



**PRIVATE PLACEMENT
MEMORANDUM
(PPM)**

Invest 200 Sober Homes LLC



**Boston, Massachusetts
Offering of Class A, B, and C Membership Interests
Dated: September 1, 2025**



IMPORTANT NOTICE

This Private Placement Memorandum (this “**Memorandum**” or “**PPM**”) has been prepared by **Invest 200 Sober Homes LLC**, a Massachusetts limited liability company (the “**Company**”), solely for informational purposes to assist prospective investors in evaluating a private offering of membership interests (the “**Units**” or “**Interests**”).

The Units are offered exclusively to:

1. **Accredited Investors** (as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”)), under Rule 506(c) of Regulation D; and
2. Certain **non-U.S. persons** in offshore transactions outside the United States, in reliance on Regulation S of the Securities Act.

This Offering has **not** been registered under the Securities Act or any state securities laws. Neither the Securities and Exchange Commission (the “**SEC**”) nor any state securities commission has passed upon or endorsed this Offering. Any representation to the contrary is unlawful.

This Memorandum is **confidential**. It may not be reproduced, distributed, or disclosed, in whole or in part, without the Company’s prior written consent.

The information herein is **subject to change without notice**. Only the representations and warranties set forth in the executed **Subscription Agreement (Exhibit A)** shall have legal effect.

This Memorandum contains **forward-looking statements** that involve risks and uncertainties. Actual results may differ materially. Prospective investors must carefully review **Part V – Risk Factors** and consult their own professional advisors before making any investment decision.

This Memorandum does not constitute an offer or solicitation in any jurisdiction where such offer would be unlawful.

High-Risk Investment: An investment in the Units is speculative, illiquid, and involves a high risk of loss, including the risk of total loss of capital.



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EXHIBIT INDEX

to the Private Placement Memorandum and Operating Agreement of **Invest 200 Sober Homes LLC** (A Massachusetts Limited Liability Company)

Core Exhibits (Mandatory for All Investors)

- **Exhibit A – Subscription Agreement**
(Signature Required; incorporates acknowledgments for Exhibits C, D, E, F, and G as applicable)
- **Exhibit B – Operating Agreement**
(Governing document; controls over PPM in case of inconsistency)
- **Exhibit C – Investor Suitability Questionnaire**
(Completed by investor; certifies accredited investor / non-U.S. status)
- **Exhibit D – GP Bonus Pool Addendum (Class A & B)**
(Defines mechanics of GP Bonus Pool allocations)
- **Exhibit E – Waterfall Distribution & Risk Disclosure Summary**
(Informational only; provides summary of priority of payments, GP Bonus Pools, and risk acknowledgment)
- **Exhibit F – Source of Funds / AML Declaration**
(Completed by investor; certifies lawful funds, AML/OFAC compliance)
- **Exhibit G – Cryptocurrency Investment Acknowledgment**
(Applies only if crypto subscription is used; signed acknowledgment of risks and conversion process)

Operational & Informational Exhibits

- **Exhibit H – Wire Instructions**
(Informational only; provides official Company subscription account wiring details)
- **Exhibit I – Distribution Waterfall Illustration**
(Worked numeric example; aligns with Part IV of PPM and Exhibit E)
- **Exhibit J – Valuation Policy (NAV Determination)**
(Quarterly NAV determination under ASC 820; Level 1–3 hierarchy, appraisal procedures)
- **Exhibit K – Redemption Priority Rule**
(Establishes pro rata treatment across withdrawal requests post-lockup; defines carry-forward rights)
- **Exhibit L – LPAC Advisory Committee Charter**
(Defines Limited Partner Advisory Committee composition, authority, limitations, and procedures)
- **Exhibit M – Key Person Event Protocol**
(Suspends new investments if Manager incapacitated; requires LPAC confirmation and Class A/B approval for replacement Manager, or orderly liquidation)
- **Exhibit N – Founder Protection & Economics Disclosure**
Provides for continuing Founder economics



KEY INVESTMENT HIGHLIGHTS

Sponsor: Invest 200 Sober Homes LLC – Boston-based private real estate investment company.

Offering Size: Up to \$50,000,000 of Units across Class A, Class B, and Class C.

Target Strategy

- Acquire and master lease residential properties in Greater Boston and Massachusetts;
- Sub-lease properties to certified sober home operators, NNN long term leases;
- Expand portfolio to 200+ sober homes within 5 years;

Investment Thesis

- **Compelling Demand:** Massachusetts faces a shortage of certified sober living beds.
- **Stable Income:** Long-term master leases (NNN) provide predictable base rent.
- **Upside Potential:** Bonus rent earnings tied to operator Net Operating Income.
- **Attractive Returns:** 8% Preferred Return + tiered IRR waterfall.
- **Social Impact:** Capital directly supports recovery housing infrastructure.

Class Structure & Economics

- **Class A (Prime Units):** \$1.00 per Unit; 8% Preferred Return; Waterfall participation; 20% GP Bonus Pool.
- **Class B (Early LP Units):** \$1.00 per Unit; 8% Preferred Return; Waterfall participation; 20% Early LP Bonus Pool.
- **Class C (LP Units):** \$1.00 per Unit; 8% Preferred Return; Waterfall participation only.

Use of Proceeds (Approximate)

- 80–90% Property acquisitions / master leases
- 5–10% Renovations & compliance upgrades
- 3–5% Reserves & contingencies
- 2–5% Organizational & offering expenses

Key Risks

- Illiquidity (minimum 24-month lock-up)
- Dependence on Manager and operator partners
- Real estate, financing, and regulatory risks
- Complexity of bonus allocations
- Potential phantom income
- Possibility of total loss of investment

Disclaimer: This summary is not complete. Prospective investors must review the entire PPM, Operating Agreement, and Subscription Agreement before investing.



PART I – EXECUTIVE SUMMARY

1.1 Overview of the Company

Invest 200 Sober Homes LLC (the “Company”) is a Massachusetts limited liability company formed in 2025 to acquire, lease, and hold a diversified portfolio of residential real estate properties in Greater Boston and across Massachusetts.

The Company’s **primary strategy** is to acquire or enter into long-term master leases for single-family and multi-family residential properties that are suitable for certified sober living use. These properties will then be leased to third-party, independent, certified sober home operators who assume full operational responsibility, including compliance with Massachusetts Alliance for Sober Housing (“MASH”) standards.

The Company’s **mission** is twofold:

- Expand access to safe, certified sober living residences that support long-term addiction recovery.
- Generate attractive, risk-adjusted returns for Members through a scalable, professionally managed real estate platform.

Although the focus is sober living housing, the Operating Agreement authorizes opportunistic investments in complementary income-producing residential assets (e.g., multifamily and workforce housing) when consistent with the Company’s objectives.

1.2 Investment Thesis

The Company’s investment strategy rests on five pillars:

1. **Compelling Demand** – Massachusetts faces a persistent shortage of recovery housing. Certified sober living beds account for less than one-third of the need for individuals completing treatment.
2. **Stable Income Stream** – Long-term master leases ensure predictable base rental income. Bonus rent provisions tied to operator net operating income (NOI) provide performance-based upside.
3. **Attractive Returns** – Members receive an 8% Preferred Return, followed by tiered profit-sharing waterfalls, with Class A and Class B investors additionally sharing in General Partner (“GP”) carried interest allocations.
4. **Scalability** – Target growth to 200+ sober homes within five to seven years, achieving economies of scale in acquisitions, property management, and operator partnerships.
5. **Social Impact** – Capital deployment directly supports addiction recovery infrastructure, aligning financial returns with measurable community benefits.



1.3 Structure of the Offering

The Company is offering up to **\$50,000,000** of Units across three Classes:

- **Class A (Prime Units):** 1,000,000 Units at \$1.00 each. Rights include:
 - (i) 8% cumulative Preferred Return;
 - (ii) full participation in the Distribution Waterfall;
 - (iii) pro rata participation in a **20% Class A GP Bonus Pool**;
 - (iv) limited voting rights on Major Decisions (together with Class B).
- **Class B (Early LP Units):** 4,000,000 Units at \$1.00 each. Rights include:
 - (i) 8% cumulative Preferred Return;
 - (ii) full participation in the Distribution Waterfall;
 - (iii) pro rata participation in a **20% Class B GP Bonus Pool**;
 - (iv) limited voting rights on Major Decisions (together with Class A).
- **Class C (LP Units):** 45,000,000 Units at \$1.00 each. Rights include:
 - (i) 8% cumulative Preferred Return;
 - (ii) full participation in the Distribution Waterfall;
 - (iii) no GP Bonus Pool participation;
 - (iv) no voting rights (except as required by law).

1.4 Use of Proceeds (Target Allocation)

- **80–90%** – Property acquisitions / master leases.
- **5–10%** – Renovations, life-safety systems (e.g., sprinklers, ADA compliance), and certification costs.
- **3–5%** – Reserves for operations, contingencies, and working capital.
- **2–5%** – Organizational, legal, and administrative expenses.
(Manager discretion applies; allocations may be adjusted if deemed in the best interests of the Company.)

