

PRIVATE AND CONFIDENTIAL

April 17, 2023

Re: HCP Georgia's Landing QOF, LLC

Dear Potential Investor:

You have expressed an interest in investing in membership interests ("**Membership Interests**") of HCP Georgia's Landing QOF, LLC, a Delaware limited liability company (the "**Company**"). The Membership Interests represent an interest in the Company, which will be operated as described below. The Company intends to be a vehicle to facilitate investment in an Opportunity Zone Program (the "**OZ Program**") established under the Internal Revenue Code of 1986, as amended (the "**Code**"). The Company will elect to be treated as a "qualified opportunity fund" within the meaning of section 1400Z-2(d)(1) of the Code (a "**QOF**") and will accept capital contributions from Investors seeking the tax benefits of the OZ Program ("**OZ Tax Benefits**") and Investors not seeking to claim OZ Tax Benefits. For more information on the OZ Program see "*Opportunity Zone*" below.

The Company's manager, HudsonCap Management III, LLC (the "**Manager**"), has prepared this confidential private offering letter ("**Offering Letter**") on behalf of the Company to address several matters related to the terms of an investment in the Company, the Company's business and the process of making an investment in the Company.

As a potential investor, you should note that an investment in the Company involves significant risk and, as with any investment, you may lose money. Accordingly, you should review this Offering Letter, including, without limitation, the risk factors described in Section 19 carefully before making an investment in the Company. You should also read carefully the Limited Liability Company Agreement of the Company (the "**Operating Agreement**"), a copy of which is attached hereto as **Exhibit A**. Unless otherwise defined herein, all capitalized terms in this Offering Letter have the same meaning as set forth in the Operating Agreement.

Set forth below is a summary of some key information about the Company and the offering of Membership Interests (the "**Offering**"). This summary is qualified in its entirety by the information set forth in the Operating Agreement, as well as other information appearing elsewhere in this Offering Letter:

1. **The Offering.** The Company is seeking to raise approximately \$12,500,000, through the sale of Membership Interests, with a minimum subscription amount of \$100,000 for any investor. The Company, however, reserves the right to close on the Offering upon raising any amount. In addition, the Company reserves the right to accept or reject subscriptions, in whole or in part, and may waive the minimum subscription amount for any investor in its sole discretion.

2. **The Closings.** The Company currently anticipates that an initial closing of this Offering of Membership Interests (the "**Initial Closing**") will occur on or about May 17, 2023; however, the Manager may extend the Offering in its sole discretion. The Manager, at its discretion, may hold subsequent closings (each a "**Subsequent Closing**", and together with the Initial Closing, each a "**Closing**" and collectively the "**Closings**"); provided, that the final Closing will occur no later than ninety (90) days after the Initial Closing. In the event the Company does not hold the Initial Closing on or before August 15, 2023, the Company shall promptly return all proceeds received from potential investors, without interest. For information on the subscription process see "*Subscription Process*" below.

3. **The Purpose of the Company.** The Company was formed for the purpose of: (i) qualifying as a QOF; and (ii) to indirectly acquire, develop, operate, manage, lease, finance and ultimately dispose of an approximately 37.5 acres townhome community, located on a parcel at 6004 Fayetteville Road, Garner,

North Carolina 27529 intended to be platted for the development of 138 residential townhomes (the “**Property**” and together with the improvements thereon, the “**Project**”), which Property is entirely located within a “qualified opportunity zone” within the meaning of Section 1400Z-2 of the Code (a “**QO Zone**”). The Company is participating in the Project through a subsidiary, HCP Georgia’s Landing QOZB, LLC (“**QOZB**”). QOZB was formed for the purpose of qualifying as a “qualified opportunity zone business” or “QO Zone Business” and the interests therein are intended to be “qualified opportunity zone partnership interests.” A copy of the Limited Liability Company Agreement of the QOZB (the “**QOZB Operating Agreement**”) is available upon request. A wholly owned special purpose vehicle of the QOZB, HCP Georgia’s Landing Property, LLC, a Delaware limited liability company (the “**SPV**”), is the fee owner of the Property. A copy of the operating agreement of the SPV is available upon request.

4. **The Company.** The Company was formed on November 22, 2022, as a Delaware limited liability company. The Company is governed by the Company’s Certificate of Formation and Operating Agreement, as each may be amended from time to time. At present the members of the Company are the Manager and Hudson Capital Properties IV, LLC (“**Hudson IV**”). The Manager and Hudson IV have collectively contributed approximately \$6,000,000 to the Company as an initial Capital Contribution. The Company has one class of Members.

The manager of the Company is the Manager. The Company is organized as a manager-managed limited liability company, with authority for virtually all decisions on behalf of the Company vested in the Manager.

5. **The QOZB.** At present, the Company, HCP Leadership, LLC, a Delaware limited liability company (“**HCP Leadership**”), and HCP Development, LLC, a Delaware limited liability company (“**HCP Development**”), are members of the QOZB. The Company, HCP Development, and HCP Leadership have collectively contributed (through cash and non-cash consideration for future services) approximately \$8,389,272 to the QOZB.¹ The QOZB has one class of Members. It is anticipated that the QOZB will seek additional members through the sale of membership interests in QOZB (“**QOZB Membership Interest**”) under terms similar to the terms of this Offering. The manager of the QOZB is the Company. The QOZB is organized as a manager-managed limited liability company, with authority for virtually all decisions on behalf of the QOZB vested in the Company. Unless otherwise required by the QOZB Operating Agreement, the Company will have the authority to act on behalf of the QOZB in its capacity as manager of the QOZB. Per the above paragraph, the Manager has authority to make virtually all decision on behalf of the Company, including, without limitation, decisions by the Company in its capacity as manager of the QOZB.

6. **The Manager.** The Manager serves as the manager of the Company and pursuant to the Operating Agreement is responsible for managing the Company’s business and day-to-day operations.

The Manager is controlled and managed by James S. Cohen. Mr. Cohen also serves as the manager of Hudson IV, HCP Leadership, and HCP Development, individually or through an affiliated entity. See “*Risk Factor – Conflict of Interest*” in Section 19. In addition to Mr. Cohen, the principal management personnel of the Manager that are involved with the management of the Company are Robert B. Cohen II, Edward B. Vinson, and Mathias G. Linden. Biographies for each of these persons and other key personnel are attached hereto as **Exhibit B**. The Manager is entitled to an annual asset management fee payable by the QOZB upon the SPV obtaining certificates of occupancy for the Project and reimbursement for out-of-pocket expenditures incurred by the Manager in performing these services, and the Manager or an affiliate of the Manager will be entitled to other compensation or fees, each as described below (See Section 9(a) and 10(a) below) and in the QOZB Operating Agreement and the Operating Agreement.

7. **The Membership Interests.** The Offering involves the offer and sale of Membership Interests, the terms and conditions of which are governed by the Operating Agreement. The Manager will have sole authority in the management of the Company, and Membership Interests are subject to substantial limitations on transferability. Accordingly, investors will be entrusting the management of the

¹ HCP Development contributed approximately \$2,389,222.00 as a Deemed Contribution. See Section 8(g) for additional information.

Company exclusively to the Manager, and will have only limited voting rights, as detailed in the Operating Agreement. See “Risk Factor – Lack of Control” in Section 19.

8. **Information regarding the Project.** As noted above, the purpose of the Company is to acquire, develop, manage, administer, lease and ultimately dispose of the Project through ownership in the QOZB. In considering whether to invest in the Company, you should consider, without limitation, the following summaries of some of the key information regarding Project. Any summary or discussion regarding the Project in this Offering Letter is qualified in its entirety by the provisions contained in the QOZB Operating Agreement and Operating Agreement.

- (a) **Description of the Project.** The Property is located at 6004 Fayetteville Road, Garner, North Carolina 27529. The Property currently consists of undeveloped real estate totaling approximately 37.5 acres and is located entirely within a QO Zone. The current plans for the Property include developing and building approximately 138 residential townhomes units initially for rent and later for sale.

The Project has been approved to be developed as the first phase of a multi-phase planned development community of approximately 140 acres (including the Property) comprised of single family homes, townhomes and certain anticipated amenities, including, without limitation, a clubhouse, pool, dog park, walking trails, and outdoor fitness equipment (the “**Planned Development Community**”) pursuant to (i) The Order Granting Planned Development Permit PD-MP-19-01, approved by the Town of Garner on December 17, 2019; and (ii) the Major Subdivision Approval SB-20-04, approved by the Town of Garner on November 18, 2020 (collectively and as amended from time to time, the “**Major Subdivision Plan**”). At the time that residential lots are to be recorded in the land records of Wake County, North Carolina, a portion of the Property will be conveyed or dedicated to (1) a homeowner’s association for open space, stormwater maintenance ponds and other common area and (2) the Town of Garner for utility easements and public roadways, each in accordance with the Major Subdivision Plan.

While the Company will share in some of the costs of the amenities of the Planned Development Community, the construction and development of Planned Development Community (other than the Project) will be the responsibility of and controlled by others. In addition, it is anticipated that Clayton Properties Group, Inc. d/b/a Mungo Homes (the “**Seller**”), a Southeastern regional homebuilder, will build and develop single family homes in the Planned Development Community. Further, it is expected that Hudson IV or its affiliate will own approximately 17.5 additional acres of the Planned Development Community separate from the Project for the development of townhomes to be constructed as a later phase of the Planned Development Community. Additional information about the Project and the Planned Development Community is available upon request.

- (b) **Acquisition of the Property.** The SPV purchased the Property on March 9, 2023, pursuant to that certain Purchase and Sale Agreement, dated January 26, 2023 (the “**PSA**”) between the SPV, as buyer, and Seller for a purchase price of \$7,992,277.99.

- (c) **Construction of Amenities, Infrastructure and Townhomes.**

- (i) The SPV and the Seller have agreed to share in the costs of construction and installation of certain amenities and infrastructure for the use of the Planned Development Community, including the Project. It is estimated that the SPV’s share of such costs will be approximately \$8,300,000.
- (ii) The SPV has entered into a construction contract with the Seller, as general contractor, under Seller is obligated to: (i) build approximately 138 residential townhomes on the Property consistent with floor plans to be agreed upon between the Manager, on behalf of the Company in its capacity as manager of the QOZB, and Seller; (ii) build infrastructure and the amenities (e.g., a pool and clubhouse,

mail kiosks, walking trails, sanitary sewer, utilities, stormwater maintenance, roadways and other infrastructure); and (iii) prepare the land for building (e.g., grading). Seller shall have the right to require a deed of trust or other type of lien be placed on the Property in its favor to secure the SPV's obligations under the construction contract; provided, however, upon payment to Seller for the construction of a townhome on a lot, Seller will release the deed of trust or other type of lien on such lot.

(d) **Holding Period of the Property.** The Manager will use commercially reasonable efforts to cause the Company, through the QOZB, to hold the Property (other than that portion of the Property to be conveyed or dedicated to a local government entity or a homeowners association) for at least ten years following the Initial Closing (in an effort to maintain the OZ Tax Benefits), unless a Majority in Interest of the Members approve selling of the Property at an earlier date. There is no guarantee that the Manager will identify an appropriate exit opportunity or that the Company will dispose of the Property in any given timeframe.

(e) **Financing Arrangements for the Project.**

(i) A multi-draw term loan is anticipated to be obtained by the SPV ("**Borrower**") from First National Bank ("**Lender**") with respect to the Project as groups of units are built and delivered under the construction contract. The Company expects the general terms of the loan ("**Loan**") to be as follows: (i) term of the Loan is three years; (ii) principal shall be approximately \$29,550,000 not to exceed approximately 58% loan-to-cost; (iii) interest accrues on the outstanding principal at a rate of one-month Secured Overnight Financing Rate as published by the New York Fed plus 2.75%; (iv) an origination fee of approximately 0.65% of principal; (v) the Loan may prepaid at any time in whole or part, subject only to Lender's interest breakage costs and, if Borrower does not elect to re-finance with Lender, an exit fee of 0.50% of principal; and (vi) to secure the obligations to the Lender by the Borrower, the Borrower will grant the Lender a first lien security interest on the Property, including all real property, fixtures, furniture, equipment, personal property, accounts, and all improvements presently located or subsequently constructed on the Property, as well as an assignment of rents and leases, assignment of construction, engineering and architectural agreements, and other documents or collateral as Lender may require.

(ii) At the closing of the Property, Hudson IV made a short-term, unsecured, loan to the QOZB ("**Bridge Loan**"). The general terms of the Bridge Loan are as follows: (i) principal amount of approximately \$10,132,818.00; (ii) interest accrues on the outstanding principal at a rate of one-month Secured Overnight Financing Rate as published by the New York Fed plus 2.75%; (iii) the Bridge Loan may prepaid at any time in whole or part; and (iv) the Bridge Loan is due and payable in full on May 31, 2024. The Bridge Loan was used to: (A) pay a portion of the acquisition costs of the Property and pay Seller for the SPV's share of the construction and building infrastructure costs and expenses on the Planned Development Community prior to the Initial Closing; and (B) pay for the cash collateral needed for the QOZB to purchase an interest rate swap for the Loan in order to seek a fixed interest rate for the Loan.

