NOT FOR DISTRIBUTION/PROPRIETARY AND CONFIDENTIAL INFORMATION

For the Exclusive Use of: ______________________ Copy No.:_________

CIRE REAL ESTATE INVESTMENT TRUST, LLC

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
FOR CLASS A UNITS AND CLASS B UNITS

MINIMUM INITIAL INVESTMENT:
CLASS A UNITS: $100,000
CLASS B UNITS: $50,000

MANAGER:
CIRE REAL ESTATE ADVISORS, LLC

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THIS "**MEMORANDUM**") HAS BEEN PREPARED FOR INFORMATIONAL PURPOSES ONLY IN ORDER TO ASSIST THE PROSPECTIVE INVESTOR IN EVALUATING AN INVESTMENT IN CIRE REAL ESTATE INVESTMENT TRUST, LLC (THE "**COMPANY**"). BY ACCEPTING DELIVERY OF THIS MEMORANDUM OR ANY OTHER MATERIAL, THE RECIPIENT AGREES (1) TO KEEP STRICTLY CONFIDENTIAL THE CONTENTS OF THIS MEMORANDUM AND SUCH OTHER MATERIAL AND TO NOT DISCLOSE SUCH CONTENTS TO ANY THIRD PARTY (EXCEPT HIS OR HER OWN COUNSEL, ACCOUNTANT OR BUSINESS ADVISOR) OR OTHERWISE USE THE CONTENTS FOR ANY PURPOSE OTHER THAN AN EVALUATION BY THE RECIPIENT OF AN INVESTMENT IN THE COMPANY; (2) NOT TO COPY ALL OR ANY PORTION OF THIS MEMORANDUM OR ANY SUCH OTHER MATERIAL; AND (3) TO RETURN THIS MEMORANDUM AND ALL SUCH OTHER MATERIAL TO THE COMPANY IF (A) THE RECIPIENT DOES NOT INVEST IN THE COMPANY, (B) THE RECIPIENT'S OFFER TO INVEST IN THE COMPANY IS NOT ACCEPTED OR (C) THE OFFERING IS TERMINATED OR WITHDRAWN.

THIS OFFERING IS NOT A PUBLIC OFFERING. THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED OR QUALIFIED WITH, NOR APPROVED OR DISAPPROVED BY, THE SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**") OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS THE SEC OR ANY STATE SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT LAWFUL, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO.

June 5, 2024

GENERAL NOTICES

THE COMPANY IS OFFERING UNITS TO PERSONS THAT ARE VERIFIED "ACCREDITED INVESTORS," AS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"). UNITS MUST BE ACQUIRED FOR THE PURCHASER'S OWN ACCOUNT, FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO THEIR FURTHER DISTRIBUTION, TRANSFER, OR RESALE, EITHER IN WHOLE OR IN PART. UNITS WILL BE ISSUED ONLY ON THE BASIS OF THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS MEMORANDUM AND SUCH OTHER MATERIALS THAT MAY BE AUTHORIZED FOR DELIVERY BY THE MANAGER, BUT NO OTHER INFORMATION OR REPRESENTATIONS.

THE COMPANY IS NOT AN INVESTMENT COMPANY WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") AND IS NOT REGISTERED UNDER THE INVESTMENT COMPANY ACT.

THIS MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE OFFEREE WHOSE NAME APPEARS IN THE APPROPRIATE SPACE PROVIDED ON THE COVER PAGE OF THIS MEMORANDUM AND ONLY IF DELIVERY OF THIS MEMORANDUM TO SUCH OFFEREE WAS AUTHORIZED BY THE MANAGER. ANY REPRODUCTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER, IS PROHIBITED.

THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN EVALUATING AN INVESTMENT IN THE COMPANY. EACH INVESTOR MUST CONDUCT AND RELY ON ITS OWN EVALUATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS OF AN INVESTMENT IN THE UNITS. INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, BUSINESS OR TAX ADVICE BY THE COMPANY, THE MANAGER, THE PLACEMENT AGENT OR ANY OF THEIR RESPECTIVE AFFILIATES. EACH INVESTOR SHOULD CONSULT SUCH INVESTOR'S OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR AS TO LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE INVESTMENT DESCRIBED IN THIS MEMORANDUM AND ITS SUITABILITY FOR SUCH PROSPECTIVE INVESTOR.