1.5 Investor Economics

- **Preferred Return:** 8% annualized, cumulative, non-compounding, paid before GP allocations.
- **Return of Capital:** 100% of contributed capital returned before GP profit allocations.
- **Profit Waterfall:** IRR-based waterfall with GP Catch-Up and escalating carried interest (see Part IV).
- **Bonus Pools:**
 - 20% of GP Net Profit Allocations distributed pro rata to Class A Members.
 - 20% of GP Net Profit Allocations distributed pro rata to Class B Members.
- **Illiquidity:** Units are “restricted securities” subject to long-term holding, transfer restrictions, and withdrawal penalties.
- **Valuation Policy:** NAV calculated quarterly under ASC 820, using Manager-selected methodologies with auditor/administrator oversight.
- **Redemption Priority:** Post-lockup withdrawals are processed **pro rata** across requests, subject to annual 10% NAV cap.



1.6 Management & Governance

The Company is managed by **Suad Kantarevic**, Founder and sole Manager, who oversees acquisitions, strategy, and execution. Mr. Kantarevic brings extensive experience in sober home operations, real estate acquisition, construction, leasing, and property management. He is supported by certified sober home operators, contractors, and financial partners.

Governance framework includes:

- **Major Decisions** – Reserved for Class A and Class B Members, voting together as a single class, covering amendments, mergers, removal of the Manager for cause, and other extraordinary matters.
- **LPAC Advisory Committee (optional)** – A Limited Partner Advisory Committee may be formed if the investor base reaches institutional scale. The LPAC may advise on conflicts of interest, valuations, and extraordinary matters, but will not be involved in day-to-day management.
- **Key Person Event Protection** – If the Manager becomes incapacitated, disabled, or unable to serve (a “Key Person Event”), the Company will suspend all new investments, other than follow-on obligations, until a replacement Manager is approved by a majority-in-interest of Class A and Class B Members voting together. If no replacement is approved within 180 days, the Company will proceed with an orderly liquidation unless extended by Class A and B approval.

1.7 Summary of Risks

An investment in the Units is speculative and subject to substantial risks, including:

- Illiquidity and absence of a secondary market.
- Reliance on Manager and third-party operators.
- Risks inherent in real estate ownership, financing, and development.
- Regulatory and zoning uncertainties affecting sober homes.
- Complexity of GP Bonus Pool allocations.
- Taxation risks, including allocations of phantom income.
- Complete loss of investment capital.

Prospective investors must carefully review Part V – Risk Factors before subscribing.



PART II – TERMS OF THE OFFERING

2.1 Securities Offered

The Company is offering, on a **best-efforts basis**, up to **\$50,000,000** in aggregate capital commitments, consisting of **Class A (Prime), Class B (Early LP), and Class C (LP)** membership interests (collectively, the “Units” or “Interests”) of **Invest 200 Sober Homes LLC** (the “Company”).

The Units represent limited liability company membership interests in the Company and confer only the rights expressly set forth in this Memorandum, the Subscription Agreement (Exhibit A), and the Operating Agreement (Exhibit B). Except as provided with respect to certain **Major Decisions** (see Section 2.11), the Units do not grant voting rights or any authority to participate in day-to-day management.

2.2 Classes of Units

Class A (Prime Units Interests)

- **Authorized & Offered: 1,000,000 Units. Price per Unit: \$1.00**
- Aggregate Offering Size: \$1,000,000
- Rights:
 - 8% cumulative, non-compounding Preferred Return (pari passu with Class B and C).
 - Full participation in the Distribution Waterfall.
 - Pro rata participation in the **Class A GP Bonus Pool** (20% of GP Net Profit Allocations; see Exhibit D).
 - Voting rights on Major Decisions (shared with Class B).
 - No management responsibilities; limited liability protection.
 - **Fee Treatment:** Class A pays no GP fees (management, acquisition, disposition, or admin fees waived).

Class B (Early LP Units – Discounted Fee Tier)

- **Authorized and Offered: 4,000,000 Units. Price per Unit: \$1.00**
- Aggregate Offering Size: \$4,000,000
- Rights:
 - 8% cumulative, non-compounding Preferred Return (pari passu with Class A and C).
 - Full participation in the Distribution Waterfall.
 - Pro rata participation in the **Class B GP Bonus Pool** (20% of GP Net Profit Allocations; see Exhibit D).
 - Voting rights on Major Decisions (shared with Class A).
 - No GP-level management responsibilities.
 - **Fee Treatment:** Reduced fees (e.g., 0.50% management fee, 0.50% acquisition/disposition fees).



Class C (LP Units – Standard Institutional Tier)

- **Authorized and Offered: 45,000,000 Units. Price per Unit: \$1.00**
- Aggregate Offering Size: \$45,000,000
- Rights:
 - 8% cumulative, non-compounding Preferred Return.
 - Full participation in the Distribution Waterfall.
 - No GP Bonus Pool participation.
 - No voting rights, except as required by law.
 - **Fee Treatment:** Standard institutional fees (1.50% management fee, 1% acquisition, 1% disposition).

2.3 Minimum Investments

- **Class A:** Negotiable, by invitation only, **Class B:** \$50,000 and **Class C:** \$10,000

The Manager may, in its sole discretion, accept smaller amounts or waive minimum thresholds.

2.4 Use of Proceeds

| Category | % Range | Description |
|---------------------------------------|---------|--|
| Property Acquisitions / Master Leases | 80–90% | Acquisition or master leasing of properties for sub-leasing to certified sober home operators. |
| Renovations / Compliance | 5–10% | Life-safety systems, ADA upgrades, and certification compliance. |
| Reserves & Working Capital | 3–5% | Operating reserves, contingencies, debt service. |
| Organizational & Offering | 2–5% | Legal, accounting, marketing, and offering expenses. |

The Manager reserves discretion to reallocate proceeds in the best interests of the Company.

2.5 Admission of Investors

Investors are admitted as Members only upon:

1. Execution and delivery of the **Subscription Agreement (Exhibit A)**.
2. Completion of the **Investor Suitability Questionnaire (Exhibit C)**.
3. Submission of AML/KYC documentation (e.g., government ID, entity docs, Source of Funds – Exhibit F).
4. Payment of subscription funds in cleared U.S. dollars (or cryptocurrency, per Exhibit G).
5. Acceptance by the Manager, in its sole discretion.

All subscriptions may be accepted or rejected in whole or in part.



2.6 Restrictions on Transfer

The Units are “restricted securities” under U.S. law. They may not be sold, pledged, or transferred without:

- Compliance with the Securities Act of 1933 and applicable state laws; and
- Prior written consent of the Manager (per the Operating Agreement).

No public or secondary market exists or is expected.

2.7 Tax Treatment

The Company intends to be treated as a **partnership** for U.S. tax purposes. Each Member must report its allocable share of income, gains, and losses on its return, regardless of whether distributions are made. Phantom income is possible.

2.8 Term of the Company

The Company continues until dissolved under the Operating Agreement, including upon:

- Expiration of stated term (if any).
- Consent of Manager and a majority-in-interest of Class A and B Members.
- Judicial dissolution under Massachusetts law.

2.9 Conflicts of Interest

The Manager and affiliates may manage other ventures in real estate or sober housing, potentially competing with the Company. No exclusivity obligation exists. Conflicts will be managed in **good faith** and disclosed if material.

2.10 Summary of Investor Rights by Class

| Feature | Class A | Class B | Class C |
|-------------------------|---------------------|---------------------|-------------------|
| 8% Preferred Return | ✓ | ✓ | ✓ |
| Waterfall Participation | ✓ | ✓ | ✓ |
| GP Bonus Participation | ✓ – 20% Pool | ✓ – 20% Pool | ✗ |
| Minimum Investment | Negotiable | \$50,000 | \$10,000 |
| Voting Rights | ✓ (Major Decisions) | ✓ (Major Decisions) | ✗ (except by law) |
| Fee Treatment | Zero Fees | Reduced Fees | Standard Fees |



2.11 Voting Rights – Major Decisions

Class A and Class B Members, voting together as a single class, hold limited voting rights on **Major Decisions**, requiring approval by a **majority-in-interest** of the outstanding Units held by such Voting Members. Class C Members have no voting rights, except as required by applicable law.

Major Decisions include:


1. Removal of the Manager for Cause (fraud, willful misconduct, or gross negligence).
2. Any amendment to the Operating Agreement or this Memorandum that materially and adversely affects Members.
3. Dissolution or liquidation of the Company prior to its stated term.
4. Related-party transactions with the Manager or Affiliates involving aggregate consideration exceeding \$1,000,000.
5. Merger, consolidation, or sale of substantially all assets of the Company.
6. Admission of any new class of Units with senior or pari passu economics to existing Units.

Institutional Safeguards (Add-On Rights):

- **LPAC Advisory Committee (optional):** Class A and B Members may convene an LPAC to review conflicts of interest, valuations, or confirm Key Person Events.
- **Key Person Event Protection:** Upon a Key Person Event (death, incapacity, or permanent withdrawal of the Manager), all new investments will pause until a replacement Manager is approved by a majority-in-interest of Class A and Class B Members. If no replacement is approved within 180 days, the Company will proceed with an orderly liquidation unless extended by Class A and B approval.

These rights are more fully set forth in the Operating Agreement (Exhibit B) and, with respect to governance protections upon a Key Person Event, in Exhibit M (Key Person Event Protocol). In case of any inconsistency, the Operating Agreement shall control.

