sole discretion, amend, suspend, or terminate the redemption plan at any time without notice, including to protect our operations and our non-

redeemed BRIC-holders, to prevent an undue burden on our liquidity, to preserve our status as a REIT, following any material decrease in our NAV, or for any other reason.

Investors will not pay upfront selling commissions as part of the price per BRIC purchased in this offering. Additionally, there is no dealer manager fee or other service-related fees in connection with the offering and sale of our BRICs through the ungentrified website.

# Management

## Compensation and Expenses

Our Manager or its affiliates will pay on our behalf all costs incurred in connection with our organization and the offering of our BRICs. After we have raised \$10,000 in this offering, beginning on the date that we commence our operations, we will start to reimburse our Manager, without interest, for these organization and offering costs incurred both before and after that date. Reimbursement payments will be made in monthly installments, but the aggregate monthly amount reimbursed can never exceed 0.50% of the aggregate gross offering proceeds from this offering. If the sum of the total unreimbursed amount of such organization and offering costs, plus new costs incurred since the last reimbursement payment, exceeds the reimbursement limit described above for the applicable monthly installment, the excess will be eligible for reimbursement in subsequent months (subject to the 0.50% limit), calculated on an accumulated basis, until our Manager has been reimbursed in full.

We will pay our Manager a quarterly asset management fee at an annualized rate of 1.50%, which, until December 31, 2021, will be based on our net offering proceeds as of the end of each quarter, and thereafter will be based on our NAV at the end of each prior quarter. Upon liquidation of any of our equity investments in real estate, we will pay our Manager a disposition fee equal to 0.50% of the gross proceeds (after repayment of any property-level debt).

Our Manager or an affiliate of the Manager will be entitled to a quarterly servicing fee and special servicing fee for any non-performing asset as well as origination fees that will generally be paid by the borrowers or co-investors.

We will reimburse our Manager for the organization and offering expenses that the Manager has paid or will pay on our behalf. We will also reimburse our Manager for out-of-pocket expenses in connection with the origination of our investments. Additionally, we will reimburse our Manager for out-of-pocket expenses paid to third parties in connection with providing services to us. This does not include the Manager's overhead, employee costs borne by the Manager, utilities, or technology costs. The expense reimbursements that we will pay to our Manager include expenses incurred by our sponsor in the performance of services under the Shared services agreement between our Manager and our sponsor. The payment by us of fees and expenses will reduce the cash available for investment and distribution and will directly impact our quarterly NAV.

## Shared Services Agreement

Our Manager will enter into a shared services agreement with ungentrified, LLC, our sponsor, effective upon the commencement of this offering. Pursuant to this agreement, our Manager will be provided with access to, among other things, our sponsor's portfolio management, asset valuation, risk management, and asset management services, as well as administration services, addressing legal, compliance, investor relations and information technologies necessary for the performance by our Manager of its duties under the operating agreement in exchange for a fee representing our Manager's allocable cost for these services. The fee paid by our Manager pursuant to the Shared services agreement will not constitute a reimbursable expense under our operating agreement. However, under the Shared services agreement, our sponsor will be entitled to receive reimbursement of expenses incurred on behalf of us or our Manager that we are required to pay to our Manager under our operating agreement.

## Executive Officers of our Manager

As of the date of this offering circular, the executive officers of our Manager and our sponsor, Ungentrified, LLC, the parent of our Manager, and their positions and offices are as follows:

| <b>Name</b>  | <b>Age</b> | <b>Position</b>          |
|--------------|------------|--------------------------|
| Fritz Pognon | 46         | Chief Executive Officer  |
| Hosh Weekes  | 39         | Chief Investment Officer |

Fritz Pognon will serve as Chief Executive Officer and Director of our Manager and has been a residential real estate investor for over 20 years, and a residential property manager for 25 years. He has been involved in over 50 residential real estate investments and has gained a wide variety of connections with contractors, agents, brokers, and investors. He is uniquely qualified as the CEO of our Manager, because of his success in generating income and increasing value in distressed residential real estate properties.

Hosh Weekes will serve as Chief Investment Officer of our Manager and has served in such capacities with the sponsor since our inception. Additionally, Hosh serves as CEO of an SEC Registered Investment Advisory Firm, Hustle Wealth Investment, and Asset Management, LLC. Previously, Hosh served as an investment advisor for Edward Jones, and as a bank officer for Wachovia, Wells Fargo, SunTrust & Truist banks. Hosh earned his BA in Communication Studies from Christopher Newport University.

## **Limited Liability and Indemnification of our Manager and Others**

Subject to certain limitations, our operating agreement limits the liability of our Manager, its officers and directors, our sponsor and our sponsor's BRIC-holder and affiliates, for monetary damages and provides that we will indemnify and pay or reimburse reasonable expenses in advance of the final disposition of a proceeding to our Manager, its officers and directors, our sponsor and our sponsor's BRIC-holder and affiliates.