ALL SUBSCRIPTIONS FOR UNITS MAY BE CANCELLED PRIOR TO THE SUBSCRIPTION DEADLINE, HOWEVER, ARE IRREVOCABLE ON AND FOLLOWING THE SUBSCRIPTION DEADLINE. THE COMPANY MAY REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART AT ANY TIME PRIOR TO ACCEPTANCE.

UNITS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, AND

MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF THE COMPANY'S LIMITED LIABILITY COMPANY AGREEMENT. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

AN INVESTMENT IN THE COMPANY IS SPECULATIVE AND INVOLVES SUBSTANTIAL RISK. UNITS MAY INCREASE OR DECREASE IN VALUE AND INVESTORS COULD LOSE ALL OR SUBSTANTIALLY ALL OF THEIR INVESTMENT IN THE COMPANY.

UNLESS OTHERWISE EXPRESSLY STATED, ANY DETERMINATION TO BE MADE BY THE MANAGER IN ACCORDANCE WITH THIS MEMORANDUM SHALL BE MADE BY SUCH PERSON IN ITS SOLE DISCRETION TAKING INTO ACCOUNT WHATEVER FACTORS SUCH PERSON CONSIDERS RELEVANT TO SUCH DETERMINATION.

THIS MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS BASED ON THE EXPERIENCE AND EXPECTATIONS OF THE MANAGER ABOUT THE INVESTMENTS THE COMPANY WILL MAKE AND THE MARKETS IN WHICH THOSE TRANSACTIONS WILL OCCUR. THOSE STATEMENTS ARE SOMETIMES INDICATED BY WORDS SUCH AS "EXPECTS," "BELIEVES," "SEEKS," "MAY," "INTENDS," "ATTEMPTS," "WILL" AND SIMILAR EXPRESSIONS. SUCH FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ARE SUBJECT TO MANY RISKS AND UNCERTAINTIES THAT ARE DIFFICULT TO PREDICT OR QUANTIFY AND ARE BEYOND THE CONTROL OF THE MANAGER. THEREFORE, ACTUAL RESULTS COULD DIFFER MATERIALLY AND ADVERSELY FROM THOSE EXPRESSED OR IMPLIED IN ANY FORWARD-LOOKING STATEMENTS. THE SECTION OF THIS MEMORANDUM ENTITLED "RISK FACTORS" DISCUSSES SOME OF THE IMPORTANT RISK FACTORS THAT MAY AFFECT THE COMPANY'S RESULTS. PROSPECTIVE PURCHASERS OF THE UNITS SHOULD CAREFULLY CONSIDER THOSE RISKS, IN ADDITION TO OTHER INFORMATION IN THIS MEMORANDUM, BEFORE DECIDING WHETHER TO INVEST IN THE COMPANY. THE MANAGER HAS NO OBLIGATION TO REVISE OR UPDATE ANY FORWARD-LOOKING STATEMENT FOR ANY REASON.

THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY AFTER THE DATE HEREOF.

A PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES PROMPTLY TO RETURN TO THE COMPANY THIS MEMORANDUM AND ANY OTHER DOCUMENTS OR INFORMATION FURNISHED IF THE PROSPECTIVE INVESTOR ELECTS NOT TO PURCHASE UNITS OFFERED HEREBY OR IF THE OFFERING IS WITHDRAWN.

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Exhibit A – Second Amended and Restated Limited Liability Company Agreement

Exhibit B – Subscription Documents

SUMMARY OF PRINCIPAL TERMS

The following is a summary of the principal terms of CIRE Real Estate Investment Trust, LLC (the "**Company**"). This Confidential Private Placement Memorandum (as amended or supplemented, this "**Memorandum**") contains more detailed information under the captions referred to below and this summary is qualified in its entirety by reference to the Company's Second Amended and Restated Limited Liability Company Agreement attached hereto as Exhibit A (as amended, the "**LLC Agreement**") and the subscription documents relating to the purchase of Class A Units and Class B Units (as defined below) attached hereto as Exhibit B (the "**Subscription Documents**"). This offering relates solely to the offer and sale of Units of the Company. However, for the purposes hereof, references to the investment activities of the Company will mean those activities as conducted indirectly through CIRE OpCo I, LLC, a Delaware limited liability company (the "**Operating Company**"), unless the context otherwise requires. Capitalized terms used but not otherwise defined in this Memorandum shall have the meanings ascribed to such terms in the LLC Agreement.