(f) **Property Management for the Project.** The SPV has entered into a property management and leasing agreement (the "**Property Management Agreement**") with Bell Partners, Inc. ("**Property Manager**"). The Property Manager will oversee day-to-day services necessary for the leasing, management and operation of the Project as a townhome community. For its services as property manager of the Project, the Property Manager will receive a monthly management fee equal to the greater of (i) 2.5% of the Project's monthly gross cash receipts from the operations of the Project during that month and (ii) \$10,000; an incentive fee of \$125 for each lease and move-in completed in the first 10 months after leasing commences for the Project; an hourly fee of \$150 (but not to exceed \$10,000) for development services if

requested by the SPV; and a construction management fee in the amount of 5% of capital costs for completed capital projects, each subject to the terms and conditions of the Property Management Agreement. In addition, the Property Manager will be entitled to reimbursement from the SPV, and therefore indirectly the QOZB and the Company, for any out-of-pocket fees and expenses incurred by the Property Manager on behalf of the Project. Manager may modify or replace the Property Management Agreement or the Property Manager.

- (g) **Development for the Project.** The SPV has entered into a development agreement (the “**Development Agreement**”) with HCP Development, a copy of which is available upon request. Pursuant to the Development Agreement, HCP Development assisted with the acquisition of the Property and will assist the SPV in negotiating with contractors, property managers, and other service providers; assist in obtaining permits; monitor, supervise, and coordinate with contractors and other service providers throughout construction and development of the Property; prepare reports; and advise the SPV on the construction budget and schedule. For its services as developer of the Property, HCP Development will receive a development fee equal to the 5% of the total costs (including the cost of the Property) of the Project subject to the terms and conditions of the Development Agreement; provided however, pursuant to the Development Agreement and QOZB Operating Agreement, HCP Development has elected to waive its development fee and instead shall be issued a membership interest in the QOZB and will be deemed to have made an initial capital contribution (the “**Deemed Contribution**”) in the amount of the waived management fee. As a result of such membership interests, HCP Development is entitled to receive a share of distributions of cash flows, sales proceeds or refinancing proceeds as described below.

The Manager believes the development fee and Deemed Contribution to the QOZB are reasonable based upon the services being provided by HCP Development. By purchasing Membership Interests, Members are deemed to have consented to and approved of the development fee as a deemed contribution to the QOZB.

9. **Additional Information regarding the QOZB.** In addition to the information above, in considering whether to invest in the Company, you should consider, without limitation, the following summaries of some of the key information regarding the QOZB. Any summary or discussion of terms of the QOZB in this Offering Letter is qualified in its entirety by the provisions contained in the QOZB Operating Agreement. Potential Members should read the QOZB Operating Agreement carefully. All capitalized terms in this Section 9 have the same meaning as set forth in the QOZB Operating Agreement unless otherwise defined in this Offering Letter.

- (a) **Fees and Expenses of the QOZB.** In addition to the fees and expenses set forth above and other fees and expenses discussed in this Offering Letter, the QOZB will be responsible for the following fees and expenses:

Organizational Expenses. The QOZB is responsible for any and all reasonable or necessary expenses incurred in organizing the QOZB.

Operating Expenses. The QOZB is responsible for its ordinary operating expenses, including, without limitation, administration fees, loan payments, brokerage commissions, legal fees, accounting and auditing fees at least annually for its tax returns, insurance, interest, taxes, and any and all extraordinary expenses of the QOZB (such as litigation), and any and all other reasonable or necessary expenses deemed appropriate for the QOZB as determined in the sole discretion of the Manager, on behalf of the Company in its capacity as manager of the QOZB. In addition, the QOZB will be responsible for reimbursing the Company, in its capacity as manager, for any out of pocket fees and expenses incurred by Company on behalf of the QOZB. Further, the QOZB will be indirectly responsible for the operating expenses of the SPV.

Asset Management Fee. After the SPV obtains certificates of occupancy for the Project, the QOZB is responsible for payment to the Manager, as manager of the Company, of an annual

asset management fee equal to the lesser of: (i) 0.25% of the appraised stabilized value of the Property in connection with any loan; and (ii) \$152,000.00 on an annual basis. Such asset management fee payable on a monthly basis, in arrears (the “**Asset Management Fee**”).

Loan Guarantee Fee. In the event of a refinance of the Loan or subsequent indebtedness of the Project (each a “**Subsequent Loan**”), the QOZB will be responsible for payment to the Manager of a one-time loan guarantee fee for each Subsequent Loan, if any, that is guaranteed by the Manager or an affiliate equal to 0.65% of the principal amount of the Subsequent Loan guaranteed by the Manager or an affiliate thereof (the “**Loan Guarantee Fee**”); provided however, the Loan Guarantee Fee will only be payable to the Manager if the principal amount of the Subsequent Loan exceeds the original principal amount of the loan being refinanced. Any Loan Guarantee Fee will be payable at the closing of the applicable Subsequent Loan.

Other Fees. The QOZB may also pay, directly or indirectly, fees for advertising and marketing and fees to third-parties for development, management, administrative, brokerage and other services provided to the QOZB, such fees to be negotiated between the QOZB and third parties based upon prevailing market rates as determined by the Manager, on behalf of the Company in its capacity as manager of the QOZB, and the applicable third party. The Company shall not cause the QOZB to pay any fees to affiliates of the QOZB except as provided in the QOZB Operating Agreement.

The Manager believes the above fees and other expense arrangements in the aggregate are reasonable based upon the services being provided. By purchasing Membership Interests, Members are deemed to have consented to and approved the above fees and expenses.

- (b) **Distributions.** Distributions by the QOZB will be made to the members of the QOZB (each a “**QOZB Member**” and collectively the “**QOZB Members**”), including the Company as a QOZB Member, as set forth in Sections 7.7 (relating to distributions of Operating Cash Flows), 7.8 (relating to distributions of Excess Financing Proceeds and Net Proceeds from Disposition) and 7.9 (relating to distributions following a HCP Promote Election) of the QOZB Operating Agreement. A brief summary of the QOZB’s distribution provisions, which is qualified in its entirety by the distribution provisions in the QOZB Operating Agreement, is provided below. Distributions made by the QOZB are expected to be derived primarily from the QOZB’s receipt of distributions of operating cash flows of the SPV derived from leasing of the Project’s townhomes or proceeds from the QOZB’s direct or indirect disposition of the Property.

Operating Cash Flow. Unless there is a HCP Promote Election as described below, distributions from Operating Cash Flow will be distributed quarterly as determined by the Manager, on behalf the Company in its capacity as manager of the QOZB, in its discretion in the following order:

- (i) For the repayment of debts and liabilities to third parties then due and payable; then, if any remains, for
- (ii) Repayment of any HudsonCap Loans then due and payable, including any interest; then if any remains, for
- (iii) Repayment of each QOZB Member Loan, if any, including the QOZB Member Loan Interest; then, if any remains, for
- (iv) Payment until each QOZB Member receives a cumulative preferred return on the unreturned Capital Contributions made by such QOZB Member (including the

Deemed Contribution) in the amount of 8% IRR² (the “**Preferred Return**”) on a pari passu basis, until all of the Preferred Return then accrued has been paid in full; then, if any remains, for

- (v) Repayment of each QOZB Member’s yet unreturned Additional Capital Contributions on a pari passu basis, until all of the Additional Capital Contributions have been paid in full; then, if any remains, for
- (vi) Repayment of each QOZB Member’s yet unreturned Initial Capital Contribution (other than the Deemed Contribution) on a pari passu basis, until each such QOZB Member’s Initial Capital Contribution has been repaid in full; then, if any remains, for
- (vii) Repayment of the Deemed Contribution until the Deemed Contribution has been repaid in full to HCP Development; then, if any remains, for
- (viii) Payment as follows, on a pari passu basis: (a) eighty percent (80%) to the QOZB Members, such amounts to be distributed to each QOZB Member in proportion to its respective aggregate Capital Contribution ever made to the QOZB, and (b) the remaining twenty percent (20%) to HCP Leadership, until each QOZB Member has received the QOZB Member’s 14% IRR Hurdle Amount (taking into account all prior distributions to the QOZB Members pursuant to subparagraphs (iv) through (x) and pursuant to subparagraphs (iv) through (x) below for all prior periods, if any) (collectively, the “**QOZB Member’s 14% IRR Distribution**”); then, if any remains, for
- (ix) Payment as follows, on a pari passu basis: (a) seventy percent (70%) to the QOZB Members, such amounts to be distributed to each QOZB Member in proportion to its respective aggregate Capital Contribution ever made to the QOZB, and (b) the remaining thirty percent (30%) to HCP Leadership, until each QOZB Member has received the QOZB Member’s 20% IRR Hurdle Amount (taking into account all prior distributions to the QOZB Members pursuant to subparagraphs (iii) through (ix) and pursuant to subparagraphs (iii) through (x) below for all prior periods, if any) (collectively, the “**QOZB Member’s 20% IRR Distribution**”); then, if any remains, for
- (x) Payment as follows, on a pari passu basis: (a) fifty percent (50%) to each QOZB Member in proportion to its respective aggregate Capital Contribution ever made to the QOZB on a pari passu basis among the QOZB Members; and (b) fifty percent (50%) to HCP Leadership.

Excess Financing Proceeds and Net Proceeds from Disposition. Unless there is a HCP Promote Election described below, distribution of the sum of the Excess Financing Proceeds plus the Net Proceeds from Disposition after repayment of all reasonable costs and expenses associated therewith, will be distributed by the QOZB within thirty (30) days of the date of the receipt of the Excess Financing Proceeds or receipt of the Net Proceeds from Disposition as follows, in the following order:

- (i) For repayment of debts and liabilities to third parties then due and payable; then, if any remains, for

² For purposes of the QOZB’s distribution provisions, “**IRR**” means the discount rate at which the sum of (a) the present value of all Capital Contributions invested by the applicable QOZB Member through the date of calculation and (b) the present value of all distributions received by such QOZB Member through the date of calculation equals zero. IRR shall be calculated using Microsoft Excel® electronic spreadsheet XIRR Financial Function.

- (ii) Repayment of any HudsonCap Loans then due and payable, including the interest; then, if any remains, for
- (iii) Repayment of each QOZB Member Loan, if any, including the QOZB Member Loan Interest; then, if any remains, for
- (iv) Payment of the cumulative Preferred Return on the Capital Contributions of the QOZB Members (including the Deemed Contribution) in accordance with each QOZB Member's average (on a daily basis) unreturned Capital Contribution (including the Deemed Contribution) on a pari passu basis, until all of the Preferred Return then accrued has been paid in full; then, if any remains, for
- (v) Repayment of each QOZB Member's yet unreturned Additional Capital Contributions on a pari passu basis, until all of the Additional Capital Contributions have been paid in full; then, if any remains, for
- (vi) Repayment of each QOZB Member's yet unreturned Initial Capital Contribution (other than the Deemed Contribution) on a pari passu basis, until each QOZB Member's Initial Capital Contributions have been repaid in full; then, if any remains, for
- (vii) Repayment of the Deemed Contribution until the Deemed Contribution has been repaid in full to HCP Development; then, if any remains, for
- (viii) Payment as follows, on a pari passu basis: (i) eighty percent (80%) to the QOZB Members, such amounts to be distributed to each QOZB Member in proportion to its respective aggregate Capital Contribution (including the Deemed Contribution) made to the QOZB, and (ii) the remaining twenty percent (20%) to HCP Leadership, until each QOZB Member has received the QOZB Member's 14% IRR Hurdle Amount (taking into account all prior distributions to the QOZB Members pursuant to subparagraphs (iv) through (x) above (relating to Operating Cash Distributions) and pursuant to subparagraphs (iv) through (x) (relating to Distributions of Excess Financing Proceeds and Net Proceeds from Disposition for all prior periods, if any)); then, if any remains, for,
- (ix) Payment as follows, on a pari passu basis: (i) seventy percent (70%) to the QOZB Members, such amounts to be distributed to each QOZB Member in proportion to its respective aggregate Capital Contribution ever made to the QOZB, and (ii) the remaining thirty percent (30%) to HCP Leadership, until each QOZB Member has received the QOZB Member's 20% IRR Hurdle Amount (taking into account all prior distributions to the QOZB Members pursuant to subparagraphs (iii) through (ix) above and pursuant to subparagraphs (iv) through (x) for all prior periods, if any); then, if any remains, for,
- (x) Payment as follows, on a pari passu basis: (i) fifty percent (50%) to each QOZB Member in proportion to its respective aggregate Capital Contribution ever made to the QOZB on a pari passu basis among the QOZB Members; and (ii) fifty percent (50%) to HCP Leadership.

The amounts distributed to HCP Leadership other than the amounts distributed to HCP Leadership in its capacity as a QOZB Member are referred to as the "Promote".