Our operating agreement provides that to the fullest extent permitted by applicable law our Manager, its officers, and directors, our sponsor, and our sponsor's BRIC-holders and affiliates will not be liable to us. Also, pursuant to our operating agreement, we have agreed to indemnify our Manager, its officers and directors, our sponsor and our sponsor's BRIC-holders and affiliates, to the fullest extent permitted by law, against all expenses and liabilities (including judgments, fines, penalties, interest, amounts paid in the settlement with the approval of the company and attorney's fees and disbursements) arising from the performance of any of their obligations or duties in connection with their service to us or the operating agreement, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made a party by reason of being or having been the Manager or one of our Manager's directors or officers.

# INVESTMENT OBJECTIVES AND STRATEGY

## Investment Objectives

Our investment objectives are:

- to enable investors to realize a return on their investment by beginning the process of distributing cash to investors from tenant payments within approximately two years of the initiation of this offering, liquidating our investments in our real estate holdings, and/or providing liquidity through alternative means such as in-kind distributions of our securities or other assets;
- to grow net cash from operations so more cash is available for distributions to investors;
- to realize growth in the value of our investments within approximately five years of the termination of this offering; and
- to preserve, protect, and return your capital contribution.

We cannot assure you that we will attain these objectives or that the value of our assets will not decrease. Furthermore, within our investment objectives and policies, our Manager will have substantial discretion with respect to the selection of specific investments and the purchase and sale of our assets. Our Manager's investment committee will review our investment guidelines at least annually to determine whether our investment guidelines continue to be in the best interests of our BRIC-holders.

## Investment Strategy

We intend to use substantially all of the proceeds of this offering to originate, acquire, asset manage, operate, selectively leverage, syndicate, and/or opportunistically sell residential real estate properties. We intend to acquire and operate real estate and real estate-related assets on an opportunistic basis. Our management has extensive experience investing in residential real estate. Thus, we may acquire a wide variety of properties, including but not limited to, single-family homes, and multifamily apartments and condominiums.

## Termination and Dissolution



We will continue as a limited liability company until terminated under our operating agreement. We will dissolve upon (1) the election of our Manager to dissolve us; (2) the sale, exchange or other disposition of all or substantially all of our assets; the entry of a decree of judicial dissolution of our company; or (4) at any time that we no longer have any BRIC-holders, unless our business is continued in accordance with the Virginia LLC Act.

### **Books and Reports**

We are required to keep appropriate books for our business at our principal offices. The books will be maintained for both tax and financial reporting purposes on a basis that permits the preparation of financial statements in accordance with GAAP. For financial reporting purposes and federal income tax purposes, our fiscal year and our tax year are the calendar year.

### **Determinations by our Manager**

Any determinations made by our Manager under any provision described in our operating agreement will be final and binding on our BRIC-holders, except as may otherwise be required by law. We will prepare a statement of any determination by our Manager respecting the fair market value of any properties, assets, or securities, and will file the statement with our company secretary.

## Restrictions on Ownership and Transfer for REIT Qualification

For us to qualify as a REIT under the Code, BRICs of our company must be owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of our outstanding BRICs may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). To qualify as a REIT, we must satisfy other requirements as well. See “U.S. Federal Income Tax Considerations—Requirements for Qualification as a REIT.”

To assist us in qualifying as a REIT, our operating agreement, subject to certain exceptions, contains restrictions on the number and value of our BRICs and the number and value of BRICs of our company that a person may own. Our operating agreement provides that generally no person may own, or be deemed to own by virtue of certain attribution provisions of the Code, either more than 9.8% in value or in a number of our BRICs, whichever is more restrictive, or more than 9.8% in value or in a number of our BRICs, whichever is more restrictive. Accordingly, no person may own, or be deemed to own, more than 9.8% in value or in a number of our BRICs, whichever is more restrictive. We refer to these limits collectively as the “ownership limit.” An individual or entity that becomes subject to the ownership limit or any of the other restrictions on ownership and transfer of the BRICs of our company described below is referred to as a “prohibited owner” if, had the violative transfer or other event been effective, the individual or entity would have been a beneficial owner or, if appropriate, a record owner of BRICs.

The applicable constructive ownership rules under the Code are complex and may cause our BRICs to own actually or constructively by a group of individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% by value or number of our BRICs, whichever is more restrictive, or 9.8% by value or number of our BRICs, whichever is more restrictive, (or the acquisition of an interest in an entity that owns, actually or constructively, our BRICs by an individual or entity), could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively over the ownership limit.