Day-to-day management and control remain exclusively vested in the Manager, except as expressly reserved for Voting Members in the Major Decisions listed above.

 **Disclaimer:** The foregoing is a summary only. Rights and obligations of the Members are governed by the Operating Agreement (Exhibit B), which shall control in the event of any inconsistency.



PART III – THE COMPANY & BUSINESS OVERVIEW

3.1 Formation and Legal Structure

Invest 200 Sober Homes LLC (the “Company”) was organized on **April 28, 2025**, as a Massachusetts limited liability company under the Massachusetts Limited Liability Company Act, M.G.L. c. 156C (the “Act”).

The rights and obligations of the Company’s members (the “Members”) are governed by:

1. The **Operating Agreement** (Exhibit B);
2. Applicable provisions of the Act; and
3. The terms of this Memorandum.

For U.S. federal income tax purposes, the Company intends to be treated as a **partnership**. All items of income, gain, loss, deduction, and credit will be allocated to Members and must be reported on each Member’s individual tax return, regardless of whether distributions are made.

The Company has authorized three classes of Units: **Class A (Prime Units)**, **Class B (Early LP Units)**, and **Class C (LP Units)**, each with distinct economic and governance rights (see Part II).

3.2 Business Purpose

The Company’s primary purpose is to **acquire and master lease residential real estate assets** suitable for use as sober living residences, and to **sub-lease such properties** to independent, certified sober home operators.

- The Company does **not** manage or operate sober homes directly, nor does it provide treatment, staffing, or clinical services.
- All operational responsibility (certification, intake, staffing, compliance) rests with third-party operators.
- As a secondary strategy, the Company may invest in **other income-producing residential assets** (multifamily, workforce housing, transitional housing) where such investments are consistent with the Company’s objectives.



3.3 Market Opportunity: Sober Living in Massachusetts

3.3.1 Industry Context

The U.S. continues to face a substance use disorder crisis, with Massachusetts among the hardest-hit states. Overdose mortality rates are more than **30% above national averages**, with ~100,000 annual treatment discharges. Many individuals relapse without access to safe, structured recovery housing.

3.3.2 Demand-Supply Gap

According to the **Massachusetts Alliance for Sober Housing (MASH)**, certified beds meet **less than one-third of actual need**. Demand exceeds 20,000 beds statewide; certified supply is only 3,000–4,000, leaving a **80%+ shortfall**. This shortage is most acute in **Greater Boston** and gateway cities (Worcester, Lowell, Springfield).

3.3.3 Regulatory Framework

Although sober homes are not licensed medical facilities, **MASH certification** ensures compliance with safety and fair housing standards. Requirements typically include:

- Life-safety systems (sprinklers, alarms, egress).
- Written policies, accountability, and resident management.
- ADA and zoning compliance.

Certification enhances operator credibility and strengthens occupancy stability.

3.4 Business Model

3.4.1 Acquisition & Leasing Strategy

- Acquire or master lease suitable residential properties.
- Sub-lease to independent, certified operators under long-term master leases.
- Income Sources:
 - **Base Rent:** Fixed rent for stability.
 - **Bonus Rent:** Variable rent tied to operator Net Operating Income.

3.4.2 Renovations & Compliance

Offering proceeds may fund safety and compliance upgrades, including:

- Fire sprinkler and alarm systems.
- ADA accessibility improvements.
- Renovations to improve occupancy and certification readiness.

3.4.3 Diversification Strategy

- Multiple operators to reduce counterparty risk.
- Multiple submarkets across Massachusetts to reduce geographic concentration.



3.5 Growth Strategy

The Company's growth target is **200+ sober homes** within **5 years**, executed in phases:

- **Phase I (Years 1–2):** Acquire/master lease 25–50 properties in Greater Boston. Establish income base.
- **Phase II (Years 3–4):** Expand to 150+ properties across Massachusetts; secure refinancing scale.
- **Phase III (Year 5):** Scale to 200+ properties; pursue institutional recapitalization, merger, or REIT conversion.

3.6 Competitive Advantages

1. **Experienced Management:** Led by a Manager with operating + real estate expertise.
2. **Social Impact Alignment:** Investments generate measurable recovery outcomes.
3. **Diversified Income:** Base rent + upside-linked bonus rent.
4. **Early Investor Incentives:** GP Bonus Pool enhances returns for Class A & B.
5. **Market Timing:** Structural shortage in Massachusetts creates durable demand.

3.7 Competition: The Company competes with non-profits, individual landlords, and small operators. Few competitors operate under a **professional fund structure** with scalable governance, institutional reporting, and capital capacity.

3.8 Broader Investment Flexibility: While the **primary focus** is sober housing, the Operating Agreement authorizes opportunistic investments in **single family, multifamily, workforce, or transitional housing** where such opportunities:

- Provide stable rental income;
- Offer value-add/redevelopment potential; and
- Are consistent with risk/return expectations of Members.

3.9 Exit Strategy

Potential exit pathways include:

- **Refinancing:** Recapitalize portfolio to return capital while retaining ownership.
- **Portfolio Sale:** Sell to institutional acquirer (e.g., private equity or REIT).
- **Public Offering:** Convert to or merge with a listed REIT.

Exit method/timing will be determined by the Manager, in good faith, based on Member interests and market conditions.

- Exit strategies will be evaluated by the **LP Advisory Committee (LPAC)** if convened.
- If a **Key Person Event** occurs (Manager incapacitation), new investments pause until replacement approved by Class A & B majority.



Market Opportunity Snapshot – Massachusetts

| Category | Key Data / Insight |
|-----------------------------|--|
| Public Health | MA overdose mortality 30%+ above national average |
| Annual Treatment Discharges | ~100,000 individuals |
| Current Certified Beds | ~3,000–4,000 |
| Estimated Demand | 20,000+ |
| Shortfall | 16,000–17,000 beds (80%+) |
| Hotspots | Boston metro, Worcester, Lowell, Springfield |
| Certification | MASH-recognized standard |
| Investment Rationale | Durable shortage → predictable occupancy + scalable income |

Key Takeaway:

Massachusetts' **80%+ sober housing shortage** creates a **durable, impact-driven real estate investment opportunity**.



PART IV – INVESTOR ECONOMICS, DISTRIBUTIONS, GP COMPENSATION, AND WITHDRAWALS

4.1 Overview of Classes and Core Economics

The Company has authorized three classes of Units, each with distinct economic and governance rights:

Class A – Prime Units

- **Authorized:** 1,000,000 Units; **Price:** \$1.00 per Unit; **Minimum:** \$100,000 (waivable).
- **Economics:** (i) 8% cumulative, non-compounding Preferred Return; (ii) full participation in the Distribution Waterfall; (iii) pro rata participation in the **Class A GP Bonus Pool** equal to **20% of GP Net Profit Allocations** (see Exhibits).
- **Governance:** Limited voting on **Major Decisions** only.

Class B – Early LP Units

- **Authorized:** 4,000,000 Units; **Price:** \$1.00 per Unit; **Minimum:** \$50,000.
- **Economics:** (i) 8% cumulative, non-compounding Preferred Return; (ii) full participation in the Distribution Waterfall; (iii) pro rata participation in the **Class B GP Bonus Pool** equal to **20% of GP Net Profit Allocations**.
- **Governance:** Limited voting on **Major Decisions** with Class A.

Class C – LP Units

- **Authorized:** 45,000,000 Units; **Price:** \$1.00 per Unit; **Minimum:** \$10,000.
- **Economics:** (i) 8% cumulative, non-compounding Preferred Return; (ii) full participation in the Distribution Waterfall; **no** GP Bonus Pool participation.
- **Governance:** No voting rights, except as required by law.

4.2 Comparative Economics (Summary)

| Class | Preferred Return | Waterfall Participation | GP Bonus Pool | Voting Rights | Target Investor Profile |
|-------|------------------|-------------------------|---|---------------------------|----------------------------|
| A | 8% cumulative | Yes | 20% of GP Net Profit Allocations (pro rata among Class A) | Limited (Major Decisions) | First Investor / strategic |
| B | 8% cumulative | Yes | 20% of GP Net Profit Allocations (pro rata among Class B) | Limited (Major Decisions) | Early LP |
| C | 8% cumulative | Yes | None | None | General LP |



4.3 Sources of Return and Distribution Principles

Member returns are expected to derive from: (i) **Base Rent** under long-term master leases; (ii) **Bonus Rent** tied to operator NOI; (iii) **Capital appreciation** from value-add and compliance upgrades; and (iv) **Capital events** (refinancing, recapitalization, and dispositions). Distributions are made from **Available Cash Flow**, after reasonable reserves for operating needs, debt service, taxes, contingencies, and capital expenditures, each as determined by the Manager in good faith.

4.4 Distribution Timing

- **Quarterly Distributions:** Targeted on a calendar-quarter basis, subject to reserves and Manager discretion.
- **Capital Events:** Net proceeds distributed as soon as practicable after closing.
- **Tax Distributions:** The Manager may, in its discretion, advance amounts intended to approximate Members' assumed tax liabilities; any such amounts are **advances against** and reduce subsequent distributions.