- (c) **HCP Promote Election.** At such time, and in connection with a refinancing of the Property, HCP Leadership may elect, at its sole option (the "**HCP Promote Election**") to treat HCP Leadership as if it made an Additional Capital Contribution (the "**Promote Contribution**") to

the QOZB in an amount equal to the Promote that HCP Leadership would receive assuming a hypothetical liquidation of the QOZB at the appraised value of the Property in connection with such refinancing (such appraised value, the "**Refinancing Appraised Value**"). For the avoidance of doubt, HCP Leadership will not receive Capital Account credit for the amount of any HCP Promote Contribution, but such amount will be used to determine the adjusted percentage interests for purposes of the distribution provisions of the operating agreement following the HCP Promote Election.

- (d) **Distributions Following an HCP Promote Election.** Following an HCP Promote Election, distributions of Operating Cash Flows, Excess Financing Proceeds, and Net Proceeds from Disposition will be distributed as follows:
- (i) For repayment of debts and liabilities to third parties then due and payable; then, if any remains, for
 - (ii) Repayment of any HudsonCap Loans then due and payable, including the interest; then, if any remains, for
 - (iii) Repayment of each QOZB Member Loan, if any, including the QOZB Member Loan Interest; then, if any remains, for
 - (iv) Repayment of each QOZB Member's yet unreturned Additional Capital Contributions on a pari passu basis, until all of the Additional Capital Contributions have been paid in full; then, if any remains, for
 - (v) Repayment of each QOZB Member's yet unreturned Initial Capital Contribution (other than the Deemed Contribution) on a pari passu basis, until each QOZB Member's Initial Capital Contributions have been repaid in full; then, if any remains, for
 - (vi) Repayment of the Deemed Contribution until the Deemed Contribution has been repaid in full to HCP Development; then, if any remains, for
 - (vii) Payment as follows: (i) the adjusted QOZB Member sharing percentage to the QOZB Members pro rata in accordance with their respective aggregate Capital Contributions to the QOZB; and (ii) the adjusted HCP Leadership sharing percentage to HCP Leadership.
- (e) **Allocations of Profits and Losses.** Profits and losses of the QOZB will be allocated according to the procedures set forth in Article VII of the QOZB Operating Agreement. Allocations are designed to reflect the distributions of the QOZB to the QOZB Members. These allocation procedures are complex and investors should read them carefully.

10. **Additional Information regarding the Company.** In addition to the information above, in considering whether to invest in the Company, you should consider, without limitation, the following summaries of some of the key information regarding the Company. Any summary or discussion of terms of the Company in this Offering Letter is qualified in its entirety by the provisions contained in the Operating Agreement. Potential Members should read the Operating Agreement carefully.

- (a) **Fees and Expenses of the Company.** In addition to the fees and expenses set forth above and other fees and expenses discussed in this Offering Letter, the Company will be responsible for the following fees and expenses:

Organizational Expenses. The Company is responsible for any and all reasonable or necessary expenses incurred in organizing the Company, conducting this Offering and for

expenses relating thereto, including, without limitation, state registration fees, legal fees, consulting fees, accounting fees, printing fees and travel and related expenses.

Operating Expenses. The Company is responsible for its ordinary operating expenses, including, without limitation, administration fees, loan payments, brokerage commissions, legal fees, accounting and auditing fees at least annually for its tax returns, insurance, interest, taxes, and any and all extraordinary expenses of the Company (such as litigation), and any and all other reasonable or necessary expenses deemed appropriate for the Company as determined in the sole discretion of the Manager. In addition, the Company will be responsible for reimbursing the Manager and any agents for the Company for any out of pocket fees and expenses incurred by Manager or agents for the Company on behalf of the Company. Further, the Company will be indirectly responsible for the operating expenses of the QOZB, including, without limitation the Asset Management Fee and Loan Guarantee Fee and the SPV.

Other Fees. The Company may also pay, directly or indirectly, fees for advertising and marketing and fees to third-parties for development, management, administrative, brokerage and other services provided to the Company, such fees to be negotiated between the Company and third parties based upon prevailing market rates as determined by the Manager and the applicable third party. The Manager shall not cause the Company to pay any fees to affiliates of the Manager except as provided in the Operating Agreement.

The Manager believes the above fees and other expense arrangements in the aggregate are reasonable based upon the services being provided. By purchasing Membership Interests, Members are deemed to have consented to and approved the above fees and expenses.

- (b) **Distributions.** Distributions by the Company will be made to the Members as set forth in Sections 7.7 (relating to distributions of Operating Cash Flows) and 7.8 (relating to distributions of Excess Financing Proceeds and Net Proceeds from Disposition) of the Operating Agreement. A brief summary of the Company's distribution provisions, which is qualified in its entirety by the distribution provisions in the Operating Agreement, is provided below. Distributions made by the Company are expected to be derived primarily from the Company's receipt of distributions of operating cash flows of the QOZB and SPV derived from leasing of the Project's townhomes or proceeds from the Company's direct or indirect disposition of the Property.

Operating Cash Flow. Distributions from Operating Cash Flow will be distributed quarterly as determined by the Manager in its discretion in the following order:

- (i) For the repayment of debts and liabilities to third parties then due and payable; then, if any remains, for
- (ii) Repayment of each Member Loan, if any, including the Member Loan Interest; then, if any remains, for
- (iii) Repayment of each Member's yet unreturned Additional Capital Contributions on a pari passu basis, until all of the Additional Capital Contributions have been paid in full; then, if any remains, for
- (iv) Repayment of each Member's yet unreturned Initial Capital Contribution on a pari passu basis, until each such Member's Initial Capital Contribution has been repaid in full; then, if any remains, for
- (v) Payment to the Members in proportion to their respective aggregate Capital Contributions ever made to the Company.

Excess Financing Proceeds and Net Proceeds from Disposition. Distribution of the sum of the Excess Financing Proceeds plus the Net Proceeds from Disposition after repayment of all reasonable costs and expenses associated therewith, will be distributed by the Manager within thirty (30) days of the date of the receipt of the Excess Financing Proceeds or receipt of the Net Proceeds from Disposition as follows, in the following order:

- (i) For repayment of debts and liabilities to third parties then due and payable; then, if any remains, for
- (ii) Repayment of each Member Loan, if any, including the Member Loan Interest; then, if any remains, for
- (iii) Repayment of each Member's yet unreturned Additional Capital Contributions on a pari passu basis, until all of the Additional Capital Contributions have been paid in full; then, if any remains, for
- (iv) Repayment of each Member's yet unreturned Initial Capital Contribution on a pari passu basis, until each Member's Initial Capital Contributions have been repaid in full; then, if any remains, for
- (v) Payment to the Members in proportion to their respective aggregate Capital Contributions ever made to the Company.

- (c) **Allocations of Profits and Losses.** Profits and losses of the Company will be allocated according to the procedures set forth in Article VII of the Operating Agreement. Allocations are designed to reflect the distributions of the Company to its Members. These allocation procedures are complex and investors should read them carefully.

11. **Financial Overview of the Property.** The primary source of revenue for the QOZB, and therefore Company, will be from the Project. The primary source of revenue for the Project will be from rent payments. The most significant costs for the Project are projected to be development/construction costs and fees and maintenance and repair fees and expenses. Additional financial information regarding the Company and the Property is available on the Crowdstreet Offering Detail Page.

12. **Information regarding the Planned Development Community.** As noted above, the Project is expected to be part of an anticipated Planned Development Community.

- (a) **Covenants, Conditions and Restrictions.** The Planned Development Community, including the Property, is expected to be subject to a declaration of covenants, conditions, restrictions, easements, charges and liens and the establishment of a homeowner's association and sub-homeowner's associations (the "CCRs") to be negotiated between the Manager, on behalf of the Company in its capacity as manager of the QOZB, and the Seller. Under the CCRs, the Property and other owners in the Planned Development Community will be granted easement rights and shared rights of use of the amenities and common areas. As noted in Section 8(c) of this Offering Letter, the SPV will be responsible for sharing the costs of constructing and maintaining the amenities and common areas of the Planned Development Community on a pro-rata basis to be agreed upon between the Manager, on behalf the Company in its capacity as manager of the QOZB, and the Seller. Further, the following special terms are anticipated to be included in the CCRs:

- (i) The SPV will be subject to a restriction on selling the townhomes on the Property as single family townhomes until the earlier of (a) 3 years from the date of Substantial

Completion (as defined below)³ or (b) the date Seller conveys its last single family lot.

- (ii) The SPV will have the right to approve the initial manager of the Planned Development Community homeowners' association.
- (iii) Roadways, alleyways, stormwater retention ponds, utilities and other infrastructure described in the site plan of the Property shall be dedicated or made subject to easements to the Town of Garner as required by the site plan or dedicated as common area for the Plan Community Development.
- (iv) A homeowner's association for the Planned Development Community and a sub-homeowner's association for the Project will be established for governance over decisions related to common areas, architectural review and other matters customarily overseen by a homeowner's association.

Additional information about the CCRs is available upon request.

- (b) **Hudson IV Ownership of Portion of the Planned Development Community.** As discussed above, Hudson IV or its affiliates is expected to acquire approximately 17.5 acres of the Planned Development Community ("**Hudson IV Property**") that are adjacent to the Property following completion of certain infrastructure work on and off the Hudson IV Property. It is anticipated that Hudson IV will develop townhomes on the Hudson IV Property and that construction will begin on Hudson IV's Property after a certificate of occupancy has been obtained for each townhome in the Project ("**Substantial Completion**").

13. **Other Information regarding the Company.** In addition to the information above, in considering whether to invest in the Company, you should also consider the following summaries of some other key information regarding the Company. Any summary or discussion of terms of the Company in this Offering Letter is qualified in its entirety by the provisions contained in the Operating Agreement. Potential Members should read the Operating Agreement carefully.

- (a) **Capital Contributions.** At each Closing, each Member subscribing for Membership Interest at such Closing will deliver (in addition to the documents required under "*How to Subscribe*") 100% of its subscription amount as its respective Capital Contribution and will be required to designate that the portion, if any, that is an investment of Deferred Gains (as defined below).
- (b) **Percentage Interests.** After the Closing, each Member's percentage interest of the Company will be determined by dividing that Member's Capital Contribution by the total aggregate amount of Capital Contributions made by all of the Members.
- (c) **Use of Proceeds.** The Company will use the proceeds from this Offering to pay the fees and expenses of the Offering and contribute capital to the QOZB in exchange for QOZB Membership Interest, which contribution will be used to help pay to develop the Property and to pay fees and expenses attributable to the QOZB, including, but not limited to, the fees and expenses of Property Manager and operation of the Company.
- (d) **Additional Capital Calls.** In addition to the initial Capital Contribution payable at Closing, the Manager has the right to call for additional Capital Contributions from the Members as provided in the Operating Agreement. (See Article VI of the Operating Agreement). Failure of a Member to pay all or any portion of such additional Capital Contributions shall not be deemed a default, however, any Member that does not fund the additional Capital Contribution will have his or

³ The Company is also subject to restrictions on selling the Property as described in Section 8(d) of this Offering Letter and Section 8.4(a) of the Operating Agreement.

her Membership Interest diluted accordingly. Notwithstanding the foregoing, if the Manager, on behalf of the Company in its capacity as manager of the QOZB, determines that the Company requires funds in excess of the initial Capital Contributions to pay certain infrastructure obligations, provide working capital, and reserves, and the Manager or an affiliate of the Manager will make a loan to the QOZB for such funds upon the terms set forth the QOZB Operating Agreement ("**Manager Loan**").

- (e) **Leverage.** The Company will not have a loan to value ratio in excess of 75% or have a debt service coverage ratio in excess of 1.25 without the consent of a Majority in Interest of the Members.
- (f) **Tax Information and Reporting.** The Company will cause to be prepared, filed and distributed to each Member, at the expense of the Company, customary federal and state Company tax returns. In addition, the Company will deliver to Members quarterly financial reports and unaudited financial statements annually.
- (g) **Limitations on Transferability and Withdrawals.** Each potential investor will be required to represent that he or she is acquiring Membership Interests for investment and not with a view to distribution or resale, that such investor understands that Membership Interests are not freely transferable and, in any event, that such investor must bear the economic risk of investment in Membership Interests for an indefinite period of time because: (i) Membership Interests have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**") or applicable state securities laws; and (ii) Membership Interests cannot be sold unless they are subsequently registered or an exemption from such registration is available and such investor complies with the other applicable provisions of the Operating Agreement. Even if securities law exemptions are available and a transfer would be permitted under the Operating Agreement, no ready market now exists, nor can such a market be expected to exist, for the sale, transfer or other disposition of Membership Interests. Therefore, it should be anticipated that a Member will be required to bear the economic risk of its investment for an indefinite period of time.

Except for certain Permitted Transfers as set forth in the Operating Agreement, Members will be required to obtain the written consent of the Manager and Hudson IV prior to any transfer of Membership Interests. There are no specified circumstances relating to the granting or withholding of the required prior written consent of the Manager and Hudson IV. Accordingly, the Manager and/or Hudson IV may or may not consent to a request for approval to transfer Membership Interests. Further, the sale of Membership Interests may have adverse federal income tax consequences. Finally, prior to termination of the Company, Members will have no right to voluntarily withdraw from the Company or to demand repayment of their Capital Contributions.

- (h) **Side Letters.** The Operating Agreement authorizes the Company and the Manager to enter into side letters or similar agreements (each a "**Side Letter**") with any Member interpreting or altering the terms of the Operating Agreement as to such Member.