Our Manager may, in its sole discretion, subject to such conditions as it may determine and the receipt of certain representations and undertakings, prospectively or retroactively, waive the ownership limit or establish a different limit on ownership, or excepted holder limit, for a particular BRIC-holder if the BRIC-holder's ownership over the ownership limit would not result in our company being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) except during the first taxable year for which we elect to be a REIT and/or during the first half of our second taxable year for which we elect to be treated as a REIT and

only to the extent, it does not result in us failing to qualify as a REIT or otherwise would result in our company failing to qualify as a REIT. As a condition of its waiver or grant of excepted holder limit, our Manager may, but is not required to, require an opinion of counsel or IRS ruling satisfactory to our Manager to determine or ensure our company's qualification as a REIT. Also, our Manager will reject any investor's subscription in whole or in part if it determines that such subscription would violate such ownership limits.

In connection with granting a waiver of the ownership limit, creating an excepted holder limit or at any other time, our Manager may from time to time increase or decrease the ownership limit for all other individuals and entities unless, after giving effect to such increase, five or fewer individuals could beneficially or constructively own in the aggregate, more than 49.9% in value of the BRICs then outstanding of our company or our company would otherwise fail to qualify as a REIT. Before the modification of the ownership limit, our Manager may require such opinions of counsel, affidavits, undertakings, or agreements as it may deem necessary or advisable to determine or ensure our qualification as a REIT. A reduced ownership limit will not apply to any person or entity whose percentage ownership of our BRICs or BRICs of our company, as applicable, is above such decreased ownership limit until such individual's or entity's percentage ownership of our BRICs or BRICs of our company, as applicable, equals or falls below the decreased ownership limit, but any further acquisition of our BRICs or BRICs of our company, as applicable, over such percentage ownership of our BRICs or BRICs of our company will be in violation of the ownership limit.

**Our operating agreement further prohibits:**

- any person from beneficially or constructively owning, applying certain attribution rules of the Code, BRICs of our company that would result in our company being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT; and
- any person from transferring our BRICs if such transfer would result in our BRICs being owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of our BRICs that will or may violate the ownership limit or any of the other foregoing restrictions on ownership and transfer of our BRICs, or who would have owned our BRICs transferred to a trust as described below, must immediately give us written notice of the event, or in the case of an attempted or proposed transaction, must give at least 15 days' prior written notice to us and provide us with such other information as we may request to determine the effect of such transfer on our qualification as a REIT. The foregoing restrictions on ownership and transfer of our BRICs will not apply if our Manager

determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance with the restrictions and limitations on ownership and transfer of our BRICs as described above is no longer required for us to qualify as a REIT.

If any transfer of our BRICs would result in our BRICs being beneficially owned by fewer than 100 persons, such transfer will be null, and void and the intended transferee will acquire no rights in such BRICs. Also, if any purported transfer of our BRICs or any other event would otherwise result in any person violating the ownership limit or an excepted holder limit established by our Manager or in our company being “closely held” under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then that number of BRICs (rounded up to the nearest whole BRIC) that would cause us to violate such restrictions will be automatically transferred to and held by, a trust for the exclusive benefit of one or more charitable organizations selected by us and the intended transferee will acquire no rights in such BRICs. The automatic transfer will be effective as of the close of business on the business day before the date of the violative transfer or other events that results in a transfer to the trust. Any dividend or other distribution paid to the prohibited owner, before our discovery that the BRICs had been automatically transferred to a trust as described above, must be repaid to the trustee upon demand for distribution to the beneficiary by the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent violation of the applicable ownership limit or our company being “closely held” under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT, then our operating agreement provides that the transfer of the BRICs will be null and void.

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This concludes the Business, Investment & Risk Disclosure Dated

Sept 1, 2020.

Prepared by Hosh Weekes, Investment Director

## **Exhibits**

1. Exhibit A – 20 Year Projection Table
2. Exhibit B – BRIC Price Chart
3. Exhibit C – Annual Distribution
4. Exhibit D: NAV (Net Asset Value) Yield (Annual Distribution/Property Value)
5. Exhibit E: Market Cap Yield (Annual Distribution/Outstanding BRIC Value)
6. Exhibit F: Total Return on a Year 1 BRIC (total cumulative distribution to a BRIC purchased in Year 1)