4.5 Distribution Waterfall

Subject to Section 4.11 (NAV/valuation reserves) and after payment of Company obligations, **Available Cash Flow** and **Capital Event Proceeds** will be distributed in the following order of priority (the "Waterfall"):

1. **Return of Capital Contributions – 100% to Members**, pro rata, until all unreturned Capital Contributions have been returned.
2. **Preferred Return – 100% to Members**, pro rata, until each Member has received an **8% cumulative, non-compounding** Preferred Return on its average daily unreturned Capital Contributions.
3. **GP Catch-Up – 100% to the GP** until cumulative distributions to the GP equal **10%** of aggregate distributions made pursuant to Steps 1–3.
4. **Carried Interest Splits** – Thereafter, remaining amounts are split as follows:
 - **10–20% IRR:** 80% to Members / 20% to GP
 - **20–30% IRR:** 70% to Members / 30% to GP
 - **>30% IRR:** 50% to Members / 50% to GP
5. **GP Bonus Pools (out of GP's share only)** – From the GP's carried interest allocations: **20%** to the **Class A GP Bonus Pool** (pro rata among Class A); **20%** to the **Class B GP Bonus Pool** (pro rata among Class B); balance retained by the GP.

Illustrations are provided in Exhibit I.

4.6 Illustrative Outcomes (High Level)

- **Moderate Case (~15% IRR):** Members ≈ \$13.6M; GP ≈ \$1.1M net after Bonus Pool allocations.
- **High Case (~35% IRR):** Members ≈ \$24.3M; GP ≈ \$3.2M net after Bonus Pool allocations.



4.7 GP Compensation; Fees and Expenses

In addition to carried interest under Section 4.5, the Manager (the “GP”) is entitled to the following fees and reimbursements. Fee bases, accrual timing, and payment mechanics are aligned to industry practice and may be **waived or reduced** by the GP in its discretion (any waiver benefits the Company and all Members proportionately unless otherwise agreed in a side letter).

(a) Class A (Prime Units) – No fees charged to Class A capital.

- Management Fee: **0.00%**
- Acquisition Fee / Disposition/Refi Fee / Development Fee / Asset Management & Fund Admin Fee: **0.00%**
- Class A’s GP-level upside is solely through the **Class A GP Bonus Pool**.

(b) Class B (Early LP; discounted tier)

- **Management Fee: 0.50% per annum** of invested equity during the Investment Period; **0.25% per annum**, thereafter, calculated and accrued quarterly in arrears.
- **Acquisition Fee: 0.50%** of gross purchase price, payable at closing.
- **Disposition/Refinancing Fee: 0.50%** of gross proceeds, payable at closing.
- **Development/Construction Fee: 2.00%** of direct hard/soft construction and renovation costs (ex-land), paid as costs are incurred.
- **Asset Management & Fund Administration Fee: 0.25% per annum of NAV**, accrued quarterly.
- Participation in **Class B GP Bonus Pool** as described above.

(c) Class C (Institutional/standard tier)

- **Management Fee: 1.50% per annum** of invested equity during the Investment Period; **1.00% per annum**, thereafter, accrued quarterly.
- **Acquisition Fee: 1.00%** of gross purchase price.
- **Disposition/Refinancing Fee: 1.00%** of gross proceeds.
- **Development/Construction Fee: 3.00%** of direct construction/renovation costs.
- **Asset Management & Fund Administration Fee: 0.50% per annum of NAV**, accrued quarterly.
- **Organizational & Offering Expenses:** Reimbursable up to **1.00%** of aggregate commitments (cap includes any third-party placement agent fees).

(d) General Provisions (All Classes)

1. **No Transaction-Based Compensation for Fundraising.** The GP and its affiliates are not broker-dealers and will not receive commissions or transaction-based compensation in connection with the sale of Units.



2. **Expense Reimbursement.** Reasonable, allocable out-of-pocket expenses incurred for Company business (legal, audit, tax, valuation, compliance, travel directly tied to acquisitions/asset management) are reimbursable.
3. **Offsets.** To the extent any third party pays the GP or an affiliate fee for services related to a Company asset, such fees will be disclosed and **offset** against GP fees to avoid duplication.

4.7.1 Founder Participation Rights.

In recognition of his role as Founder, **Suad Kantarevic (the “Founder”)** shall be entitled to a **continuing participation equal to twenty-five percent (25%) of all GP Net Profit Allocations for the life of the Fund, regardless of any subsequent change in management or governance.**

- **While Acting as Manager.** For so long as the Founder serves as Manager, he shall continue to receive all compensation, carried interest, fees, and other economics otherwise provided to the Manager under this Agreement and the PPM. The 25% Founder Participation right shall be **in addition to**, and not in limitation of, such Manager compensation.
- **Upon Removal, Death, or Incapacity.** If the Founder is removed (with or without Cause), or in the event of his death or incapacity, the Founder (or his estate/heirs) shall nevertheless continue to receive 25% of all GP Net Profit Allocations for the remaining life of the Fund.
- **Non-Dilution.** Members’ distributions under the Waterfall shall not be diluted or impaired by the Founder’s participation; such entitlement shall be borne solely from GP Net Profit Allocations.
- **Future Vehicles.** As further detailed in Exhibit N, the Founder shall also be entitled to ten percent (10%) of the GP Net Profit Allocations of any future funds or successor vehicles established by the Manager or its Affiliates, in recognition of his role as Founder.

Note on Consistency: Where this PPM states a fee as “0.25% per annum of NAV” for Class B or “0.50% per annum of NAV” for Class C, such fee replaces any conflicting earlier draft references.

4.8 Valuation; NAV Policy (ASC 820)

(a) Policy. The Company will determine **Net Asset Value (“NAV”)** **quarterly** as of the last calendar day of each quarter (each, a “**Valuation Date**”), applying a fair-value framework consistent with **ASC 820**. Level inputs and methodologies (cap-rate/DCF for stabilized assets, cost-to-complete for projects, and broker opinions, as applicable) will be documented in a written **Valuation Policy**, maintained by the Manager.



(b) Process and Oversight. The Manager may engage **independent valuation advisors** for material assets or at least annually. Any **LP Advisory Committee (LPAC)**, if constituted (see §4.13), may review methodology and significant judgments but will not approve individual marks.

(c) Reserves and Adjustments. The Manager may establish **valuation reserves** for contingent liabilities, taxes, litigation, or known capital needs. NAV is used solely for fee calculation, reporting, and withdrawal mechanics; it is **not** a guarantee of realizable value.

4.9 Investor Liquidity; Withdrawals and Redemptions

(a) Lock-Up. No withdrawals, redemptions, or transfers during the first **24 months** after a Member's subscription.

(b) Manager Discretion. After lock-up, withdrawals are **permitted solely at the Manager's discretion**, subject to Available Cash Flow, lender covenants, and legal/regulatory limits.

(c) Annual Gate. Aggregate withdrawals in any calendar year are **capped at 10% of Company NAV** (the "**Annual Gate**"), unless waived by the Manager.

(d) Early Withdrawal Penalty. Withdrawals prior to the **5th anniversary** of a Member's initial subscription are subject to a **3%** penalty, retained by the Company for the benefit of remaining Members. No penalty thereafter.

(e) Suspension. The Manager may **suspend** withdrawals during periods of liquidity stress, market disruption, regulatory restriction, litigation, or force majeure.

(f) Transfer Restrictions. Transfers require Manager consent and compliance with applicable securities laws and the Operating Agreement.

(g) No Put Right. Except as expressly provided herein, Members have **no right** to compel redemption, dissolution, or withdrawal.

4.10 Redemption Mechanics; Priority (Post-Lock-Up)

(a) Request Window and Effective Date. Redemption requests must be submitted in writing at least **90 days** prior to a Valuation Date and will, if accepted, be processed **as of that Valuation Date** using the then-current NAV, less any applicable penalty and unpaid obligations.

(b) Pro Rata Filling. If aggregate accepted requests exceed the Annual Gate or available liquidity, redemptions will be **filled pro rata** across all accepted requests for that period, with any unfilled portion automatically queued for the next period (seniority based on **original request date**; pro rata within each period).

(c) In-Kind Distributions. The Manager may, in its discretion and where practicable, satisfy redemptions **in kind**. Fractional interests may be rounded in the Company's discretion.



4.11 Alignment of Interests (Summary)

- **LPs (A, B & C):** Capital protection via return-of-capital and 8% Preferred Return priority.
- **Early Investors (A & B):** Additional upside via GP Bonus Pools tied to GP carried interest.
- **GP:** Compensation primarily performance-based; fees tiered and transparent.
- **Liquidity Controls:** Lock-up, gate, and pro-rata priority protect remaining Members and asset stability.

4.12 Voting Rights (Summary)

Voting rights are strictly limited to **Major Decisions**; all day-to-day management remains exclusively with the Manager.

| Class | Voting Rights | Scope | Approval Threshold |
|-------|---------------|-----------------|--|
| A | Yes | Major Decisions | Majority of Class A & B, voting together |
| B | Yes | Major Decisions | Majority of Class A & B, voting together |
| C | No | — | — |

Major Decisions (summary only; see OA §3.3 and §2.11 of PPM for full list):

1. Amendment of the PPM or Operating Agreement materially adverse to Members.
2. Removal of the Manager for Cause (fraud, willful misconduct, gross negligence, knowing violation of law).
3. Merger, consolidation, or sale of substantially all assets of the Company.
4. Dissolution or early liquidation of the Company.
5. Related-party transactions with the Manager or affiliates involving >\$1,000,000 aggregate value.
6. Creation of new Unit classes senior or pari passu to existing Units.