The Company

The Company	The Company is a limited liability company organized under the laws of the State of Delaware on April 25, 2019. The Company has conducted operations since 2019 and, as of March 31, 2024, owns 39 real properties with an aggregate gross asset value of approximately $768,617,074 million.
The Manager	The manager of the Company is CIRE Real Estate Advisors, LLC, a Delaware limited liability company (the "**Manager**"). The Manager is controlled by CIRE Asset Manager I, LLC, an affiliate of CIRE Investment Services, Inc. (together with its affiliates, "**CIRE**"). CIRE owns one hundred percent (100%) of the capital interests in the Manager, and CIRE, the First Trust Member (as defined below) and the Vivaldi Member (as defined below) each own certain economic interests in the Manager that entitle each to share in the enterprise value of the Manager attributable to certain performance fees and allocations received by the Manager from the Operating Company (as defined below) (the "**Covered Fee Percentage Interests**"). The "**First Trust Member**" is First Trust Capital Partners, LLC, an Illinois limited liability company owned by an affiliate of First Trust Portfolios L.P., an Illinois limited partnership (the "**Placement Agent**"). The "**Vivaldi Member**" is a limited liability company owned by an affiliate of Vivaldi Capital Management, LLC (together with its affiliates, "**Vivaldi**") and certain classes of a private investment fund sponsored and managed by Vivaldi, including a class that has made a substantial capital commitment to the Company (the "**Vivaldi Initial Investor**").

CIRE is a private real estate investment company experienced in identifying, structuring and capitalizing on real estate investments across all levels of capital structure. The First Trust Member is a non-registered entity that invests in early- and growth-stage companies across multiple industries but with a focus on financial services and healthcare technology. Vivaldi is a wealth and investment management firm serving high-net-worth individuals, families, and institutions and providing integrated advisory services to address a full range of financial needs.

The Manager is responsible for the day-to-day operations of the Company and manages the management of its assets.

The Manager is managed by a board of managers (the "**Board**") initially composed of two managers appointed by CIRE (the "**CIRE Managers**") and the unanimous consent of the CIRE Managers serves as a decision of the Board. Following the date upon which the net asset value ("**NAV**") of the Class B Units and the Class B Operating Company Units (as defined below) exceeds $2 billion, the Board shall be comprised of four managers, two CIRE Managers and two managers appointed by the First Trust Member and, except with respect to certain items reserved for the unanimous consent of CIRE Managers, the consent of a majority of the managers then appointed and serving will serve as a decision of the Board. Subject to the Board's overall power and authority, the Board has delegated to CIRE the day-to-day management and operation of the real estate and real estate-related assets owned by the Operating Company, including, but not limited to, identifying suitable assets, negotiating the terms and conditions of the investments, monitoring and overseeing the management of the assets, securing financing for the assets, and making appropriate arrangements for dispositions of the assets.

REIT Status

The Company believes it is organized and has operated in a manner that has allowed it to qualify for taxation as a real estate investment trust (a "**REIT**") within the meaning of Section 856(a) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"). So long as the Company maintains its tax status as a REIT, the Company generally will not be subject to federal corporate income tax on its taxable income that is distributed as dividends. To qualify and maintain its tax status as a REIT, the Company will be required to satisfy certain organizational, operational and distribution requirements on an ongoing basis.

Operating Company

The Company invests substantially all of its assets in the Operating Company, which is co-managed by the Manager and the Company (the "**Operating Company Managers**"). The Operating Company Managers are responsible for the day-to-day operations of the Operating Company and co-manage the management of its assets. All matters that require the consent, approval, or determination of the Operating Company Managers are decided solely by the Manager. As of March 31, 2024, the Company

owned approximately 47.9% of the units of the Operating Company ("**Operating Company Units**"), with the remaining 52.1% of Operating Company Units held by CIRE principals and third-party investors. The Company anticipates that its ownership percentage in the Operating Company will increase as it raises capital in this offering.

Investment Strategy and Objective

The Company's investment objective is to make investments in real estate assets that will safeguard investor capital and optimize both income generation and capital appreciation in a tax-efficient manner with low relative volatility. The Company aims to provide stable income through consistent cash distributions, supported by current income from its investment portfolio and appreciation in NAV through strategic capital allocation and hands-on asset management.