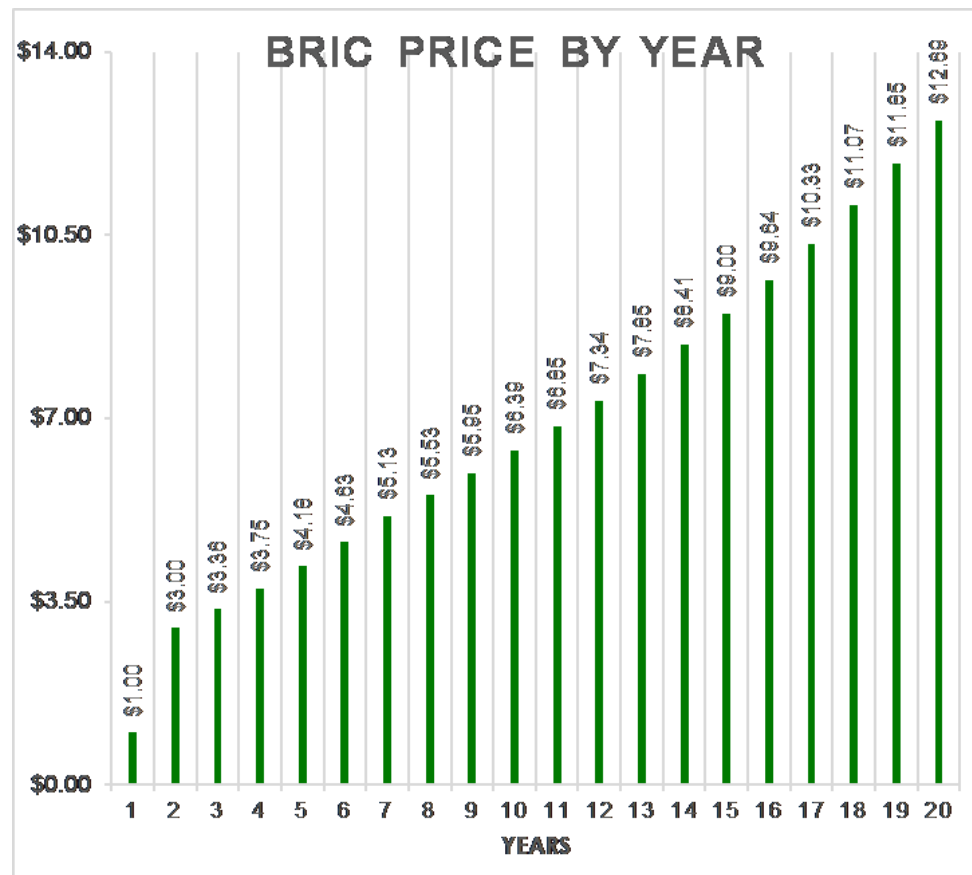
## Exhibit A

### Sample Projections

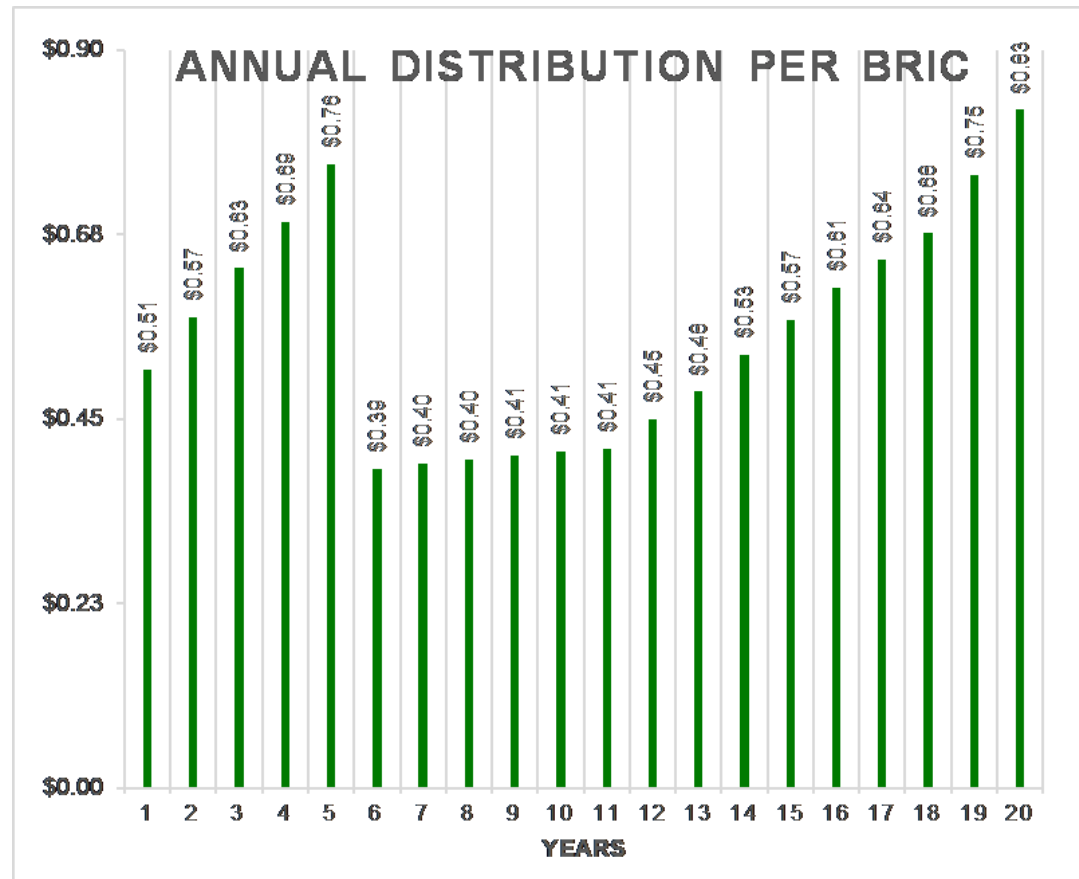
#### Assumptions:

- 100 initial investors
- \$1000 each investor initial investment, no additional contribution
- 10% annual investment increase
- 10% Expenses, 10% Reinvestment from Gross Income

| Year | Number of Investors (10% annual increase) | BRICs Outstanding | BRIC Price | New BRICs sold | Avg New Invest \$ | Reinvestmen t \$ | New \$   | total annual prop investment | New \$850 Lease (\$15k-\$20k) | New \$1050 Lease (~\$20k-\$25k) | New \$1250 Lease (\$25k+) | Property Value/NAV (purchase price tripled from rehab) | Existing \$850 Lease | Existing \$1050 Lease | Existing \$1250 Lease | Gross Income | Expenses (10% total income) | Reinvest (10% taxable income) | Distribution (90% taxable income) | annual distribution per BRIC | NAV Yield (Distribution/NAV) | Market Cap Yield (Distribution/Market Cap) | Total cumulative return per BRIC per yr |
|------|---|-------------------|------------|----------------|-------------------|------------------|----------|------------------------------|-------------------------------|---------------------------------|---------------------------|--|----------------------|-----------------------|-----------------------|--------------|-----------------------------|-------------------------------|-----------------------------------|------------------------------|------------------------------|--|---|
| 1    | 100                                       | 100,000           | \$1.00     | 100,000        | \$1,000           | \$100,000        |          | \$100,000                    |                               | 5                               |                           | \$300,000  |                      |                       |                       | \$63,000     | \$6,300                     | \$5,670                       | \$51,030                          | \$0.51                       | 17.01%                       | 51.03%                                     | \$0.51                                  |
| 2    | 110                                       | 103,333           | \$3.00     | 3,333          | \$1,000           | \$5,670          | \$10,000 | \$15,670                     | 1                             |                                 |                           | \$347,010  | 0                    | 5                     | 0                     | \$73,200     | \$7,320                     | \$6,588                       | \$59,292                          | \$0.57                       | 17.09%                       | 19.13%                                     | \$1.08                                  |
| 3    | 121                                       | 106,609           | \$3.36     | 3,276          | \$1,000           | \$6,588          | \$11,000 | \$17,588                     | 1                             |                                 |                           | \$399,774  | 1                    | 5                     | 0                     | \$83,400     | \$8,340                     | \$7,506                       | \$67,554                          | \$0.63                       | 16.90%                       | 18.87%                                     | \$1.72                                  |
| 4    | 133                                       | 109,836           | \$3.75     | 3,227          | \$1,000           | \$7,506          | \$12,100 | \$19,606                     | 1                             |                                 |                           | \$458,592  | 2                    | 5                     | 0                     | \$93,600     | \$9,360                     | \$8,424                       | \$75,816                          | \$0.69                       | 16.53%                       | 18.41%                                     | \$2.41                                  |
| 5    | 146                                       | 113,024           | \$4.18     | 3,188          | \$1,000           | \$8,424          | \$13,310 | \$21,734                     |                               | 1                               |                           | \$523,794  | 3                    | 5                     | 0                     | \$106,200    | \$10,620                    | \$9,558                       | \$86,022                          | \$0.76                       | 16.42%                       | 18.23%                                     | \$3.17                                  |
| 6    | 161                                       | 116,183           | \$4.63     | 3,159          | \$1,000           | \$9,558          | \$14,641 | \$24,199                     |                               | 1                               |                           | \$596,391  | 3                    | 1                     | 0                     | \$55,800     | \$5,580                     | \$5,022                       | \$45,198                          | \$0.39                       | 7.58%                        | 8.39%                                      | \$3.56                                  |
| 7    | 177                                       | 119,320           | \$5.13     | 3,137          | \$1,000           | \$5,022          | \$16,105 | \$21,127                     |                               | 1                               |                           | \$659,772  | 2                    | 2                     | 0                     | \$58,200     | \$5,820                     | \$5,238                       | \$47,142                          | \$0.40                       | 7.15%                        | 7.70%                                      | \$3.95                                  |
| 8    | 195                                       | 122,524           | \$5.53     | 3,204          | \$1,000           | \$5,238          | \$17,716 | \$22,954                     |                               | 1                               |                           | \$728,633  | 1                    | 3                     | 0                     | \$60,600     | \$6,060                     | \$5,454                       | \$49,086                          | \$0.40                       | 6.74%                        | 7.25%                                      | \$4.35                                  |
| 9    | 214                                       | 125,801           | \$5.95     | 3,277          | \$1,000           | \$5,454          | \$19,487 | \$24,941                     |                               | 1                               |                           | \$803,457  | 0                    | 4                     | 0                     | \$63,000     | \$6,300                     | \$5,670                       | \$51,030                          | \$0.41                       | 6.35%                        | 6.82%                                      | \$4.76                                  |