Control Mechanism: Rights are limited to governance oversight; they do not confer active management powers.

4.13 Limited Partner Advisory Committee (LPAC)

Upon the Company's receipt of at least **\$5,000,000 in aggregate Class A and Class B capital commitments**, the Manager shall establish a Limited Partner Advisory Committee ("LPAC") to provide governance oversight, resolve conflicts, and enhance institutional credibility.

Composition.

- The LPAC will consist of up to **five (5) representatives**, elected by Class A and Class B Members through a **one-member-one-vote election** (each Member entitled to one vote only, regardless of Units held).



- Only Class A and Class B Members (or their designated representatives) may serve as LPAC members.
- The Manager may invite **non-voting observers** (such as legal counsel, auditors, or advisors) at its discretion.

Functions (advisory only).

The LPAC will serve in an advisory capacity only and will not participate in day-to-day operations. Its authority will be limited to:

1. Reviewing and approving related-party transactions with the Manager or its Affiliates exceeding \$1,000,000.
2. Reviewing quarterly NAV determinations and valuation methodologies.
3. Confirming whether a **Key Person Event** has occurred.
4. Approving or rejecting any Manager request to extend the Investment Period beyond 12 months.
5. Providing non-binding recommendations with respect to removal of the Manager for Cause.

Limitations.

- The LPAC shall not manage or control the Company.
- Its role is advisory and limited to the powers expressly delegated.
- LPAC members owe duties of confidentiality but not fiduciary duties to other Members.

Cross-Reference. Full terms of the LPAC are set forth in **Exhibit L – LPAC Charter**, which is incorporated by reference into this Memorandum and the Operating Agreement. In case of conflict, **Exhibit L shall control solely with respect to LPAC matters.**

4.14 Key Person Event

A **Key Person Event** shall be deemed to occur upon the **death, disability, permanent incapacity, or withdrawal** of Suad Kantarevic (the “Key Person”), or any other designated successor formally notified to Members.

Consequences:

1. **Automatic Suspension.** All new investments and commitments (other than follow-ons required to protect or preserve existing assets) shall be suspended.
2. **LPAC Oversight.** The LPAC (if constituted) shall promptly convene to confirm the occurrence of the Key Person Event and oversee interim operations.
3. **Replacement Manager.** A replacement Manager may be nominated and must be approved by a **majority-in-interest of Class A and Class B Members voting together.**
4. **Failure to Approve.** If no replacement Manager is approved within 180 days, the Company shall commence an orderly liquidation, unless extended by approval of Class A and B Members.



5. **Temporary Designation.** The Manager may pre-designate an interim designee to manage ordinary-course operations pending Member approval.

Institutional Safeguard: Provides continuity and governance protection for investors while preserving Founder economics (see Exhibit N).

4.15 Reporting and Transparency

The Company intends to provide: (i) **quarterly** investor letters with NAV and portfolio updates; (ii) **annual** audited financial statements prepared in accordance with **U.S. GAAP**; and (iii) timely **K-1s** and requisite tax information. The Manager may host periodic update calls and will maintain a data room for key documents.

4.16 Founder Economics & Continuing Entitlements

In recognition of his role as Founder and initial Manager of the Company, **Suad Kantarevic** (the “Founder”) shall be entitled to the following continuing economics, whether or not he remains actively serving as Manager:

1. **While Acting as Manager.** The Founder shall be entitled to receive **100% of GP Net Profit Allocations and carried interest** allocable to the Manager, subject to the distribution waterfall and GP Bonus Pool mechanics.
2. **Upon Death, Incapacity, Withdrawal, or Removal (with or without Cause).** The Founder (or his estate, heirs, or assigns) shall retain a **continuing 25% interest in all GP Net Profit Allocations, carried interest, and GP Bonus Pool allocations for the life of the Fund.**
3. **Future Vehicles.** For any future investment vehicles, funds, or successor entities established by the Company or its Affiliates, the Founder shall be entitled to **10% of GP Net Profit Allocations** in such future vehicles, in recognition of his role as Founder.

Investor Protection. These Founder rights:

- Are carved exclusively from **GP economics** and **do not dilute** or reduce (i) Member capital contributions, (ii) Member Preferred Returns, or (iii) Member waterfall distributions.
- Are further detailed in **Exhibit N – Founder Participation & Legacy Rights Addendum**, which controls in the event of any inconsistency.



Part IV-A – Limited Partner Advisory Committee (LPAC)

Prior to formation of an LPAC, Class A and B Members (regardless of size) shall retain their Key Person Event and Major Decision rights as described herein.

To align with institutional governance practices, the Company may establish a **Limited Partner Advisory Committee (“LPAC”)**. The LPAC will provide oversight on conflicts, valuation policies, and Key Person Events, while remaining advisory in nature.

Composition: Up to five (5) representatives, appointed by Class A and Class B Members holding, in aggregate, at least \$500,000 in Units.

- Each LPAC member must be a Member (or designee of a Member).
- The Manager may invite non-voting observers.

Responsibilities:

- Review and approve any **related-party transaction** with the Manager or its Affiliates exceeding \$1,000,000.
- Review quarterly **NAV calculations** and valuation methodologies.
- Confirm whether a **Key Person Event** (death, incapacity, or permanent withdrawal of the Manager) has occurred; if so, the LPAC may pause new investments until a replacement Manager is approved by Class A & B.
- Approve or reject Manager requests for **extensions of the Investment Period** greater than 12 months.
- Provide recommendations regarding **Manager removal for Cause**.
- Approve waivers of investment concentration or deviations from stated investment policies.

Voting:

- Each LPAC member shall have one vote.
- Actions require a majority vote.
- Meetings will be held quarterly, with additional meetings as required.
- Written consents are permitted.

Limitations:

- LPAC powers are limited to the responsibilities above.
- LPAC members owe duties of confidentiality.
- LPAC members shall not be liable for good faith decisions.

Compensation: No compensation will be paid to LPAC members. Reasonable expenses may be reimbursed by the Company.

The LPAC provides governance oversight but does not participate in day-to-day management. All investment and operational authority remain vested in the Manager.



Exhibit I – Distribution Waterfall Illustration

(For Illustrative Purposes Only; Qualified by Operating Agreement and Part IV of the PPM)

Step 1 – Return of Capital

- **100% to Members (Classes A, B, and C), pro rata**, until all unreturned Capital Contributions have been fully returned.
(Capital protection – no GP share until Members are made whole.)

Step 2 – Preferred Return

- **100% to Members (Classes A, B, C), pro rata**, until each achieves an **8% cumulative, non-compounding Preferred Return** on unreturned Capital Contributions.
(Investor-first priority return.)

Step 3 – GP Catch-Up

- **100% to GP** until cumulative GP distributions equal **10% of aggregate distributions made through Step 2**.
(Ensures GP alignment with Members before carried interest tiers commence.)

Step 4 – Carried Interest Splits (Tiered IRR Basis)

| Investor IRR Band | Members (A, B, C) | GP |
|-------------------|-------------------|-----|
| 10% – 20% IRR | 80% | 20% |
| 20% – 30% IRR | 70% | 30% |
| >30% IRR | 50% | 50% |

Step 5 – GP Bonus Pools

- From the **GP's Net Profit Allocations** only:
 - **Class A GP Bonus Pool:** 20% allocated pro rata among Class A Members.
 - **Class B GP Bonus Pool:** 20% allocated pro rata among Class B Members.
 - **Balance retained by GP.**
(Rewarding first and early investors with GP-level upside.)

Illustrative Example

Assumptions:

- Total invested capital: **\$10M**
- Total distributions: **\$30M**
- Holding period: ~5 years (~15%+ IRR net of Preferred Return)



Flow of Funds:

1. **Return of Capital:** \$10M → to Members.
2. **Preferred Return (8% over 5 years ≈ \$4M):** \$4M → to Members.
3. **GP Catch-Up:** \$1.56M → to GP (10% cumulative share).
4. **Remaining Proceeds (\$14.44M):**
 - First \$10M: 80/20 split → \$8M Members / \$2M GP.
 - Next \$4M: 70/30 split → \$2.8M Members / \$1.2M GP.
 - Final \$0.44M: 50/50 split → \$0.22M Members / \$0.22M GP.
5. **GP Bonus Pools (out of GP's share):**
 - \$0.8M → Class A Members.
 - \$0.8M → Class B Members.
 - GP net ≈ \$3.2M after Bonus Pool allocations.

Outcome:

- **Members (A, B, C):** ≈ \$24.3M
- **GP Net Retained:** ≈ \$3.2M
- **Class A Bonus Pool:** \$0.8M
- **Class B Bonus Pool:** \$0.8M

Disclaimer: This Exhibit is provided solely as a numerical example to illustrate the mechanics of the Distribution Waterfall. Actual results will vary. The Operating Agreement controls in all respects.