14. **Other Information regarding the QOZB.** In addition to the information above, in considering whether to invest in the Company, you should also consider the following summaries of some other key information regarding the QOZB. Any summary or discussion of terms of the QOZB in this Offering Letter is qualified in its entirety by the provisions contained in the QOZB Operating Agreement. Potential Members should read the QOZB Operating Agreement carefully.

- (i) **Percentage Interests.** Each QOZB Member's percentage interest of the QOZB will be determined by dividing that QOZB Member's capital contribution by the total aggregate amount of capital contributions made by all of the QOZB Members.

In the event the HCP Leadership elects to take the HCP Promote Election, each QOZB Member's percentage interest of the QOZB will be adjusted and determined by dividing the QOZB Member's capital contribution (including the Deemed Contribution) by the total aggregate amount of capital contributions made by all of the QOZB Members. Such election will dilute the Company's membership interest in the QOZB, which will dilute each Member's indirect interest in the Project.

- (j) **Additional Capital Calls.** The Manager, on behalf the Company in its capacity as manager of the QOZB, has the right to call for additional capital contributions from the QOZB Members as provided in the QOZB Operating Agreement. (See Article VI of the QOZB Operating Agreement). Failure of a QOZB Member to pay all or any portion of such additional capital contributions shall not be deemed a default, however, any QOZB Member that does not fund the additional capital contribution will have its QOZB Membership Interest diluted accordingly. Notwithstanding the foregoing, in the event the Manager, on behalf of the Company in its capacity as manager of the QOZB, determines that the QOZB requires funds in excess of the initial capital contributions during the initial construction of the townhomes on the Property, the Manager or an affiliate of the Manager will make a loan to the QOZB for such funds upon the terms set forth the QOZB Operating Agreement ("**HudsonCap Loan**").
- (k) **Limitations on Transferability and Withdrawals.** Except for certain permitted transfers as set forth in the QOZB Operating Agreement, QOZB Members will be required to obtain the written consent of the Company prior to any transfer of QOZB Membership Interests. There are no specified circumstances relating to the granting or withholding of the required prior written consent of the Company. Further, prior to termination of the QOZB, QOZB Members will have no right to voluntarily withdraw from the QOZB or to demand repayment of their capital contributions.
- (l) **Side Letters.** The QOZB Operating Agreement authorizes the QOZB and the Company to enter into side letters or similar agreements with any QOZB Member interpreting or altering the terms of the QOZB Operating Agreement as to such QOZB Member.

15. **Additional Information.** Additional information regarding the Company, the QOZB, the SPV, the Property, the Project, the PSA, the Planned Development Community and the anticipated Loan is available upon request.

16. **Subscription Process.**

- (a) **Eligible Investors.** Membership Interests are being offered to "accredited investors" within the meaning of Rule 501 under Regulation D under the Securities Act. The Company may impose other eligibility requirements upon prospective Members or may decline to accept all or part of the subscription of any prospective Member.
- (b) **How to Subscribe.** If you determine to purchase Membership Interests, then:
 - (i) You (and your spouse, if applicable) will be required to complete and execute (a) a Subscription Agreement, a copy of which is attached hereto as **Exhibit C**, and (b) a signature page to the Operating Agreement (included with the Subscription Agreement); and
 - (ii) You will be required to deliver or wire transfer your Initial Capital Contribution and deliver your executed Subscription Agreement and signature page to the Operating Agreement to the Company on or before the applicable Closing.

The Membership Interests are being sold by the Company by utilizing the online commercial real estate investing platform Crowdstreet, Inc. ("Crowdstreet"). The Company will

pay Crowdstreet a fee in an amount estimated to be approximately \$60,000 annually and \$600,000 in the aggregate over the life of the Company, assuming the Company survives for 10 years, but will vary based on the total number of investors in and the lifespan of the Company. Additionally, the Manager understands that Crowdstreet, through an affiliated entity, may also purchase Membership Interests in the Offering and be a Member of the Company or purchase QOZB Membership Interest and be a QOZB Member.

IMPORTANTLY, CROWDSTREET, INC. IS NOT A REGISTERED BROKER, DEALER, INVESTMENT ADVISER OR FUNDING PORTAL AND DOES NOT PERFORM ANY ACTIVITIES OF A BROKER, DEALER, INVESTMENT BANKER, OR INVESTMENT ADVISER, INCLUDING, BUT NOT LIMITED TO, SOLICITING INVESTORS, PROVIDING INVESTMENT ADVICE OR RECOMMENDING THE PURCHASE OF THE UNITS THAT ARE THE SUBJECT OF THIS MEMORANDUM. FURTHER, CROWDSTREET'S POSTING OF THE OFFERING DOCUMENTS ON THE CROWDSTREET MARKETPLACE DOES NOT CONSTITUTE CROWDSTREET'S APPROVAL, ENDORSEMENT, OR SUITABILITY OF THIS OFFERING.

17. **Enclosed Supplemental Information.** In order to assist you in determining whether you would be interested in investing in Membership Interests, enclosed please find:

- Exhibit A – Operating Agreement for the Company
- Exhibit B – Biographies of Manager's Personnel
- Exhibit C – Subscription Agreement

The above information represents certain information and documents that the Manager, in its judgment, thought you would be particularly interested in reviewing. Because the above documents may not provide all of the information concerning the Company, the Manager, or the Property, this will confirm that the Manager is available to answer all questions relevant to, and will make available to you books and records of the Company, the limited liability company agreement of QOZB and other agreements and information that you reasonably request in writing in connection with, your consideration of an investment in Membership Interests.

18. **Opportunity Zone.**

As noted above, the Company plans to be a vehicle to facilitate investment in the OZ Program. The Company will elect to be treated as a "qualified opportunity fund" within the meaning of section 1400Z-2(d)(1) of the Code and will accept capital contributions of eligible gains realized in a particular year. Investors seeking OZ Tax Benefits and investors not seeking to claim OZ Tax Benefits will invest directly in the Company.

The OZ Program was established by Congress in the Tax Cuts and Jobs Act of 2017 (the "**2017 Tax Act**") as an innovative approach to incentivize long-term private sector investments in low-income, economically distressed communities. The goal of the program is to economically revitalize underserved markets and create jobs. Under the OZ Program, eligible investors with eligible capital gains ("**OZ-Eligible Investors**") may defer eligible capital gains by investing those gains in a QOF (the amount so invested, the "**Deferred Gain**"). The QOF must then invest at least ninety percent (90%) of its cash in a "qualified opportunity zone property," as defined under Code Section 1400Z-2(d)(2) ("**QO Zone Property**"), located in "qualified opportunity zones," as defined under Code Section 1400Z-1 (a "**QOZ**" or "**Opportunity Zone**"). QO Zone Property is property which is either: (i) "opportunity zone stock"; (ii) "opportunity zone partnership interests" or "QOZ Interests"; or (iii) "qualified opportunity zone business property" or "QO Zone Business Property." For an interest in a partnership to qualify as a QOZ Interest, at least 70% of the property of the partnership must be QO Zone Business Property. To qualify for deferral of the Deferred Gain, a U.S. taxable investor must reinvest the eligible gains into a QOF within 180 days of the date on which the gain from the sale or exchange that produced such gain would be recognized by the investor for federal income tax

purposes. The U.S. Department of the Treasury has certified over 8,760 individual census tracts across all 50 states, six territories, and the District of Columbia as Opportunity Zones.

Generally, an eligible investor will be able to defer recognition of eligible gains until the earlier of the date of disposition of its interest in a QOF or December 31, 2026 (unless Congress alters such deadline).

In addition, if an OZ-Eligible Investor holds an investment in the QOF for at least ten years, then the OZ-Eligible Investor may elect to permanently exclude from federal taxable income all appreciation on the value of the OZ-Eligible Investor's interests in the QOF.

Because the OZ Program has only been in existence since December 2017, additional legislation and regulatory guidance may be required to clarify certain areas of the program. On April 6, 2020, the Treasury Department issued final regulations (the "**Final Regulations**") dealing with some of the many issues posed by the inconsistencies and vagaries of the legislation enacting the OZ Program. Further, the Internal Revenue Service ("**IRS**") has issued, and may issue further, guidance as to key areas of the OZ Program. That said, many aspects of the OZ Program remain subject to further clarification and could change as a result of future legislation. See "Risk Factors - Risks Relating to the OZ Program."

The Company intends to operate in a manner so that that OZ Tax Benefits will be available to OZ-Eligible Investors. In order for the Company to be treated as a QOF, and the QOZB to be treated as a QO Zone Business, the Company and the QOZB must meet a number of requirements relating to the acquisition, improvement and use of the Property.

There is no guarantee that Investors will realize the OZ Tax Benefits outlined in this Offering Letter, and if unfavorable legislation, regulations or guidance is enacted, issued or released, then the Company may not qualify as a QOF, the QOZB may not qualify as a QO Zone Business, and the Property may not qualify as QO Zone Property, and OZ-Eligible Investors may be disqualified from receiving any of the OZ Program's tax benefits.

19. Risk Factors.

An investment in Membership Interests is highly speculative in nature and involves a high degree of risk. There is no assurance that the business of the Company, the QOZB, the SPV, or the Project will be successful. You must be able to bear the economic risk of this investment for an indefinite period of time and to afford the complete loss of your investment. Therefore, you should consider very carefully the risks and speculative factors inherent in and affecting the Company, the QOZB, the SPV, and the Project as well as all of the other matters set forth elsewhere in this Offering Letter. In addition to the risks described above, certain of these risks and speculative factors are described below.

Risks of Investing in Membership Interests of the Company Generally:

General. All investments involve a risk of financial loss. No assurance can be given that the Company, the QOZB, the SPV, or the Project will be successful or profitable, and investors may lose money up to the amount of their entire investment in the Company.

Limited Operating History; Management of the Company. The Company is newly formed and has a very limited operating history. Members will be entrusting the management of the Company exclusively to the Manager. Although the Manager and its affiliates have prior experience in operating and managing real estate and real estate funds, potential investors should consider the Manager's experience and operating history when considering an investment in the Company. Members will generally have no control over the business and management of the Company. Management responsibility of the Company is vested in the Manager by the terms of the Operating Agreement. Subject to certain limited exceptions as set out in the Operating Agreement, all decisions regarding management of the Company's affairs will

be made exclusively by the Manager or Manager's designee, and not by any of the Members. Members have very limited voting rights under the Operating Agreement. Consequently, an investor should not become a Member unless it is willing to entrust management of the Company to the Manager. The Company makes no representation or warranty as to the future skills of the Manager in successfully performing any of its tasks. The Manager may only be removed as manager of the Company under certain limited circumstances set forth in the Operating Agreement, which means that it will be extremely difficult to remove the Manager.

Limited Operating History; Management of the QOZB. The QOZB and the SPV are newly formed and have very limited operating histories. While the Manager has experience investing in, managing, and administering companies like the QOZB and the SPV, potential investors should consider that the QOZB's and the SPV's have a very limited history when considering an investment in the Company. Members will have no control over the management of the business activities or affairs of the QOZB. Subject to certain limited exceptions as set out in the QOZB Operating Agreement and Operating Agreement, all decisions regarding management of the QOZB's affairs will be made by the Manager on behalf of the Company in its capacity as manager of the QOZB. Consequently, an investor should not become a Member unless it is willing to entrust management of the QOZB to the Manager, as manager of the Company. The Company makes no representation or warranty as to the future skills of the Manager in successfully performing any of its tasks.

Speculative Investment. No assurance can be given that the QOZB or the Company will realize its business objectives. No assurance can be given that an investor will realize any return on an investment in Membership Interests, and investors may lose money up to the amount of the investor's entire investment in Membership Interests. For this reason, prospective investors should carefully read this Offering Letter and the information delivered herewith. Prospective investors are encouraged to consult with an attorney and/or business advisor prior to making an investment in Membership Interests.

Illiquid and Long-Term Investments. An investment in Membership Interests requires a long-term commitment with no certainty of return. The Company's investment in the QOZB and indirect ownership in the Property, will be highly illiquid, and there can be no assurance the Company will be able to realize on such investment in a timely manner, if at all. Although leases from the Project are expected to generate current income for the Company, it is generally expected that a realization of the Company's entire investment in the Project will not occur for a number of years, if at all. In addition, under the CCRs the SPV will be restricted from selling the townhomes on the Property as single family townhomes for three (3) years from the date of Substantial Completion or until the date the Seller conveys its last single family lot, whichever is earlier. Further, if the Company should decide to sell its interest in the Project, there is no assurance that the Manager will be able to dispose of such interest in the Project in a desired time period or at a desired value, if at all.

Lack of Diversification. The Company will hold a single investment, membership interest in the QOZB, and the QOZB will hold a single investment, the Project, and neither the Company nor the QOZB will not hold diversified assets. Accordingly, prospective investors should not expect that an investment in Membership Interests will provide the benefits of a reduction in risk inherent in holding a well-diversified portfolio of assets. Because the Company's performance will be virtually entirely dependent on the performance of the Project, difficulties, problems or losses with respect to the Project, the Planned Development Community or any regional or economic events that affect the Project, will have a substantial, adverse effect on the Company's performance. As a result, prospective investors should consider an investment in Membership Interests to be subject to greater risk because the Company will not be diversified.