The Company's primary investment strategy focuses on acquiring stabilized commercial real estate assets in the United States that provide current income and attractive risk-adjusted returns, with the possibility of select investments internationally. The Company targets a wide variety of asset types, including industrial, retail, rental housing, data centers, healthcare, storage, office, and hotels, among others. The Company's investments may extend to associated real estate operating companies within these sectors.

Additionally, the Company strategically pursues secondary investments in: (i) real estate debt to generate current income, offer alternative liquidity solutions, and support various strategic objectives; and (ii) non-stabilized commercial real estate and unimproved land, aimed at driving capital appreciation.

The Company may maintain assets in cash, deposit, call or current accounts or invest in short-term instruments, such as short-term debt instruments, money market funds, government securities, certificates of deposit, bankers' acceptances or similar temporary investments, to meet the expense needs of the Company or for such other purposes as may be determined by the Manager.

The Company's investment program is speculative and entails substantial risks. There is no assurance that the Company's investment objective will be achieved, and results may vary substantially over time. Any investment strategy pursued for the Company is in the absolute and sole discretion of the Manager.

Contribution of Real Estate Assets

Certain real estate assets in the Operating Company's portfolio are assets that were held by entities that are managed or sponsored by CIRE and contributed to the Operating Company. From time to time, additional real estate assets may be contributed to the Operating Company by entities

that may or may not be affiliated with CIRE. See “Contribution of Real Estate Assets” below.

Leverage

With respect to the Operating Company, the Manager intends to use leverage for investment and other purposes (e.g., using loan proceeds to pay expenses in advance of cash becoming available to the Operating Company from its operations, etc.). The Manager intends to target leverage employed by the Operating Company with a loan-to-value ratio in the range of 30% to 70% of the value of the Operating Company’s real estate portfolio and 0% to 85% of the value of the Operating Company’s real estate debt portfolio (each as measured on a portfolio basis and not on an asset by asset basis), calculated as of the date on which any indebtedness is incurred, provided that the Manager may employ leverage that is greater or lesser than the foregoing percentages as it deems appropriate per the Operating Company’s risk/return and cash management objectives.

Use of Special Purpose Vehicles

The Operating Company may own investments through corporations, limited liability companies, partnerships, REITs, taxable REIT subsidiaries or other entities, organized in one or more jurisdictions.

Joint Ventures and Other Co-Ownership Arrangements

The Company has or may enter into one or more joint ventures, tenant-in-common investments or other co-ownership arrangements for the acquisition, development or improvement of properties with third parties or affiliates of the Manager, including present and future real estate limited partnerships and REITs sponsored by affiliates of the Manager. The Company also may acquire interests in or securities issued by these joint ventures, tenant-in-common investments or other joint venture arrangements or other CIRE sponsored programs.

The Company may enter into joint ventures with CIRE, the Manager, one or more of their principals or any of their affiliates, for the acquisition of or financing of properties on terms that are fair and reasonable to the Company.

Co-Investments

The Manager, in its sole discretion, may offer to certain persons (including one or more Members (as defined below), affiliates of the Manager, other investment vehicles managed by the Manager or its affiliates, or third parties) the opportunity to co-invest on a side-by-side basis with the Operating Company in certain investment opportunities when and on such terms as the Manager deems appropriate, including in situations where an investment opportunity requires more capital than the Manager determines that the Operating Company should or is able to invest. For the avoidance of doubt, the Manager is under no obligation to provide any co-investment opportunities to any Member.

Allocation of Investment Opportunities

CIRE, the First Trust Member and Vivaldi may raise and/or manage Other Accounts (as defined below in "Conflicts of Interests"), having investment objectives and strategies that are the same or substantially similar as those of the Company, and such Other Accounts may compete with the Company for investment opportunities. Despite the potential for Other Accounts, the Manager expects there to be sufficient investment opportunities for the Company within its investment guidelines because of the scale of the real estate market.

CREIT shall not have priority over Other Accounts. With respect to potential investment opportunities identified by CIRE that may be suitable for the Company and Other Accounts, CIRE intends to allocate such investment opportunities among the Company and such Other Accounts in a fair and equitable allocation procedure as determined by the Manager in its commercially reasonable discretion. *See* "Conflicts of Interest."

Potential DSTs

The Operating Company may invest in Delaware Statutory Trusts ("**DSTs**") formed, directly or indirectly, by CIRE, and the Operating Company may originate or invest in loans for which any such DST is a borrower.