KEY RISK SUMMARY

(Convenience summary only; full “Risk Factors” in Part V control)

The following is a **non-exhaustive summary** of certain key risks associated with an investment in the Units of Invest 200 Sober Homes LLC (the “Company”). This summary is provided for ease of reference and should be read **in conjunction with Part V – Risk Factors** of this Memorandum, which contains a more complete discussion.

Principal Risks

- **Illiquidity** – Units are “restricted securities” with no public market. A minimum **24-month lock-up** applies; subsequent redemptions are limited, discretionary, and subject to penalties.
- **Manager Dependence** – The Company’s success depends heavily on the experience, integrity, and continuity of the Manager. Loss or incapacity of the Manager constitutes a material risk.
- **Real Estate Market Risk** – Property values, rents, and financing terms fluctuate with broader economic and interest rate cycles, which may adversely affect performance.
- **Operator Reliance** – Revenues depend on independent, third-party sober home operators maintaining occupancy, certification, and operational compliance.
- **Regulatory & Zoning Risks** – Despite federal and state fair housing protections, sober homes may encounter zoning disputes, community opposition, or adverse regulatory developments.
- **Complex Class Structure** – Class A and Class B Members participate in GP Bonus Pools, while Class C Members do not. This distinction may create perceived or actual alignment differences.
- **Tax Risks** – Investors must report allocated taxable income, whether or not distributions are made. Phantom income may occur.
- **Conflicts of Interest** – The Manager and its affiliates may pursue other ventures or investments, receive fees, and engage in related-party transactions.
- **Macroeconomic & Public Health Risks** – Recession, inflation, pandemics, or other systemic events may reduce occupancy, disrupt operators, or impair liquidity.
- **Complete Loss of Capital** – This investment is speculative, high-risk, and investors should be prepared for the possibility of losing their entire investment.



PART V – RISK FACTORS

An investment in the Units is speculative and involves a high degree of risk. Prospective investors should carefully review the following risk factors, in addition to the other sections of this Memorandum, the Operating Agreement, and the Subscription Agreement.

The risks described below are **not exhaustive**. Additional risks, including those not currently known or deemed immaterial, may also adversely affect the Company. The occurrence of any of these risks could materially and adversely affect the Company's performance, delay or reduce distributions, and result in the loss of all or part of an investor's capital.

5.1 Real Estate Investment Risks

- **5.1.1 Market Volatility** – Property values, rents, and occupancy levels fluctuate with economic cycles, interest rates, inflation, and credit availability.
- **5.1.2 Illiquidity of Assets** – Real estate holdings are inherently illiquid and may be difficult to sell, refinance, or dispose of quickly or at desired prices.
- **5.1.3 Financing & Leverage** – Use of debt magnifies both returns and losses. Rising interest rates or credit tightening could impair refinancing or increase default risk.
- **5.1.4 Construction & Renovation Risk** – Compliance and renovation projects may face cost overruns, delays, or underperformance relative to underwriting.
- **5.1.5 Environmental & Legal Compliance** – Properties may involve unknown environmental liabilities or face costly compliance obligations (zoning, ADA, fire safety).

5.2 Sober Home Operating Risks

- **5.2.1 Operator Dependence** – Revenues rely on certified third-party operators. Operational or financial failure by such operators could materially reduce cash flow.
- **5.2.2 Certification & Compliance Risk** – Operators must maintain MASH or equivalent certification. Loss of certification may jeopardize occupancy and rental streams.
- **5.2.3 Community Opposition** – Despite fair housing protections, local opposition ("Not In My Backyard") may lead to zoning disputes, litigation, or reputational harm.
- **5.2.4 Insurance Gaps** – Operators may carry insufficient insurance coverage, increasing liability exposure.
- **5.2.5 Liability & Reputational Risk** – Incidents involving residents or staff may generate reputational damage or claims, even where the Company has no direct operational role.



5.3 Company & Fund Structure Risks

- **5.3.1 Illiquidity of Units** – The Units are “restricted securities” and cannot be freely sold or transferred.
- **5.3.2 Lock-Up Period** – No redemptions or transfers for the first 24 months.
- **5.3.3 Limited Withdrawals** – Post lock-up, withdrawals require Manager approval, are capped at 10% of NAV annually, and may be suspended during stress periods.
- **5.3.4 Early Withdrawal Penalty** – Withdrawals before Year 5 incur a 3% penalty.
- **5.3.5 Dependence on Manager** – The success of the Company depends heavily on the skill and continuity of the Manager.
- **5.3.6 Key Person Risk** – If the Manager becomes incapacitated, resigns, or is otherwise unable to perform, the Company’s operations may be materially impaired until a replacement is appointed.
- **5.3.7 Conflicts of Interest** – The Manager and affiliates may manage other businesses, receive fees, or invest in competing opportunities.
- **5.3.8 Valuation & NAV Risk** – NAV is determined by the Manager in good faith under ASC 820 but may be subjective and not reflect realizable value.
- **5.3.9 Fee Burden** – Fees and reimbursements reduce distributable cash, even if investment performance is below expectations.

5.4 Class Structure & GP Bonus Pool Risks

- **5.4.1 Complexity of Allocations** – Multi-class distribution waterfalls and bonus pools require complex accounting and may be misinterpreted.
- **5.4.2 Dependency on Carried Interest** – Bonus Pools for Class A and Class B depend entirely on GP profit allocations. If performance hurdles are not achieved, no Bonus may be paid.
- **5.4.3 Alignment Risks** – Because Class C Members do not participate in GP Bonus Pools, alignment of incentives may differ across Classes.
- **5.4.4 Founder Entitlements.** The Founder’s continuing economic rights under Exhibit N reduce the residual GP share but do not affect investor economics. Investors should recognize that such founder protections are common in institutional fund structures.

5.5 Regulatory & Legal Risks

- **5.5.1 Securities Law Reliance** – The Offering depends on exemptions under Regulation D (Rule 506(c)) and Regulation S. Failure to comply could void exemptions and impose liability.
- **5.5.2 Investment Company Act Exemption** – The Company relies on exemptions from registration under the Investment Company Act of 1940; loss of such status would subject the Company to burdensome regulation.



- **5.5.3 Broker-Dealer Limitations** – Neither the Company nor the Manager is a registered broker-dealer. Improper solicitation could result in penalties or rescission rights.
- **5.5.4 ERISA Considerations** – Participation by ERISA plans may cause the Company’s assets to be treated as “plan assets,” imposing fiduciary obligations and compliance burdens.
- **5.5.5 Housing Law Risks** – Zoning restrictions, municipal opposition, or housing regulations could impair sober home use and require costly litigation or modifications.

5.6 Tax Risks

- **5.6.1 Pass-Through Taxation** – The Company is treated as a partnership for U.S. tax purposes; investors must report their share of income regardless of distributions.
- **5.6.2 Phantom Income** – Taxable allocations may occur without corresponding cash flow.
- **5.6.3 IRS Challenges** – Allocations under IRC §704(b) could be challenged, creating tax uncertainty.
- **5.6.4 Multi-State Exposure** – Investments in multiple states may require filing of additional state or local returns.

5.7 General & Macroeconomic Risks

- **5.7.1 Economic Downturns** – Recession, inflation, rising rates, or policy shifts may negatively impact real estate and sober home operations.
- **5.7.2 Public Health & Safety Risks** – Pandemics, natural disasters, or public safety crises could impair occupancy and operator stability.
- **5.7.3 Litigation Risk** – The Company may face claims from regulators, residents, neighbors, or third parties.
- **5.7.4 Complete Loss of Capital** – Investors should be prepared to lose the entirety of their investment.

5.8 Key Person Risk

The success of the Company is highly dependent on the leadership, experience, and active involvement of Suad Kantarevic (the “Key Person”), who serves as Manager. In the event of the death, disability, incapacity, or permanent withdrawal of the Key Person (a “Key Person Event”), the Company’s ability to source, execute, and manage investments may be materially impaired.

Following a Key Person Event, the Company will automatically suspend making new investments (other than follow-on investments necessary to protect existing assets) until such time as a replacement Manager or Key Person is approved by a majority-in-interest of Class A and Class B Members, voting together as a class.



RISK SUMMARY TABLE

| Risk Category | Description | Potential Mitigant / Company Approach |
|-----------------------------------|---|--|
| Illiquidity of Units | No public market; 24-month lock-up; limited and capped withdrawals thereafter. | Structured liquidity after lock-up; NAV-based redemptions; pro rata treatment of requests. |
| Dependence on Manager | Performance depends heavily on Suad Kantarevic as Manager. | Clear governance; removal-for-cause rights for Class A & B; succession / Key Person clause. |
| Real Estate Market Risk | Property values, rents, and financing terms subject to cycles and volatility. | Diversified portfolio; focus on stable cash flow via master leases. |
| Operator Reliance | Revenues depend on third-party certified sober home operators. | Long-term master leases; multiple operator relationships; MASH certification standards. |
| Regulatory & Zoning | Sober homes may face legal challenges, zoning opposition, or NIMBY resistance. | Fair housing law protections; legal contingency reserves; proactive community engagement. |
| Complex Class Structure | Class A & B share in GP Bonus Pools; Class C does not, creating alignment issues. | Transparent disclosures; governance oversight for A & B; Class C protected by priority Preferred Return. |
| Valuation / NAV Risk | NAV determined by Manager; may be subjective. | ASC 820 methodology; potential use of third-party appraisals. |
| Fee Burden | Fees reduce distributable cash even during lower performance periods. | Tiered fee structure: zero (A), reduced (B), market-standard (C). |
| Tax Risks / Phantom Income | Investors may owe tax on allocations without matching distributions. | Discretionary tax distributions; investor education. |
| ERISA / Benefit Plans | “Plan asset” status could impose fiduciary obligations. | Monitoring 25% “benefit plan investor” threshold. |
| Conflicts of Interest | Manager may pursue other business ventures, including real estate. | Disclosure of conflicts; fiduciary duties under MA LLC Act; alignment via GP carried interest. |
| Macroeconomic Events | Recession, inflation, or pandemics may impair occupancy and operator stability. | Conservative leverage; reserves; diversified submarkets across Massachusetts. |
| Complete Loss of Capital | As with all private placements, investors may lose their entire investment. | Emphasized in disclosures; suitability screening; targeted risk-adjusted returns. |

(Convenience summary only – see Part V: Risk Factors for full discussion. This table does not replace or limit the detailed disclosures therein.)