Liability of Manager. The Operating Agreement provides that Manager and its partners, officers, directors, shareholders, members, managers, employees, agents, and affiliates are not liable to a Member or the Company for honest mistakes of judgment, or action or inaction, taken reasonably and in good faith for a purpose that was believed to be in the best interests of the Company or for losses due to such mistakes, action or inaction, or for the negligence, dishonest, or bad faith of any employee or other agent, provided such employee or agents was selected, engaged, or retained and supervised with reasonable

care by the Manager. Notwithstanding the foregoing, the Operating Agreement does not relieve any such person of liability by reason of gross negligence, recklessness, or intentional wrongdoing or to the extent that such liability may not be waived, modified, or limited under applicable law.

Indemnification of Manager. The Operating Agreement provides that the Company will indemnify and hold harmless the Manager and its partners, officers, directors, shareholders, members, managers, employees, agents, and affiliates (each, an “**Indemnified Party**”) against any and all expenses (including attorneys’ fees), judgement, fines and amounts paid in settlement actually and reasonably incurred by the Indemnified Party in connection with any action, suit or proceeding if the Indemnified Party acted in good faith and in a manner the Indemnified Party reasonably believed to be in, or not opposed to, the best interests of the Company. Accordingly, indemnification of any such parties would be a direct expense of the Company.

Amount and Current Payment of Distributions. There is no assurance that the Company will be able to pay distributions to Members. The ability of the Company to make distributions will depend on the success of the QOZB and the Project and other factors. Information provided herein and in any financial projections provided by the Manager is based on assumptions by the Manager that may or may not be correct, and any of which are subject to change.

Conflicts of Interest. The Company is subject to various conflicts of interest arising out of its relationship with the Manager and Manager’s affiliates. Because the Company was organized by and is being operated and will continue to be operated by the Manager, these conflicts have not and will not be resolved through arm’s length negotiations between disinterested parties, but through the exercise of the Manager’s judgment consistent with its obligations and responsibilities to the Company. Similarly, the QOZB will be subject to various conflicts of interest arising out of its relationship with Manager and its affiliates. Because the QOZB will be operated by the Company, these conflicts will not be resolved through arm’s length negotiations between disinterested parties, but through the exercise of Manager’s judgment, as manager of the manager (the Company) of the QOZB, consistent with the Company’s fiduciary responsibilities to the QOZB. Likewise, the fees to be paid to the Manager or any of its affiliates, including, without limitation, HCP Leadership and HCP Development (affiliates of the Manager through common ownership), and the terms regarding the payment by the QOZB and the Company for all costs and expenses associated with the QOZB or the Company, as applicable, have not been and will not be the subject of arm’s length negotiations. In addition, as discussed above:

- For its services as developer of the Property, HCP Development will be entitled to receive a development fee pursuant to the Development Agreement. HCP Development has waived its development fee, and instead, be deemed to have made an in-kind contribution to the QOZB in the form of the Deemed Contribution, subject to the terms and conditions of the Development Agreement and QOZB Operating Agreement. As a result, it is anticipated that HCP Development will receive an approximately 11% Membership Interest in the QOZB. HCP Development is affiliated with the Manager through common ownership.
- The existence of the Manager and its affiliates, including HCP Leadership and HCP Development, receiving distributions may create an incentive for the Manager to make more speculative decisions regarding the operation of the QOZB, the Company, or the Property than it would in the absence of such a compensation arrangement.
- If HCP Leadership elects to take the HCP Promote Election, HCP Leadership will be deemed to have made an additional capital contribution to the QOZB thereby increasing its membership interest in the QOZB and diluting the other QOZB Members, including, the Company.
- The Manager will receive a Loan Guarantee Fee for the Manager or an affiliate of the Manager guaranteeing any Subsequent Loan.

- The QOZB will repay a portion of the Bridge Loan using capital contributions it receives from the Company and other Members.
- The Manager will receive the Asset Management Fee from the QOZB upon the SPV obtaining certificates of occupancy for the Project.
- Hudson IV and its affiliates will own and manage the Hudson IV Property, adjacent to the Property. It is anticipated that Hudson IV will develop townhomes on the Hudson IV Property, which townhomes will compete with the Project for tenants and any sales. However, Hudson IV Property will not be developed until Substantial Completion of the Project.
- In the event the Company sells the Property to an affiliate of the Manager the Property will be sold at fair market value as determined by appraisal(s) as described in Section 8.16(e) of the Operating Agreement and Section 8.16(f) of the QOZB Operating Agreement, and the Manager shall have the ability to elect one or more of the appraisers.

The terms of each of these arrangements represent a conflict of interest and have not been resolved through arm's length negotiations between disinterested parties.

In addition, the Manager and Manager's affiliates, including, without limitation, Hudson IV, HCP Leadership, and HCP Development, are engaged in various aspects of the real estate investment, development and management business, including without limitation the acquisition, development, transfer and sale of interests in real property for their own account and for the account of others, either individually or through ventures or partnerships with other persons or entities. It is likely that some of these properties and activities will be competitive with Project. Prospective investors should anticipate that such activities relative to prior, concurrent and future commitments will continue during the life of the Company and, as a result, could possibly create conflicts of interest among the Company and the Manager.

Each of the foregoing represents conflicts of interest for the Manager and its affiliates and subjects the Company and/or the QOZB to the risk that the Manager will not, or will not, be able to navigate such conflicts of interest without any disadvantages or adverse effects to the Company and/or the QOZB. While the Manager believes the above fees and other expense arrangements in the aggregate are reasonable based upon the services being provided, it is possible that another party might be willing to provide certain services at lower fees.

By purchasing Membership Interests, Members are deemed to have acknowledged the existence of the above actual or potential conflicts of interest and to have waived any claim with respect to liability arising from the existence of any such conflicts of interest.

Liability of Members. Under Delaware law, Members, could, under certain circumstances, be required to return distributions made by a Company to satisfy unpaid debts of such Company that were in existence at the time the distributions were made. Additionally, under the terms of the Operating Agreement, if a Member is advised of the terms of a loan guaranty provided by the Manager or an affiliate of the Manager, the Member could be liable if the Member causes a guarantor to breach any covenant in the loan guaranty. Otherwise, Members generally are not liable for the debts and obligations of the Company beyond the amount of the Capital Contributions they have made or are required to make under the Operating Agreement and the Company generally is not liable for the debts and obligations of the QOZB beyond the amount of capital contribution the Company has made or is required to make to the QOZB under the QOZB Operating Agreement.

Additional Capital Calls. Under the terms of the Operating Agreement the Manager may call additional capital from the Members in certain circumstances. In the event a Member fails to meet such capital call such Member may be subject to the adverse consequence as set forth in the Operating Agreement. Under the terms of the QOZB Operating Agreement, the Company, in its capacity as manager of the QOZB, may call additional capital from the QOZB Members. A call for additional capital by the QOZB

may result in a capital call for the Company. The Company's failure to meet its capital call obligations under the QOZB Operating Agreement may subject the Company (and indirectly the Members) to adverse consequences as set forth in the QOZB Operating Agreement. Prospective investors are encouraged to review the Operating Agreement and QOZB Operating Agreement, especially the provisions regarding capital calls, with their legal counsel.

Agreements Not Final. Certain key agreements including the construction agreement, loan documents, and CCRs are not final as of the date of this Offering Letter. Although Manager expects these agreements to be finalized substantially as described herein, they have not yet become effective and terms and conditions may change. In addition, although the Manager expects the terms of the Loan to be substantially as set forth above, the lender may require changes to the terms prior to the closing of the loan. Accordingly, investors must depend on the Manager to negotiate and finalize these agreements on terms and conditions as Manager deems necessary or appropriate for the Company.

Additional Closings. Under the terms of the Operating Agreement the Manager is allowed to admit additional Members to the Company and therefore may raise additional capital for the Company through additional offerings. In the event of an additional offering, existing Members' Membership Interests in the Company may be diluted by the subsequent issuance of additional Membership Interests in the Company. Neither the Company nor the Manager is obligated or required to conduct or obtain a valuation or appraisal of the current value of the additional Membership Interests being offered and sold. Therefore, it is possible the Company will not be paid the fair value for the additional Membership Interests sold.

Forward-Looking Statements. Forward-looking statements prepared by the Company, the QOZB, or the Manager (or its affiliate) have not been reviewed, analyzed or otherwise passed upon by the Company's legal counsel or accounting firm. Such "forward-looking" statements are based on various assumptions of the Company or the QOZB, which assumptions may not prove to be correct. Accordingly, there can be no assurance that such assumptions and statements will accurately predict future events or the Company's or the QOZB's actual performance. In addition, any projections and statements, written or oral, which do not conform to those contained in this Offering Letter, should be disregarded. No representation or warranty can be given that the estimates, opinions or assumptions made herein or in any other materials prepared by the Manager or its affiliates will prove to be accurate. Any projections and forward-looking statements included in this Offering Letter and all other materials or documents supplied by the Manager or its affiliates should be considered speculative and are qualified in their entirety by the information and risks disclosed in this Offering Letter. Actual results for any period may or may not approximate such forward-looking statements. Prospective investors are advised to consult with their own independent tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. No representations or warranties whatsoever are made by the Manager or its affiliates or any other person or entity as to the future profitability of the Company, the QOZB, the Property, or the Project or the results of making an investment in the Company.

Failure to Meet Financial Projections. The Manager (or its affiliate) has prepared certain financial projections using estimates of revenues and expenses, and other factors considered reasonable by the Manager, based on the experience of the Manager. The Company, the QOZB, and the Manager will have little or no control over whether many of the estimates or assumptions prove to be accurate. Accordingly, such financial projections are subject to variations that may be material and are only an informed estimate based upon currently available information about the factors considered. No assurance can be given that the projected financial results can be achieved, or that the Company, the QOZB, or the Project will be profitable.

Limited Additional Sources of Funds. The Manager has budgeted, and will budget, funds for working capital and contingencies. However, the sum of the aggregate capital contributions and the cash flow from operations may not be adequate for working capital needs and contingencies. The unavailability of additional funds to meet obligations could result in significant adverse economic and tax consequences to the Members, including consequences arising from a forced sale or foreclosure of the Project.

Loss on Dissolution and Termination. In the event of dissolution or termination of the Company, the proceeds realized from the liquidation of the assets of the Company will be distributed among the Members, but only after the satisfaction of the claims of third-party creditors of the Company, including lenders (if any) and certain other claims and fees owed by the Company, including, without limitation any fees owed to the Manager or Manager's affiliate. The ability of a Member to recover all or any portion of such Member's investment under such circumstances will accordingly depend on the amount of net proceeds realized from such liquidation and the amount of claims to be satisfied therefrom. There can be no assurance that the Company will recognize gains on such liquidation.

Assumption Risks. The budget, projections and other financial information enclosed herewith or provided to investors and/or Members from time to time may be based on assumptions as to future events that are subject to interpretations and change. The projections should be viewed solely as an attempt by the Manager to estimate the results that might be achieved should all of its assumptions be realized. No assurances can be given that projected results will be achieved. Projections are subject to substantial risks and liabilities covering substantial periods of time and in certain circumstances some of the assumptions will be somewhat arbitrary because of the impossibility of making meaningful and precise assumptions, estimates and forecasts, particularly as to interest rates, operating expenses and insurance costs, all of which may be higher or lower than expected.

Additional Terms. The Manager, on its own behalf or on behalf of the Company, and without obtaining the consent of any other Member, may enter into a Side Letter with a Member which has the effect of establishing rights under, or altering or supplementing the terms of, the Operating Agreement or of any subscription agreement entered into by the Member in connection with its admission as a member of the Company; provided, however, that no such Side Letter shall, in the Manager's reasonable and good faith determination, adversely and materially affect the rights, privileges and powers of the other Members under the Operating Agreement. Likewise, the QOZB Operating Agreement allows for Side Letters to be given its members. No notice of any such Side Letter or the terms contained therein is required to be given to any Member or prospective investor.

Multiple Levels of Fees and Expenses. Each Member through its membership in the Company will indirectly bear its proportionate share of certain fees and expenses of the Company. In addition, the Company through its membership interest in the QOZB will indirectly bear its proportionate share of the fees and expenses of the QOZB. Further, the QOZB through its ownership interest in the SPV will indirectly bear the fees and expenses of the SPV.

No Current Valuation. The Offering is being conducted without obtaining a current and updated valuation or appraisal of the Company, the QOZB, or the Property. Accordingly, investors will have very limited information, if any, to make a thorough evaluation of the Company's current value and the current value of an investment in Membership Interests.

Risks Relating to the Project and the Property:

Success of the Company Depends on the Project. Because the Company intends to invest only in the Project, the success of the Company will depend almost entirely on the success of the Project. Accordingly, investors should consider very carefully the risks and speculative factors in and affecting the Project, some of which are set forth below.