| 10   | 236                                       | 129,157           | \$6.39     | 3,356          | \$1,000           | \$5,670          | \$21,436 | \$27,106                     |                               |                                 | 1                         | \$884,774  | 0                    | 4                     | 0                     | \$65,400     | \$6,540                     | \$5,886                       | \$52,974                          | \$0.41                       | 5.99%                        | 6.42%                                      | \$5.17                                  |
| 11   | 259                                       | 132,599           | \$6.85     | 3,442          | \$1,000           | \$5,886          | \$23,579 | \$29,465                     |                               |                                 | 1                         | \$973,171  | 0                    | 3                     | 1                     | \$67,800     | \$6,780                     | \$6,102                       | \$54,918                          | \$0.41                       | 5.64%                        | 6.05%                                      | \$5.58                                  |
| 12   | 285                                       | 136,133           | \$7.34     | 3,534          | \$1,000           | \$6,102          | \$25,937 | \$32,039                     | 2                             |                                 |                           | \$1,069,289  | 0                    | 2                     | 2                     | \$75,600     | \$7,560                     | \$6,804                       | \$61,236                          | \$0.45                       | 5.73%                        | 6.13%                                      | \$6.03                                  |
| 13   | 314                                       | 139,766           | \$7.85     | 3,632          | \$1,000           | \$6,804          | \$28,531 | \$35,335                     | 2                             |                                 |                           | \$1,175,295  | 2                    | 1                     | 2                     | \$83,400     | \$8,340                     | \$7,506                       | \$67,554                          | \$0.48                       | 5.75%                        | 6.15%                                      | \$6.52                                  |
| 14   | 345                                       | 143,498           | \$8.41     | 3,732          | \$1,000           | \$7,506          | \$31,384 | \$38,890                     | 1                             | 1                               |                           | \$1,291,965  | 4                    | 0                     | 2                     | \$93,600     | \$9,360                     | \$8,424                       | \$75,816                          | \$0.53                       | 5.87%                        | 6.28%                                      | \$7.05                                  |
| 15   | 380                                       | 147,332           | \$9.00     | 3,834          | \$1,000           | \$8,424          | \$34,523 | \$42,947                     |                               | 2                               |                           | \$1,420,806  | 5                    | 1                     | 1                     | \$103,800    | \$10,380                    | \$9,342                       | \$84,078                          | \$0.57                       | 5.92%                        | 6.34%                                      | \$7.62                                  |
| 16   | 418                                       | 151,270           | \$9.64     | 3,938          | \$1,000           | \$9,342          | \$37,975 | \$47,317                     |                               | 2                               |                           | \$1,562,756  | 5                    | 3                     | 0                     | \$114,000    | \$11,400                    | \$10,260                      | \$92,340                          | \$0.61                       | 5.91%                        | 6.33%                                      | \$8.23                                  |
| 17   | 459                                       | 155,314           | \$10.33    | 4,043          | \$1,000           | \$10,260         | \$41,772 | \$52,032                     |                               |                                 | 2                         | \$1,718,854  | 3                    | 5                     | 0                     | \$123,600    | \$12,360                    | \$11,124                      | \$100,116                         | \$0.64                       | 5.82%                        | 6.24%                                      | \$8.87                                  |
| 18   | 505                                       | 159,466           | \$11.07    | 4,152          | \$1,000           | \$11,124         | \$45,950 | \$57,074                     |                               |                                 | 2                         | \$1,890,075  | 1                    | 5                     | 2                     | \$133,200    | \$13,320                    | \$11,988                      | \$107,892                         | \$0.68                       | 5.71%                        | 6.11%                                      | \$9.55                                  |
| 19   | 556                                       | 163,730           | \$11.85    | 4,264          | \$1,000           | \$11,988         | \$50,545 | \$62,533                     | 4                             |                                 |                           | \$2,077,673  | 0                    | 4                     | 4                     | \$151,200    | \$15,120                    | \$13,608                      | \$122,472                         | \$0.75                       | 5.89%                        | 6.31%                                      | \$10.30                                 |
| 20   | 612                                       | 168,112           | \$12.69    | 4,381          | \$1,000           | \$13,608         | \$55,599 | \$69,207                     | 2                             | 2                               |                           | \$2,285,295  | 4                    | 2                     | 4                     | \$171,600    | \$17,160                    | \$15,444                      | \$138,996                         | \$0.83                       | 6.08%                        | 6.52%                                      | \$11.12                                 |