PART VI – LEGAL & REGULATORY MATTERS

6.1 Federal Income Tax Considerations

6.1.1 Partnership Classification

The Company intends to be classified as a partnership for U.S. federal income tax purposes under Subchapter K of the Internal Revenue Code of 1986, as amended (the “Code”). Accordingly, the Company will not itself be subject to U.S. federal income tax. Instead, each Member will be required to report its distributive share of the Company’s taxable income, gain, loss, deduction, and credit on its individual or corporate income tax return, regardless of whether the Company makes corresponding cash distributions.

6.1.2 Allocation of Profits and Losses

Profits, losses, and other tax items will be allocated among the Members in accordance with the Operating Agreement and the requirements of Code §704(b). The Internal Revenue Service (“IRS”) may challenge such allocations, and any reallocation could adversely affect the Members.

6.1.3 Phantom Income Risk

Members may be allocated taxable income in excess of cash actually distributed to them. In such cases, Members may need to fund tax obligations from sources other than Company distributions.

6.1.4 Withholding and Reporting Obligations

The Company may be required to withhold federal, state, or local income taxes on allocations or distributions to certain Members, including non-U.S. Members, under Code §§1441–1446, FATCA, or similar provisions. Any such withholding will reduce the cash otherwise distributable to those Members.

6.1.5 Partnership Audit Rules

The Company will be subject to the centralized partnership audit regime under the Bipartisan Budget Act of 2015. The Manager will act as the “Partnership Representative” with authority to bind all Members in tax matters, including settlement with the IRS. Taxes, penalties, and interest assessed against the Company may reduce amounts otherwise distributable to Members.

6.2 State and Local Taxation

Members may be subject to state, local, or municipal income, franchise, or other taxes in Massachusetts or in other jurisdictions where the Company conducts business or owns property.



Members may be required to file nonresident tax returns in such jurisdictions, regardless of their domicile.

6.3 ERISA and Benefit Plan Considerations

6.3.1 General Considerations

Fiduciaries of employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), as well as IRAs, governmental plans, and other benefit plan investors, must carefully consider whether an investment in the Company is consistent with their fiduciary responsibilities, diversification requirements, liquidity needs, and other obligations.

6.3.2 Plan Asset Regulations

If “benefit plan investors” (as defined under ERISA and related Department of Labor regulations) own 25% or more of the outstanding Units of any class, the Company’s assets may be deemed “plan assets” subject to ERISA fiduciary duties and prohibited transaction rules. To avoid this outcome, the Manager may limit or cap subscriptions from benefit plan investors to ensure compliance with the 25% threshold on a per-class basis.

6.3.3 Fiduciary Duties of Plan Investors

Plan fiduciaries must evaluate:

- Whether the investment is prudent considering its risk-return characteristics;
- Whether it satisfies plan diversification requirements; and
- Whether the investment’s illiquidity is compatible with plan obligations.

6.3.4 Prohibited Transactions

If the Company’s assets are deemed “plan assets,” transactions between the Company and the Manager or its affiliates could be prohibited under ERISA, potentially impairing the Company’s operations.

6.4 Securities Law Matters

6.4.1 Exempt Offering

The Offering is being conducted pursuant to exemptions from registration under the Securities Act of 1933, as amended (the “Securities Act”):

1. **Rule 506(c) of Regulation D**, permitting general solicitation provided that all U.S. investors are verified “accredited investors.”
2. **Regulation S**, permitting offers and sales outside the United States to non-U.S. persons in offshore transactions.



6.4.2 State (“Blue Sky”) Compliance

The Company may be required to make notice filings and pay fees in certain U.S. states. All such filings will be made by the Company, not by individual investors.

6.4.3 Transfer Restrictions

The Units are “restricted securities” under the Securities Act and may not be resold, pledged, or otherwise transferred except pursuant to an effective registration statement or a valid exemption, and with the Manager’s prior written consent under the Operating Agreement.

6.4.4 No Registration Rights

The Units do not carry registration rights. Investors should not expect the Company to register the Units with the SEC or any state authority.

6.4.5 Broker-Dealer Restrictions

The Company, the Manager, and their affiliates are not registered broker-dealers. They may not receive commissions, finder’s fees, or other transaction-based compensation for selling Units. Only compensation expressly described in this Memorandum and the Operating Agreement is permitted. If the Company engages registered broker-dealers or placement agents, such arrangements will be disclosed and their fees treated as offering expenses, subject to applicable caps.

6.5 Investment Company Act Considerations

The Company intends to rely on exemptions from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), including §3(c)(1) or §3(c)(7). If the Company were deemed to be an “investment company,” it would become subject to significant regulatory requirements that could materially impair its operations and flexibility.

6.6 Anti-Fraud, AML, and Other Compliance Matters

6.6.1 Anti-Fraud Laws

The Company is subject to federal and state anti-fraud provisions, including Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5, which prohibit false or misleading statements or omissions in connection with securities offerings.

6.6.2 Anti-Money Laundering (AML) and OFAC Compliance

The Company must comply with applicable AML laws, including the USA PATRIOT Act, and with economic sanctions programs administered by the U.S. Department of the Treasury’s Office



of Foreign Assets Control (“OFAC”). The Company may reject or rescind subscriptions if investors fail AML/KYC checks.

6.6.3 Foreign Investors

Non-U.S. investors must certify that they are not “U.S. Persons” as defined in Regulation S. Resales into the United States are prohibited unless made in compliance with the Securities Act. Non-U.S. investors may also be subject to U.S. tax withholding requirements.

6.7 Manager Authority and Indemnification

6.7.1 Manager Authority

The Manager has broad and exclusive authority to manage the business and affairs of the Company, subject only to Member approval on Major Decisions as defined in the Operating Agreement. Authority includes, without limitation:

- Acquiring, financing, leasing, and disposing of properties;
- Entering into master leases and operator contracts;
- Hiring professionals, administrators, and advisors;
- Raising capital and structuring financings;
- Establishing reserves and determining distributions;
- Managing compliance, audits, and litigation.

Except with respect to limited voting rights on Major Decisions, Members shall not participate in the day-to-day management of the Company.

6.7.2 Indemnification of Manager and Affiliates

The Operating Agreement provides for customary indemnification of the Manager, its affiliates, and their respective officers, directors, members, employees, and agents (each, an “Indemnified Party”) by the Company.

(a) **Scope** – To the fullest extent permitted by law, the Company will indemnify each Indemnified Party against any losses, claims, or expenses arising out of the Company’s business or the performance of such party’s role, except to the extent such losses are determined by final judgment to have resulted primarily from fraud, willful misconduct, or gross negligence.

(b) **Advancement of Expenses** – The Company may advance legal fees and related expenses, subject to repayment if indemnification is ultimately disallowed.

(c) **Effect on Distributions** – Indemnification costs reduce amounts otherwise distributable to Members.

(d) **Insurance** – The Company may purchase directors’ and officers’ liability (D&O) or similar insurance to cover liabilities of the Manager and other Indemnified Parties.

6.7.3 Founder Legacy Compensation

In recognition of his role as Founder, Suad Kantarevic shall be entitled to continuing participation in GP Net Profit Allocations, including successor rights for his heirs, as set forth in **Exhibit N – Founder Participation & Legacy Rights**. These entitlements:

- Apply regardless of whether the Founder is serving as Manager;
- Are carved solely from GP economics (and therefore do not dilute or impair Member distributions under the Waterfall); and



- Are customary founder-protection arrangements designed to align long-term economic contributions with governance continuity.

6.7.4 Limited Partner Advisory Committee (LPAC).

To enhance governance and provide institutional safeguards, the Company may establish a Limited Partner Advisory Committee (“LPAC”) once Class A and Class B capital commitments reach at least **\$5,000,000**.

- **Composition:** Up to **five (5) representatives**, elected on a **one-member-one-vote** basis among Class A and Class B Members (regardless of Units held).
- **Authority:** The LPAC is advisory only, with authority limited to:
 1. Reviewing and approving related-party transactions exceeding \$1,000,000;
 2. Oversight of valuation methodologies and NAV policies;
 3. Confirming Key Person Events and overseeing the replacement process;
 4. Approving extensions of the Investment Period; and
 5. Providing recommendations regarding removal of the Manager for Cause.
- **Limitations:** The LPAC does not control day-to-day operations, approve individual investments, or manage distributions. Its role is consultative and protective of Members’ interests.
- **Removal of Members:** Any LPAC member may be removed, with or without cause, upon initiation by the Manager or any Class A/B Member, subject to majority vote of Class A and B Members voting together.