General Risks of Investing in Real Estate. The QOZB and the Company are subject to all the risks inherent in investing in real estate. These risks include, without limitation: general and local economic and social conditions; neighborhood values and the adverse use of adjacent or neighboring real estate; perceptions of the safety, convenience and attractiveness of the Project and the neighborhood in which it is located; competition from competing properties and fluctuations in supply and demand of similar properties in the area; changes in tax, zoning, building, environmental and other applicable laws; real property tax rates; changes in interest rates; governmental actions; fluctuation of real estate values; the unavailability or limited availability of credit that may render the sale of the Project difficult or unattractive; calamities; and acts of bad faith. Such risks also may cause fluctuations in operating expenses, which

could adversely affect the value of the Project, the QOZB's ability to pay distributions to the QOZB Members, and the Company's ability to pay distributions to Members. The limited liquidity of real estate investments may impair the QOZB's, and therefore the Company's, ability to react quickly to the foregoing risks. There can be no assurance of profitability for the Project; accordingly, the business of the QOZB, and therefore the Company, may not be successful.

Lower income than projected could result in the need for the QOZB or the Company to sell the Project or raise additional equity in order to service payments required under a loan, or the QOZB may need to make calls for additional capital contributions which would require the Company to make further contributions to the QOZB and Members to make further contributions to the Company or be diluted, and the operations of the QOZB and the Company may be adversely affected. Moreover, while the Manager generally intends to cause for insurance to be purchased to cover casualty losses and general liability with respect to the Project, such insurance may not be available, may be available only at prohibitive costs, or may be insufficient to cover losses from ongoing operations and other risks such as earthquakes, floods, environmental contamination, or terrorism. If any of these risks materialize, it may adversely affect the QOZB's business, and therefore adversely affect the Company.

Risks Relating to Development and Construction on the Property. The QOZB's and the Company's plans involve undertaking a development program to construct new improvements on the Property. The proposed construction and development activities involving the Property may be exposed to risks, including but not limited to: (i) inability to obtain or delays in obtaining necessary building, occupancy, and other required governmental permits and authorizations which could result in delays in the ability to begin leasing the Property; (ii) construction and development costs for the Property that exceed original estimates due to increased materials, labor or other costs, which could make completion of the work uneconomical; (iii) inability to complete construction and/or lease the Property on schedule and meet financial goals; (iv) inability to meet profitability goals for the Property because occupancy rates, rents and/or sales prices may fluctuate depending on a number of factors, including market and economic conditions; and (v) the costs of maintaining, improving or upgrading the Project, may exceed original estimates and the QOZB may be unable to increase rental rates and/or the selling price that would compensate for these increases in costs. If any of these risks materialize, it may adversely affect the QOZB's business, and therefore adversely affect the Company.

Risks Relating to the Planned Development Community. The Property is intended to be part of the Planned Development Community. It is anticipated that additional housing, including single family housing and townhomes (in addition to the townhomes on the Property), will be developed and constructed in the Planned Development Community, along with the development and construction of various amenities for the benefit of Planned Development Community, including the Project. In the event the Planned Development Community is not developed and successfully completed as anticipated, the Project and the value of the Property could be negatively impacted. Further, the terms and restrictions in the CCRs could restrict or limit the QOZB's ability to make changes to the Project or sale all or portions of the Project at such times and in such manner as the Company, in its capacity as manager of the QOZB, may desire or wish. Any of these events will adversely affect the QOZB which will adversely affect the Company.

Risks Related to the Seller. The Seller and/or its affiliates will own approximately 85 acres of the Planned Development Community, which property will include single family homes that will compete with the Project. Additionally, Seller is anticipated to be engaged as the general contractor for all the phases within the Planned Development Community, including, without limitation, the townhomes on the Property, the amenities, common areas, and other infrastructure for the Planned Development Community. Since Seller is an owner of a portion of the Planned Development Community and will be the general contractor for the Planned Development Community, Seller may be incentivized to focus and prioritize the development of the Seller's property prior to the Property. In an effort to mitigate this conflict, the Property is the first phase to be permitted for construction pursuant to the Major Subdivision Plan. Further, the Major Subdivision Plan requires delivery of the clubhouse and amenity center prior to development of later phases of the Project, including Seller's property. Under the Major Subdivision Plan, the Property can be built and developed without the completion of the clubhouse and amenity center. However, failure of Seller to perform its role as general contractor for any reason would present a significant impediment to the success of the

Planned Development Community and Property. If the Seller is unable or unwilling to perform the necessary general contractor services for the Planned Development Community or the Property, the QOZB would need to seek to find a replacement, which may be difficult to accomplish.

Leases, Renewal of Leases and Reletting of Space. The QOZB's, and therefore the Company's, success will depend in large part on tenants of the Project and competing with other single family home and townhome communities to find and retain tenants. The QOZB, and therefore the Company, will be dependent upon the tenants meeting their obligations under their leases. Accordingly, any event or condition that causes any tenant to be unable or unwilling to meet its obligations under their lease will have an adverse effect on the QOZB, and therefore the Company's, success. If a tenant defaults under its lease, exercises an early termination right or does not elect to renew its lease, the success of the QOZB, and therefore the Company, may depend on its ability to relet the space. In such a case, the Project will compete with numerous alternatives in attracting tenants. Competitive real estate alternatives in a particular area and the affordability of alternatives caused by declining real estate prices and historically low interest rates could adversely affect the Project's ability to retain tenants, lease vacant space and increase or maintain rents.

The QOZB, and therefore the Company's, success will depend on the ability of the property manager and/or leasing agent, if any, to secure new and viable tenants for the Project. No assurance can be given that the property manager or leasing agent, if any, will succeed in attracting or renewing these tenants. If the property manager or leasing agent are unable to lease, promptly re-let or renew a lease, if the rental rates upon such renewal or reletting are significantly lower than expected rates or if its reserves for these purposes proved inadequate, then the QOZB's cash flow and ability to make distributions may be adversely affected, which will adversely affect the Company's ability to make distributions.

Market and Economic Risk. Market and economic conditions in the Garner, NC metropolitan statistical area may also significantly affect occupancy levels and lease rates and therefore profitability. In general, factors that may adversely affect market and economic conditions include the following:

- the economic climate, which may be adversely impacted by a reduction in jobs, industry slowdowns and other factors;
- local conditions, such as oversupply of, or reduced demand for multi-family residential housing communities;
- declines in business formation or growth;
- laws regulating real estate, which could prevent the SPV from raising lease rates to offset increases in operating costs;
- competition from alternatives and changes in market rental rates; and
- the Federal Reserve Board raising interest rates.

The realization of any of these factors would adversely affect the QOZB, and therefore the Company's, ability to achieve desired operating results and the ability of the Company to make distributions to its Members.

Current Market Conditions. Certain market events can increase volatility and exacerbate market risk, such as changes in governments' economic policies, political turmoil, environmental events, and epidemics, pandemics or other public health issues. For example, the novel coronavirus disease (COVID-19) resulted in closing borders, quarantines, cancellations, disruptions to supply chains and business and customer activity, as well as general concern and uncertainty, thus causing significant disruptions to global and domestic business activity and financial markets, the broad effects of which are currently difficult to assess. Turbulence in financial markets, and reduced liquidity in equity, credit and fixed income markets, could negatively affect the Property, including, without limitation, adversely impacting the availability of credit, the cost of construction, and the ability of tenants to make timely rental payments.

Dependence on HCP Development. A critical component of the success of the Project is the Company's reliance on HCP Development and its executive management team to help with the development of the Property. Should HCP Development be unable to continue providing its services to the

SPV for any reason, including the unavailability of a key personnel, the QOZB would need to seek to find qualified replacement personnel, which may be difficult to accomplish.

Dependence on the Manager. The success of the Company will depend on the Manager's management and oversight of the business activities and affairs of the Company. If the Manager is unable or unwilling to continue serving as the manager, the members of the Company would need to seek to find a replacement, which may be difficult to accomplish.

Counterparty Risk. The Property is expected to have several agreements with others that provide financing, construction, operation and maintenance, and other services. The failure of any such counterparty due to its own management, financial, operating, or other deficiencies, all of which may be outside the QOZB's, the Company's, and the Manager's control, can materially and adversely affect the QOZB's, and therefore the Company's, operations and financial results. The QOZB and the Company have little ability to address problems resulting from performance failures by others. Further, any counterparties inability to fulfill their obligations could result in a material adverse impact on the QOZB's business, financial condition, results of operations and cash flows and therefore adversely affect the Company.

Sales Competition. When it becomes time to dispose of the Project or the individual townhomes in the Project, the QOZB will experience competition for real property sales from individuals, corporations and other entities engaged in real estate investment activities, some of whom may have greater financial resources than the QOZB and the Company and may be able to offer competitive properties at a lower price than the QOZB can offer. Further, competition from similar properties, including other properties in the Planned Development Community, may drive down demand for the Project or the townhomes in the Project, which could have a negative effect on the market value of the Project or townhomes in the Project. If the QOZB is unable to promptly sell the Project or townhomes in the Project when desired, or if sales prices are significantly lower than expected values, then the QOZB, and therefore the Company's, results will be adversely affected, and the Company's ability to make distributions to Members would be reduced.

Unanticipated Capital Requirements. The QOZB and the Company will estimate the expenses and reserves necessary to repair, maintain and improve, operate, rent and eventually dispose of the Project. These estimates may prove inaccurate and the QOZB, and therefore the Company, may need to obtain additional capital to meet its needs. Unanticipated capital requirements could result from, among other things, carrying costs being greater than estimated, decreases in anticipated rental income, greater than estimated capital improvement costs or repair expenses exceeding projections, and other items exceeding estimates. There can be no assurance that additional capital will be available to the QOZB or the Company if additional capital needs arise.

Illiquidity of Real Estate Investments. Because real estate investments are relatively illiquid, the ability of the QOZB to respond to adverse changes in the performance of its investments could have an adverse effect on the QOZB, and therefore the Company's, financial condition and results of operations and therefore the Company's ability to meet its payment obligations.

Risk of Terrorism. Terrorist attacks in the United States, especially in metropolitan areas, have increased in recent decades. The Property may be directly or indirectly affected by a terrorist attack. Such an attack could have a variety of adverse consequences for the QOZB, and therefore the Company, including risks and costs related to the destruction of property, inability to use the Property for its intended use for an extended period, decline in rents achievable or property value, and injury or loss of life, as well as litigation related thereto.

Uninsured Loss. The Property is expected to carry comprehensive liability, fire and other insurance on the Property, with policy specifications and insured limits that the QOZB believes is adequate and appropriate under the circumstances. There are, however, certain types of losses that are not generally insured because it is not economically feasible to insure against such losses. Should an uninsured loss or a loss in excess of insured limits occur the QOZB, and therefore the Company, could lose its capital invested in the Property, as well as the anticipated future revenue from the Project. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

Natural Disasters. Natural disasters, including, without limitation, fires, floods, earthquakes, tornados or hurricanes, may cause damage to property and lives and may have substantial adverse economic consequences for affected regions and surrounding areas. As indicated above under “Uninsured Loss”, the QOZB is expected to secure or arrange for the purchase of insurance for the Property; however, losses resulting from natural disasters and other events that cause damage to real estate located on or near the Property may not be covered or may not be fully covered by the Property’s insurance, either because it was not secured, was not available, or was not economically feasible. Further, a natural disaster may cause the QOZB, and therefore the Company, to suffer additional losses unrelated to the direct damages to the Property, including, without limitation, the loss of the Property’s accumulated appreciation or goodwill, losses due to the QOZB’s inability to capitalize on financial opportunities with respect to the Property or a reduction in, or a complete loss of, the Property’s revenue due to interruptions or declines in its business (e.g., operations and/or rental income). If the Property suffers such losses, such losses may adversely impact the QOZB, and therefore the Company’s, ability to generate revenues and profits.

Environmental Matters. Under various federal, state and local laws, ordinances and regulations, an owner and operator of real property may be liable for the costs of removal or remediation of certain hazardous substances released or located on its property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. The presence of such substances, or the failure to properly remediate such substances, when released, may adversely affect the owner’s ability to sell such real estate or to borrow using such real estate as collateral. In addition to clean-up actions brought by federal, state and local agencies, the presence of hazardous waste at the Project could result in personal injury or similar claims by private plaintiffs. Any hazardous substance contamination at the Project could adversely affect the QOZB, and therefore the Company, and an extreme case could result in a total loss with respect to the Project.

Risk of Mold Contamination in Real Estate. Mold contamination has been linked to a number of health problems in the United States, resulting in recent litigation by tenants seeking various remedies, including damages and ability to terminate their leases. Several insurance companies have reported a substantial increase in mold related claims, causing a growing concern in the real estate community that real estate owners might be subject to increasing lawsuits regarding mold contamination. No assurance can be given that a mold condition will not arise on the Project in the future, with the risk of substantial damages, legal fees and possibly loss of tenants. It is unclear whether such mold claims would be covered by the customary insurance policies obtained by the QOZB or applicable third party manager managing the Project.