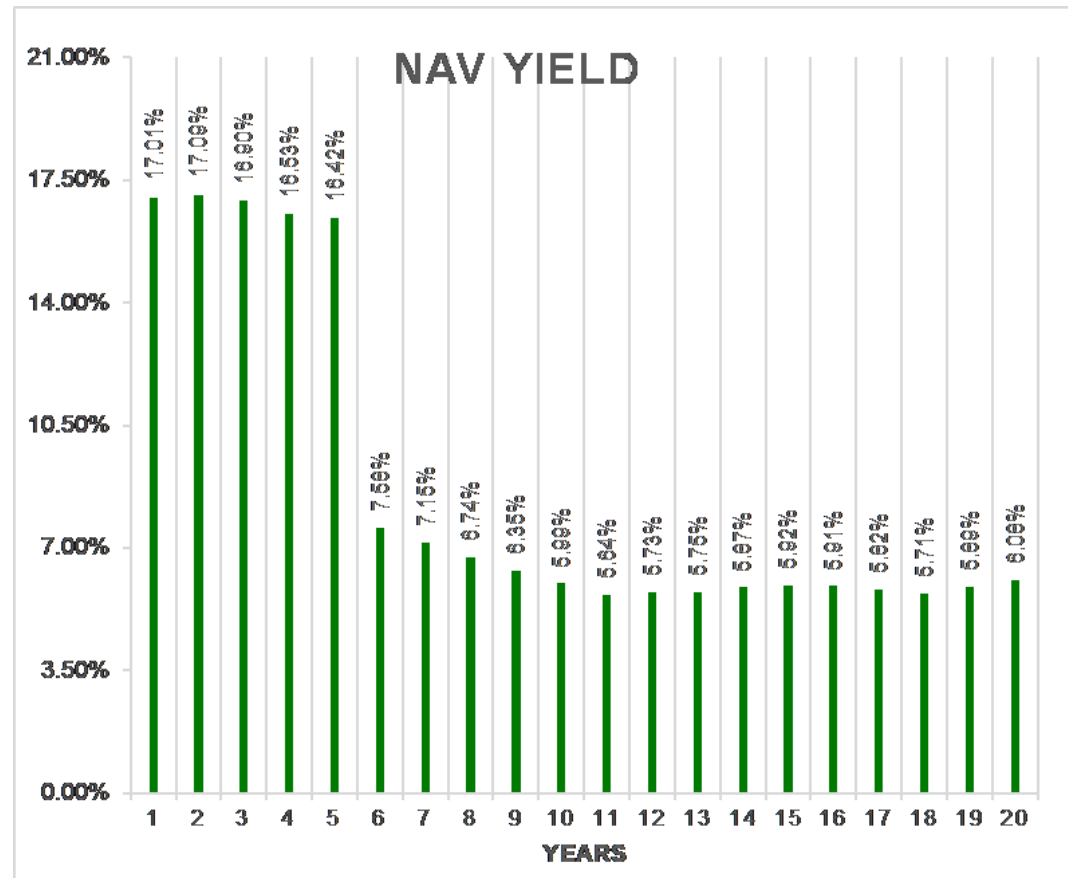


**Exhibit B: BRIC price per year**

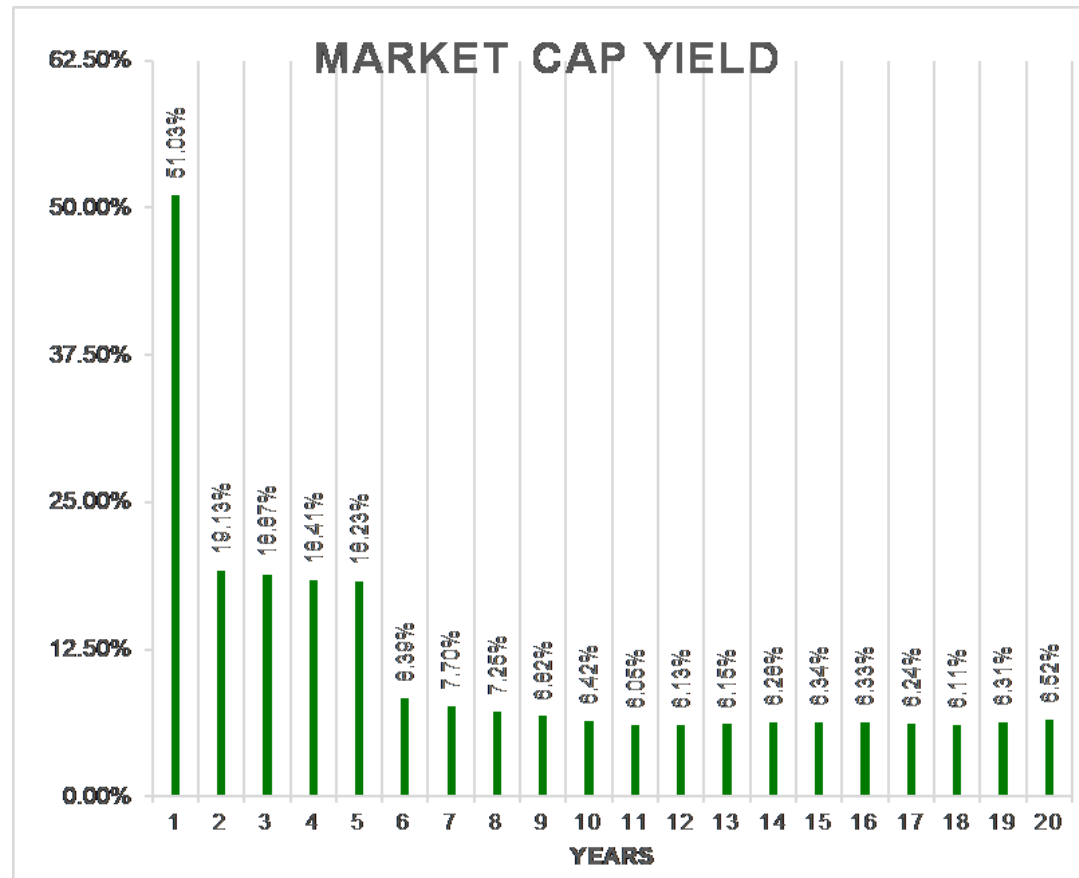


**Exhibit C: Annual Distribution Per BRIC**

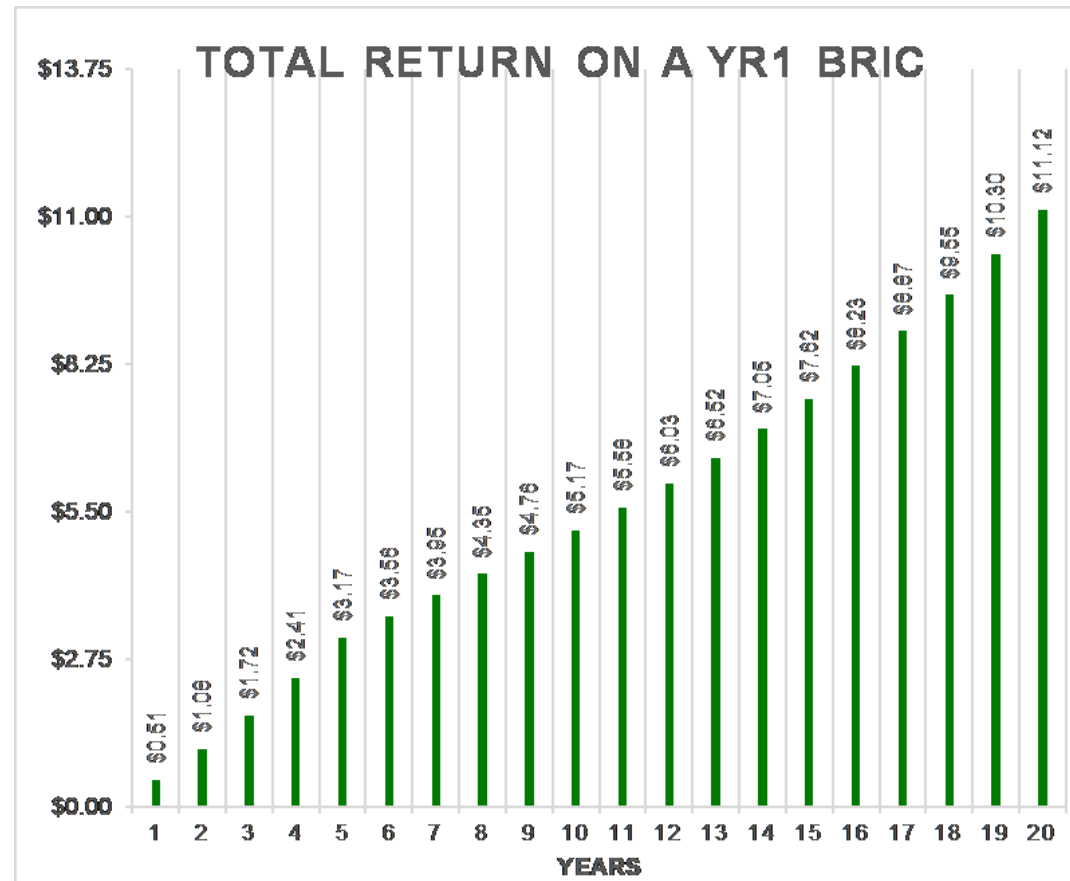




**Exhibit D: NAV (Net Asset Value) Yield (Annual Distribution/Property Value)**



**Exhibit E: Market Cap Yield (Annual Distribution/Outstanding BRIC Value)**



**Exhibit F: Total Return on a BRIC (total cumulative distribution to a BRIC purchased in Year 1)**