This governance safeguard ensures Class A and Class B Members share institutional oversight, while leaving investment discretion with the Manager.

6.8 Key Person Event

6.8.1 Definition: A “Key Person Event” occurs upon the death, incapacity, permanent withdrawal, or inability to perform the duties of Suad Kantarevic, who currently serves as the Manager of the Company.

6.8.2 Consequences

1. **Suspension of New Investments** – All new acquisitions, commitments, or material expenditures (other than preservation of existing assets) shall be suspended.
2. **LPAC Oversight** – The LPAC, if constituted, shall convene to confirm the occurrence of the Key Person Event and oversee interim operations.
3. **Replacement Process** – Within 90 days, a replacement Manager may be proposed by the LPAC or the Company, subject to approval by a majority-in-interest of Class A and Class B Units voting together.
4. **Failure to Approve** – If no replacement Manager is approved within 180 days, the Company shall proceed to an orderly liquidation unless extended with Class A and Class B approval.



6.9 Amendments

The Manager may, without the consent of the Members, amend this Memorandum, the Operating Agreement, or other Offering Documents to:

1. comply with applicable law, regulation, or regulatory guidance;
2. make administrative, ministerial, or corrective changes (including correction of typographical errors);
3. add or modify disclosures, insurance, or compliance policies that enhance investor protections; or
4. implement changes recommended by legal, tax, or regulatory counsel to protect the Company or its Members.

Any amendment that would **materially and adversely affect the economic rights of Members** (e.g., Preferred Return, distribution priority, voting rights) shall require approval of a majority-in-interest of Class A and Class B Members voting together.

6.10 No Regulatory Review

Neither the SEC, the Massachusetts Securities Division, nor any other federal or state regulator has reviewed, approved, or disapproved this Memorandum, the Operating Agreement, or the Offering. Any representation to the contrary is unlawful.



PART VII – SUBSCRIPTION PROCEDURES & INVESTOR REPRESENTATIONS

7.1 Subscription Procedures: Each prospective investor (a “Subscriber”) must complete the following steps to subscribe for Units of the Company:

1. **Execution of Subscription Agreement**
The Subscriber shall complete, execute, and deliver the Subscription Agreement (Exhibit A), specifying the class and number of Units subscribed for and the aggregate purchase price.
2. **Completion of Investor Suitability Questionnaire**
The Subscriber shall complete the Investor Suitability Questionnaire (Exhibit C), certifying either (i) “accredited investor” status under Rule 501(a) of Regulation D (for U.S. Subscribers), or (ii) “non-U.S. person” status under Regulation S (for offshore Subscribers).
3. **Submission of AML/KYC Documentation**
 - **Individuals:** Government-issued photo identification, proof of current residential address, and a completed Source of Funds Declaration (Exhibit F).
 - **Entities:** Certified formation documents, certificate of good standing, incumbency certificate, beneficial ownership disclosures, and organizational chart (if applicable).
4. **Payment of Subscription Amount**
Subscription funds must be wired in immediately available U.S. dollars (or, if approved, in cryptocurrency pursuant to Exhibit G) to the Company’s designated account.
5. **Acceptance by the Manager**
All subscriptions are subject to review and acceptance by the Manager, in its sole discretion. The Manager may reject any subscription, in whole or in part, without liability.
6. **Closing and Admission**
Upon acceptance, the Subscriber will be admitted as a Member and recorded in the Company’s official register as the holder of Units of the applicable class. Subscriptions are irrevocable, except as required by law.

7.2 Investor Representations and Warranties

By executing the Subscription Agreement, each Subscriber shall be deemed to represent, warrant, and agree as follows:

1. **Investment Intent** – The Subscriber is acquiring the Units for investment purposes only, not for resale or distribution, and acknowledges that the Units are “restricted securities.”
2. **Accredited Investor / Non-U.S. Status** – U.S. Subscribers certify accredited investor status under Rule 501(a). Non-U.S. Subscribers represent that they are not “U.S. Persons” under Regulation S and are acquiring the Units in an offshore transaction.
3. **Sophistication** – The Subscriber has sufficient financial and business knowledge to evaluate the merits and risks of the investment.



4. **Independent Advice** – The Subscriber has consulted its own legal, tax, and financial advisors, and has not relied on the Company, the Manager, or their affiliates for investment advice.
5. **Ability to Bear Risk** – The Subscriber is able to bear the economic risk of a complete loss of its investment and acknowledges the speculative and illiquid nature of the Units.
6. **AML/OFAC Compliance** – Subscription funds are derived from lawful sources, and neither the Subscriber nor its beneficial owners appear on the OFAC or other prohibited lists.
7. **Acknowledgment of Risks** – The Subscriber has carefully reviewed Part V – Risk Factors and acknowledges that no assurance of profitability or return of capital can be given.
8. **Binding Commitment** – Upon acceptance by the Manager, the Subscription Agreement constitutes a binding obligation to purchase Units.

7.3 AML / KYC Compliance

The Company must comply with U.S. anti-money laundering (“AML”), counter-terrorist financing, and OFAC sanctions programs. Accordingly:

- The Company may request additional documentation at any time.
- The Company may disclose investor information to regulatory authorities as required by law.
- The Company may reject or rescind subscriptions that fail AML/KYC standards.

7.4 Rescission Rights

If a subscription is not accepted, funds will be promptly returned to the Subscriber without interest, deduction, or offset.

7.5 Limitation of Liability

Neither the Company, the Manager, nor their affiliates shall be liable to any Subscriber if the Offering does not close, or if actual returns differ from projections, except as expressly provided in the Operating Agreement.

7.6 Express Risk Acknowledgment: Each Subscriber must expressly acknowledge in writing that:

- An investment in the Units is speculative and may result in a complete loss of capital.
- The Units are illiquid and may not be transferred except in compliance with applicable securities laws and the Operating Agreement.
- The Subscriber has read, understood, and accepted the risk disclosures contained in Part V – Risk Factors.



End of Private Placement Memorandum

Transition to Exhibits

This Private Placement Memorandum (“PPM”) sets forth the principal terms and conditions of the private offering (the “Offering”) of membership interests (the “Units” or “Interests”) of **Invest 200 Sober Homes LLC** (the “Company”).

The information contained in this Memorandum is qualified in its entirety by the governing documents of the Company, including the **Operating Agreement** (Exhibit B) and the **Subscription Agreement** (Exhibit A), together with the other Exhibits attached hereto. In the event of any inconsistency between the terms of this Memorandum and the Exhibits, the terms of the Exhibits shall control.

Prospective investors should carefully review all Exhibits before making an investment decision. Execution of the **Subscription Agreement (Exhibit A)** shall constitute acknowledgment, certification, and agreement by the investor with respect to the contents of this Memorandum and all Exhibits, including but not limited to:

- Investor suitability and accreditation requirements,
- Acknowledgment of risks and restrictions on transfer,
- Source of funds and AML compliance,
- Participation in the distribution waterfall and GP bonus structures, and
- Any additional acknowledgments required for specialized subscription methods (e.g., cryptocurrency contributions).

Exhibits to the Memorandum - The following Exhibits are incorporated by reference and form an integral part of this Offering package:

Exhibits A–I (Core):

- Exhibit A – Subscription Agreement (Signature Required; incorporates acknowledgments for Exhibits C, D, E, F, and G as applicable)
- Exhibit B – Operating Agreement (Governing document; controls over PPM in case of inconsistency)
- Exhibit C – Investor Suitability Questionnaire (Completed by investor; acknowledged via Exhibit A)
- Exhibit D – GP Bonus Pool Addendum (Class A & B)
- Exhibit E – Waterfall & Risk Disclosure Summary (Informational only; no signature required)
- Exhibit F – Source of Funds / AML Declaration (Completed; acknowledged via Exhibit A)
- Exhibit G – Cryptocurrency Investment Acknowledgment (If applicable; acknowledged via Exhibit A)
- Exhibit H – Wire Instructions (Informational only)
- Exhibit I – Distribution Waterfall Illustration (Worked numeric example)



Optional Institutional Add-Ons (Exhibits J–N):

The following Exhibits (J–M) are institutional add-ons. They are provided to enhance transparency, align with best practices, and provide optional governance protections. They are incorporated into the Offering Documents and the Operating Agreement by reference.

- Exhibit J – Valuation Policy (NAV determined quarterly under ASC 820)
- Exhibit K – Redemption Priority Rule (pro rata treatment across withdrawal requests post-lockup)
- Exhibit L – LPAC Advisory Committee Charter
- Exhibit M – Key Person Event Protocol
- Exhibit N - Founder Protection & Economics Disclosure



Notice to Investors:

By executing Exhibit A (Subscription Agreement), each investor acknowledges receipt and review of this Memorandum and all Exhibits and agrees to be bound by their terms.



Contact Information:

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All correspondence, subscription documents, and investor inquiries should be directed to the Company at the address and contact information above.