Compliance with the Americans with Disability Act. The Project will need to be in compliance with the Americans with Disabilities Act of 1990 (the “**ADA**”). Therefore, the Project will be required to pay for improvements to effect compliance with the ADA. Under the ADA, public accommodations must meet certain federal requirements related to access and use by disabled persons. To comply with the ADA requirements, the Project could be required to make additional improvements at significant cost, and noncompliance could result in the imposition of fines by the federal government or an award of damages to private litigants. State and federal laws in this area are constantly evolving, and could place a greater cost or burden in the future on the QOZB as an owner of the Project and therefore adversely affect the Company.

Property Management; Leasing Agents. The property manager and leasing agent, if any, will be responsible for managing and leasing the Project. There can be no assurances that the property manager and leasing agent will successfully manage and lease the Project. If the property manager or leasing agent is unsuccessful in managing and leasing the Project, the QOZB, and therefore the Company, could incur liabilities resulting from loss or injury to the Project or to persons at the Project. The QOZB’s income from leases also may be adversely affected if the property manager or leasing agent fails to provide quality services and amenities to the Project. The property manager and leasing agent may own or operate properties that compete with the Project, which may result in conflicts of interest. The property manager

may make decisions regarding competing properties or the Project's operations that are not or would not be in the QOZB, and therefore the Company's, best interests.

If the property manager or leasing agent should become unable or unwilling to manage and lease the Project, the QOZB would have to find another manager to manage and lease the Project. There is no assurance that such a replacement could be found or, if another manager were found, that the QOZB would be able to enter into a new management agreement favorable to the QOZB. In addition, any new property manager or leasing agent may operate other properties that may compete with the Project or divert attention away from the management of the Project and may not be successful in managing the Project. There would be disruption during any change of management that could adversely affect the QOZB, and therefore the Company.

Debt Financing and Debt Maturities. Because the QOZB is expected to finance the development of the Property, the QOZB, and therefore the Company, will be subject to risks normally associated with debt financing, including the risk that the QOZB is unable to obtain a loan on favorable terms, the QOZB's cash flow will be insufficient to meet required payments of principal and interest, the risk that any existing indebtedness on the Property (which will not necessarily have been fully amortized at maturity) will not be able to be refinanced or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. If prevailing interest rates or other factors at the time of a refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the QOZB, and therefore the Company's, cash flow. In addition, many debt financing arrangements impose restrictions on the operation of the borrower, including requiring lender's approval of certain actions of the borrower such as a change in ownership or entering into or modifying material contracts. If the Property is mortgaged to secure payment of indebtedness and the QOZB is unable to meet its mortgage payments, the Property could be foreclosed by or otherwise transferred to the mortgagee with a consequent loss of income and asset value to the QOZB, and therefore the Company. It is anticipated that loan terms will impose certain restrictions on the use of the Property without the lender's approval and provide for the Property to be mortgaged to secure payment of the loan.

Refinancing. To the extent the QOZB decides to refinance any loans, it is possible the Project may face difficulties in refinancing or refinancing on favorable terms.

Short-Term Lease Risk. After development of the Property is completed, leases for the townhomes in the Project may be for a term of twelve months or less. As these leases typically permit the tenants to leave at the end of the lease term without penalty, the QOZB, and therefore the Company's, rental revenues may be impacted by declines in market rents more quickly than if such leases were for longer terms.

Financial Condition of Tenants. A tenant or tenants of the townhomes in the Project may experience, from time to time, a weakened financial condition and this may result in a failure to make rental payments when due. At any time, a tenant may seek the protection of bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash available for distribution by the QOZB, and therefore the Company. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if any tenants file, that they will affirm their leases and continue to make rental payments in a timely manner. If a tenant's lease is not affirmed following bankruptcy or if a tenant's financial condition weakens, the QOZB, and therefore the Company's, cash flow may be adversely affected.

Leverage; Risk of Foreclosure. A decrease in operating revenue from the leasing of the Project may materially and adversely affect the QOZB, and therefore the Company's, ability to make distributions. No assurance can be given that future cash flow will be sufficient to make the debt service payments on any borrowed funds and also cover operating expenses. If the revenue from the Project is insufficient to pay debt service and operating expenses, the QOZB would be required to seek additional funds. There can be no assurance that additional funds would be available, if needed, or, if such funds were available, that they would be available on terms acceptable to the QOZB. If the QOZB were unable to pay debt

service on borrowed funds, the lender could foreclose on of the Project and the Company likely would lose its entire investment in the QOZB and the Project, resulting in Members likely losing their investment in the Company.

Risks Relating to the OZ Program:

Qualifying for OZ Tax Benefits. There is no assurance that (i) the Company will be successful in qualifying as a QOF (ii) the QOZB will qualify as a QO Zone Business; (iii) the Property will qualify as QO Zone Business Property; or (iv) that any OZ-Eligible Investor will qualify for OZ Tax Benefits with respect to an investment in the Company. Although the Company is organized as an investment vehicle to allow OZ-Eligible Investors to seek OZ Tax Benefits, the 2017 Tax Act is a relatively new law and its provisions regarding a QOF are as yet untested. Even though the IRS has issued final Treasury regulations, there remains uncertainty regarding the interpretation of certain issues. In addition, future legislation or guidance from the IRS may negatively affect the ability of the Company to qualify as a QOF or an investor's ability to qualify for OZ Tax Benefits with respect to an investment in the Company. Therefore, you should not assume the Company will be successful in meeting its investment objectives, including the objective to obtain OZ Tax Benefits for OZ-Eligible Investors.

Requirements to be treated as a QOF. The Company intends to operate in conformity with the requirements to be classified as a QOF pursuant to Section 1400Z-2 of the Code and any guidance issued thereunder. In general, a QOF is any investment vehicle organized as a corporation or a partnership for the purpose of investing in QO Zone Property and that holds at least 90% of its assets in QO Zone B Property (the "90% Asset Test"). The Company will generally be required to test for compliance with these requirements twice a year. QO Zone Property includes, "qualified opportunity zone business property," QO Zone Interests or "qualified opportunity zone stock". For an interest in a partnership to qualify as a QO Zone Interest it must invest at least 70% of its assets in QO Zone Business Property and qualify as a QO Zone Business or "QOZB." The Company's direct interest in the SPV, which will be disregarded for U.S. federal income tax purposes is intended to be treated as a QOZB because the SPV and the Company intend to comply with the requirements for the assets and operations of the Company and the SPV to qualify to be a QOZB, However, there can be no assurance that the Company and SPV will be so treated. The Company intends to invest at least 90% of its assets in the QOZB, which the Manager intends to operate as a QO Zone Business and to rely upon, among other things, the "working capital safe harbor." The final Treasury regulations permit a QO Zone Business to hold reasonable amounts of working capital as cash, cash equivalents or debt instruments with a term of 18 months or less, provided three tests are satisfied: (i) the QO Zone Business designates in writing that such cash is being held for the development of a trade or business in an Opportunity Zone, including for the acquisition, construction or substantial improvement of tangible property in an Opportunity Zone, (ii) the QO Zone Business prepares a written schedule consistent with the ordinary start-up of a trade or business for expenditure of working capital and the QO Zone Business expends such cash within 31 months of receipt, and (iii) the QO Zone Business actually uses the cash in a manner consistent with the written designation and written schedule (such tests, collectively, the "Working Capital Safe Harbor").

The Company may be subject to penalties if it does not meet the requirements for qualification as a QOF. If the Company does not satisfy the 90% Asset Test and the failure was not due to reasonable cause, the Company will be subject to a penalty for each month in which it did not meet the 90% Asset Test. Any penalty is an amount calculated as the amount equal to (i) the excess of 90% of the Company's aggregate assets, over the aggregate amount of QOZB Property held by the Company on the last day of the month, multiplied by (ii) the federal short-term rate (as determined by the IRS) plus 3%, and divided by (iii) 12.

If the Company's interest in the QOZB fails to qualify as a QOZ Interest, and the Company is not able to establish reasonable cause, the penalty may be significantly greater than if the Company Fund had invested in the Property directly through the SPV because the excess amount described in clause (i) above generally would be equal to the fair market value of our equity ownership interest in the QOZB. The final Treasury regulations provide a one-time cure for a QOF that fails to meet the 90% Asset Test because of the failure of a corporation or partnership to qualify as a QO Zone Business. Specifically, the regulations

provide a 6-month cure period pursuant to which a QOF may treat a partnership as a QO Zone Business even if it does not meet the requirements to be treated as a QO Zone Business on a testing date, so long as the failure to qualify is cured within such 6-month period.

The OZ Program was Enacted as part of the 2017 Tax Act. Final Treasury regulations have only recently been issued, and there remains uncertainty regarding the interpretation of certain issues. Accordingly, while the Company intends to meet the requirements to be treated as a QOF, and the QOZB to be treated as a QO Zone Business, the Company's ability to be treated as a QOF and the QOZB to be treated as a QO Zone Business is subject to considerable uncertainty. It is possible that the Company may fail to meet the requirements to be treated as a QOF, including the 90% Asset Test, which could subject the Company to U.S. federal income tax penalties and jeopardize the OZ-Eligible Investor's ability to realize any OZ Tax Benefits. In addition, future legislation or guidance from the IRS may negatively affect the Company's ability to qualify as a QOF or an OZ-Eligible Investor ability to qualify for the OZ Tax Benefits with respect to an investment in the Company. Accordingly, there can be no guarantee that any OZ-Eligible Investor will realize any OZ Tax Benefits as a result of an investment in the Company.

The various requirements for the Company to be treated as a QOF and the QOZB to be treated as a QO Zone Business are complex. Investors, therefore, are urged to consult their tax advisors regarding any investment in the Company, the Company's intended approach for qualifying as a QOF and the considerable uncertainty in this area.

Ability to Decertify the Status as a QOF without approval of OZ-Eligible Investors. The Manager may decertify the Company's status as a QOF without the approval of OZ-Eligible Investors if the Manager determines that it is no longer in the Company's best interest to continue to qualify as a QOF. If the Company ceases to qualify as a QOF, OZ-Eligible Investors would no longer be eligible for OZ Tax Benefits, which may have adverse consequences on the total return to OZ-Eligible Investors.

OZ Tax Benefits relating to an Investment in the Company. OZ-Eligible Investors who elect to treat their investment in the Company as an Opportunity Zone Fund investment will lose OZ Tax Benefits upon the sale or other disposition of all or a portion of their investment in the Company. Upon the sale or disposition of an interest in the Company, OZ-Eligible Investors will be required to include in income an amount up to the full Deferred Gain Amount (as defined below) invested in the Company and if such OZ-Eligible Investor holds an Interest for less than 10 years, all post-investment appreciation in excess of such OZ-Eligible Investor's adjusted basis in its Interest. Because an OZ-Eligible Investor investing eligible capital gains will initially have a tax basis in the Company of \$0, an OZ-Eligible Investor could be required to include as income the full amount received upon a sale of the Member's interest in the Company, including any cash distributions in excess of the Member's basis in the Company.

Timely Investments and Elections. In order for an OZ-Eligible Investor to realize OZ Tax Benefits, such investor must make a timely investment of the "eligible capital gains" into the Company and timely elect to treat such investment as an Opportunity Zone Fund investment under Section 1400Z-2 of the Code (the "Deferred Gain Amount"). In addition, each investor must annually report its investment to the IRS and failure to do so will result in a rebuttable presumption that an "inclusion event" (generally an event that reduces the investor's interest in the QOF or a distribution by the QOF in excess of the investor's tax basis) that would result in recognition of all or a portion of the Deferred Gain Amount has occurred with respect to such investor's investment. The Company has no control over these circumstances, and OZ-Eligible Investors will have to rely on their tax advisors to comply with these requirements.

Investors will have income tax consequences related to the Deferred Gain Amount on the Deferred Gain Recognition Date. On the earlier of (i) December 31, 2026, or (ii) the date in which an investor disposes of all or a portion of their Interest in the Company (the "**Deferred Gain Recognition Date**"), the investor will be required by Code Section 1400Z-2 to include in income an amount corresponding to the investor's Deferred Gain Amount. Please note that the Company is not obligated to make any special distributions to OZ-Eligible Investors on or before the Deferred Gain Recognition Date to alleviate the impact of the recognition of the Deferred Gain Amount.

Prohibitions on Related-Party Arrangements. The OZ Program contains certain prohibitions on transactions with related parties, which may constrain the Company's ability to engage in such related-party transactions. For purposes of the OZ Program, persons are considered to be related to each other through the application of complex attribution rules, which generally treat certain entities and individuals as related if there is a 20% beneficial ownership overlap between entities and the persons that own the entities. While the application of the related-party rules is not entirely clear, the Company intends to structure any related-party transactions in a manner that avoids the application of the OZ related-party rules. Although the Company intends to structure its transactions with such parties to avoid the application of the OZ related-party rules, there can be no assurance that any related-party transaction will not be subject to such rules, and any such related-party transaction may increase the risk that the Company fails to qualify as a QOF.

Additional guidance may never be issued or may be issued after investors have made their investment and new or amending legislation may be introduced. While final Treasury regulations addressed a number of uncertainties with respect to the OZ Program, there remain areas of uncertainty. It is possible that additional guidance will never be issued or that it will be issued after investors have made their investment. It is also possible that any such guidance will be unfavorable with respect to your completed investment. In addition, the OZ Program remains under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department, which may result in statutory changes as well as revisions to previously issued Treasury regulations and interpretations. Any such additional or new legislation or guidance could result in your failure to obtain QOZ Tax Benefits and/or result in significant penalties to the Company for failure to satisfy the 90% Asset Test.

Certain states have not currently adopted QOZ Tax Benefits. The state and local income tax consequences of investing in a QOF are complex and may vary depending on each investor's particular tax situation and state of residence. While some states automatically adopt the Opportunity Zone legislation through rolling Code conformity, and other states with fixed date conformity have enacted legislation to either adopt or decouple from the Opportunity Zone legislation, other fixed date conformity states have not yet acted to currently adopt or decouple from the Opportunity Zone legislation. A state's failure to adopt the Opportunity Zone legislation could result in state and local income tax consequences for an investor without having cash to pay the related state and local income taxes. Investors are urged to consult with their tax professional in evaluating the amount of state and local income tax the investor may be subject to in light of the investor's particular tax situation and state of residence.

The income tax rate that will be applied on the Deferred Gain amount on the Deferred Gain Recognition Date may be higher than the income tax rate that would have otherwise applied at the time the Deferred Gain amount was invested in us. The final Treasury regulations promulgated pursuant to Code Section 1400Z-2 state that when a taxpayer is required to include in income some or all of their Deferred Gain amount, the gain so included has the same character in the taxable year of inclusion that it would have had if such tax had not been deferred but is subject to the tax rate applicable to the year of inclusion. Accordingly, the tax rate that will apply to the Deferred Gain Amount could be higher than the tax rate that would have otherwise applied to the Deferred Gain Amount. Investors should take this risk into consideration prior to making an investment in the Company.

An Inclusion Event May Occur and Cause the Investors to Include in Income Gains That Were Previously Deferred. The Final Regulations provide a list of "inclusion events," which are events that require a taxpayer to include in income gains that were previously deferred. The inclusion events will be relevant only until the investors have included in income all of the gain deferred through their investment in the Company. Instead of recognizing the deferred gain on December 31, 2026, investors may have to recognize such gain earlier if any of the inclusion events occur. In general, an inclusion event occurs when an investor transfers all or part of its qualifying investment in the Company and the transfer reduces the investor's equity interest in the Company. However, an inclusion event may occur when an investor receives a distribution from the Company regardless of whether the investor's ownership interest in the Company is reduced.

The amount of deferred gain included in gross income will be determined based on each inclusion event. While the Manager intends to manage the Company in order to provide the OZ Tax Benefits to

investors, certain business considerations may dictate a transaction that gives rise to an inclusion event earlier than anticipated and may result in less than maximum OZ Tax Benefits to investors. Any of these inclusion events may occur, and the investors may have to include an amount of gain in their gross income following such events.

Debt-Financed Distributions and the Disguised Sale Rules Could Result in Loss of QOZ Tax Benefits. The Code and Treasury Regulations permit QOF to make debt-financed distributions from a QOF which will not result in an “inclusion event” under those rules if the distribution does not exceed the investor’s basis in the fund, including any debt basis under Section 752 of the Code. For debt-financed distributions that are part of a “disguised sale” under Section 707 of the Code, the Treasury Regulations “turn off” the debt allocation rules of Section 752 and treat cash contributed as an item of property that can be subject to the disguised sale rules. If the debt-financed distribution is part of a disguised sale, a portion of the investor’s contribution will not be treated as a qualifying investment for purposes of OZ Program, and an investor would be required to recognize their deferred capital gains and would lose the benefits of the OZ Program with respect to the disqualified portion. The determination of whether a disguised sale has occurred is highly fact intensive and takes into account many factors. Any distribution from a partnership within two years from the date of contribution is presumed to be a disguised sale (unless the facts and circumstances clearly establish that the transfers do not constitute part of a sale) and must be disclosed to the IRS. If the Company makes a debt-financed distribution in connection with the financing of one or more of its assets, there is a risk that the IRS could determine that the distribution is part of a disguised sale and you may be required to recognize your Deferred Gains and your investment could lose the benefits of the OZ Program.

Property May Be Disposed of Before End of 10-Year Holding Period. The Manager is under no obligation to hold the Project for 10-years and may dispose of the Project at any time in its discretion. If the Manager disposes of the Project prior to the end of the 10-year QOF holding period you may lose the benefits of the QOZ Program with respect to any Deferred Gains you invest in the Company.

Other Risks of Investing in the Company:

Negative Economic Conditions. In addition to market and economic risk in the Garner, NC metropolitan statistical area, a downturn in economic conditions in the Planned Development Community, the Raleigh-Cary-Garner Metropolitan Statistical Area (Raleigh-Cary MSA), the State of North Carolina, or the United States generally, may cause declines in the economy that decrease the value and viability of the Project or the tenants’ ability to meet their obligations under the leases. Such conditions could adversely affect the value and liquidity of the Project and the QOZB, and therefore the Company’s, ability to generate revenues and profits.

Changes in Applicable Law. The Company must comply with various legal requirements, including requirements imposed by securities laws, tax laws and landlord/tenant laws. Should any such laws change, the legal requirements to which the Company and its investors may be subject could differ materially from current requirements.

No Legal Counsel. The Company’s legal counsel does not represent the Members, and no counsel has been retained by the Company to act on behalf of the Members.

Benefit Plan Investors. The Company generally does not intend to accept any subscriptions from investors subject to Title I of Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or subject to Section 4975 of the Code, or any entity whose assets include “plan assets” under ERISA and related regulations (each, a “Benefit Plan Investor”) that would cause the Company’s investments to be considered “plan assets” of any Benefit Plans within the meaning of any federal or state laws, including ERISA and the Code. However, the Company does not warrant that the Company’s investments will not be treated as “plan assets” of any such plans. Accordingly, if an investment is made by any Benefit Plan Investor directly or indirectly in the Company, such investor should consider a variety of risks and special considerations that may result from such investment, including, but not limited to the prohibited transaction rules of ERISA and the Code. IT IS NOT POSSIBLE TO PROVIDE A DESCRIPTION OF ALL POTENTIAL

RISKS TO BENEFIT PLAN INVESTORS CONSIDERING INVESTING IN MEMBERSHIP INTERESTS. PROSPECTIVE INVESTORS ARE URGED AND ENCOURAGED TO CONSULT THEIR OWN LEGAL COUNSEL AND TAX ADVISORS WITH RESPECT THERETO.

Distributions and Tax. It is anticipated that the Company will be treated as a partnership for tax purposes, and that Members will be responsible for paying taxes with respect to their respective proportions of profits and losses allocated to them. In this regard, tax-exempt Members (including, without limitation, any Member that is an individual retirement account (“IRA”) or any Member investing through a tax-exempt account in a retirement plan) should note that the Company expects to generate unrelated business taxable income (“UBTI”) and that all tax-exempt Members, will be responsible for paying taxes with respect to any UBTI allocated to them. Taxable income realized in any year by the Company will be taxable to the Members in that year regardless of whether they have received any distributions from the Company. Members may recognize taxable income for federal, state and local income tax purposes without receiving any or a sufficient distribution from the Company with which to pay the taxes thereon. In addition, IT IS NOT POSSIBLE TO PROVIDE A DESCRIPTION OF ALL POTENTIAL TAX RISKS TO A PERSON CONSIDERING INVESTING IN MEMBERSHIP INTERESTS. PROSPECTIVE INVESTORS ARE URGED AND ENCOURAGED TO CONSULT THEIR OWN LEGAL COUNSEL AND TAX ADVISORS WITH RESPECT THERETO.

THE FEDERAL INCOME TAX ASPECTS DISCUSSED IN THIS OFFERING LETTER NECESSARILY ARE GENERAL AND MIGHT VARY DEPENDING ON EACH POTENTIAL INVESTOR’S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, PROSPECTIVE INVESTORS: (A) ARE HEREBY NOTIFIED THAT THE DISCUSSION CONTAINED HEREIN REGARDING TAX MATTERS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UPON THEM UNDER THE U.S. FEDERAL TAX LAWS; AND (B) SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Offering Not Registered With the U.S. Securities and Exchange Commission (“SEC”) or State Securities Authorities. Membership Interests are to be acquired only by “accredited investors,” as that term is defined in Regulation D promulgated under the Securities Act (“**Regulation D**”) or as otherwise allowed under Regulation D and are to be acquired for investment purposes only and not with a view to distribution or for resale. There is presently no public market for Membership Interests and none is expected to develop in the future. Membership Interests have not been and will not be registered under the Securities Act or any state securities laws. Consequently, the purchasers of Membership Interests would not be able to resell or transfer them unless they are subsequently registered under the Securities Act and under applicable state securities laws, or an exemption from registration is available, and any certificates evidencing Membership Interests will bear a restrictive legend to this effect. Accordingly, each purchaser of the Company’s securities offered hereby must bear the economic risk of its investment for an indefinite period of time. In addition, a Member may only transfer its interest in Membership Interests in accordance with the substantial restrictions provided for in the Operating Agreement. Further, neither the Company nor the QOZB will be registered under the Investment Company Act of 1940, as amended, in reliance of exemptions from registration. If the Company should fail to comply with the requirements of such exemptions, the prospective investors may have the right, if they so desire, to rescind their purchase of Membership Interests. It is possible that one or more prospective investors seeking rescission would succeed. If a number of investors were successful in seeking rescission, the Company would face severe financial demands that would adversely affect the Company as a whole and, thus, the investment in Membership Interests by the remaining investors.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE OFFERING LETTER INCLUDING ALL ATTACHMENTS AND SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS BEFORE DECIDING TO INVEST IN THE COMPANY.

20. **Confidentiality.** This Offering Letter has been prepared on a confidential basis and is intended solely for the use of the recipient named on the cover hereof in connection with this offering. Each

recipient, by accepting delivery of this Offering Letter, agrees not to make a copy of the same or to divulge the contents hereof to any person other than a legal, business, investment or tax advisor in connection with obtaining the advice of any such persons with respect to this offering. Notwithstanding anything to the contrary in the foregoing, each prospective investor (and each employee, representative, or other agent of such prospective investor) may disclose to any and all persons, without limitation of any kind, the tax structure and tax treatment of the Company and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax structure and tax treatment; provided, however, that such disclosure shall not include the name (or other identifying information not relevant to the tax structure or tax treatment) of any person and shall not include information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

21. **IMPORTANT DISCLOSURES**

THE MEMBERSHIP INTERESTS OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THE MEMBERSHIP INTERESTS ARE BEING OFFERED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND THE SECURITIES LAWS OF CERTAIN STATES AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF UNLESS THE TRANSACTION RELATED THERETO SHALL COMPLY WITH OR BE EXEMPT WITHIN THE MEANING OF THE SECURITIES ACT AND THE RULES AND REGULATIONS OF THE SEC AND OF APPROPRIATE STATE AUTHORITIES AND APPLICABLE STATE SECURITIES LAWS. NEITHER THE SEC NOR ANY STATE SECURITIES REGULATORY AUTHORITY HAS MADE AN INDEPENDENT DETERMINATION OF THE ACCURACY OR ADEQUACY OF THIS OFFERING LETTER, OR THAT THE MEMBERSHIP INTERESTS OFFERED HEREIN ARE EXEMPT FROM REGISTRATION.

THE MEMBERSHIP INTERESTS BEING OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE, BUT ARE BEING OFFERED AND SOLD FOR PURPOSES OF INVESTMENT AND IN RELIANCE ON THE STATUTORY EXEMPTIONS CONTAINED IN SECTION 4(A)(2) OF THE SECURITIES ACT AND IN RELIANCE ON APPLICABLE EXEMPTIONS UNDER FEDERAL AND STATE SECURITIES LAWS. SUCH MEMBERSHIP INTERESTS MAY NOT BE SOLD, PLEDGED, TRANSFERRED OR ASSIGNED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT THEREUNDER OR IN A TRANSACTION OTHERWISE IN COMPLIANCE WITH THE SECURITIES ACT, APPLICABLE STATE SECURITIES LAWS, THIS OFFERING LETTER AND THE COMPANY'S OPERATING AGREEMENT.

By specifically furnishing you with the information outlined above, we do not seek to imply that such information alone reflects a complete disclosure. We recommend that you carefully review this Offering Letter and each of its Exhibits to assist you to understand the nature of and limitations placed on an investment in Membership Interests. Recognizing your knowledge and experience in financial and business matters, it is our understanding that you are fully capable of evaluating the merits and risks of your investment in Membership Interests of the Company.

If you are interested in purchasing Membership Interests, we are requesting that you complete and return to us signed copies of your Subscription Agreement and Operating Agreement and a check or wire transfer for your Capital Contribution.

[Signature Page Follows]

We are available to answer all questions relevant to your proposed investment and to furnish any additional information that you deem desirable.

We look forward to hearing from you.

Very truly yours,

HCP GEORGIA'S LANDING QOF, LLC, a Delaware limited liability company

BY: HUDSONCAP MANAGEMENT III, LLC, a Delaware limited liability company, its Manager

By:  _____

Name: James S. Cohen

Title: Manager

Exhibit A

OPERATING AGREEMENT FOR THE COMPANY