Potential Restructurings

The Company may undergo certain restructurings whereby portions of its investment portfolio may be spun off into one or more separate investment vehicles (*e.g.* a rental housing portfolio may be spun off into a dedicated rental housing real estate investment trust).

Potential IPO

While not currently contemplated, it is possible that the Manager may determine to pursue an initial public offering and/or listing (an "**IPO**") of the securities of the Company on a national securities exchange in the future if the Manager determines that market and other conditions are appropriate. If the IPO is pursued, the Manager may find it necessary to modify the Company's investment objective, investment strategies and target assets.

Risks

An investment in the Company is speculative and involves substantial risks, including the risk of loss of an investor's entire investment. No guarantee or representation is, or could be, made that an investment in the Company will be successful. *See* "Certain Risk Factors" and "Conflicts of Interest."

The Offering

Capital Structure of the Company

The Company is authorized to issue an unlimited number of units ("**Units**") designated as "**Class A Units**" and "**Class B Units**," along with any additional classes of Units the Manager may designate from time to time.

Securities Offered	The Company is offering pursuant to this Memorandum an unlimited number of Class A Units and Class B Units on a continuous private placement basis to investors who satisfy the eligibility standards described below. The Company may terminate this offering at any time.
Eligible Investors	The offering of Class A Units and Class B Units hereby is designed for sophisticated investors who are verified "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"), and knowledgeable and experienced in financial and business matters such that they are capable of evaluating the merits and risks of an investment in the Company. The Company will not issue Class A Units or Class B Units to any person if it determines that doing so could adversely impact the tax or legal status of the Company.
Minimum Investment Amounts	The minimum initial investment amount for Class A Units is $100,000 per investor, and the minimum initial investment amount for Class B Units is $50,000 per investor, which minimums may be waived or reduced by the Manager in its sole discretion. Existing Members (as defined below) may subscribe for additional Class A Units with a minimum subscription of $100,000 and additional Class B Units with a minimum subscription of $50,000, or such lesser amounts as the Manager may permit in its sole discretion. All capital contributions to the Company must be in cash.
Plan of Distribution	The Class A Units will be offered and sold in this offering by the Company. The Class B Units will be offered and sold in this offering on a "best efforts" basis by the Placement Agent, First Trust Portfolios L.P., a broker-dealer registered with the Securities and Exchange Commission ("**SEC**") under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "**Exchange Act**"), and a member of the Financial Industry Regulatory Authority, Inc. ("**FINRA**"), and other participating distribution agents engaged by the Placement Agent to participate in this offering ("**Participating Distribution Agents**"). The offering of Class B Units will be conducted on a "best efforts" basis, meaning that the Placement Agent and any Participating Distribution Agents will only be required to use their best efforts to sell the Class B Units and will have no firm commitment or obligation to purchase any Class B Units. The Manager, without reimbursement by the Company, will pay the Placement Agent a distribution fee ("**Distribution Fee**") with respect to outstanding Class B Units in an amount equal to 0.35% per annum of the aggregate Class B NAV (as defined below), payable monthly in arrears

out of the management fees received by the Manager from the Company with respect to such Class B Units.

For additional information, see “Plan of Distribution.”

Closings	The Company is offering Class A Units and Class B Units for subscription on a monthly basis, as of the first Business Day (as defined below) of each month, and at such additional times as the Manager, in its sole discretion, may permit (each, a “**Closing Date**”). Accepted subscribers will be deemed admitted to the Company as members (“**Members**”) and additional capital contributions from existing Members shall be established, with respect to the purchased Units, as of the applicable Closing Date.
Use of Proceeds	The Company intends to use the net proceeds from this offering to (i) make investments in accordance with its investment strategy and policies, (ii) reduce borrowings and repay indebtedness incurred under various financing agreements the Company may enter into and (iii) fund repurchases of Units.
Purchase Price	The purchase price per Unit varies and will equal the then-current Transaction Price (as defined below) as of the applicable Closing Date. The “**Transaction Price**” means (x) with respect to the Class A Units, the price per Class A Unit determined by dividing the Class A NAV (as defined below) as of the most recent Valuation Date (as defined below) in accordance with the Valuation Guidelines (as defined below) by the number of Class A Units issued and outstanding as of such date, and (y) with respect to the Class B Units, the price per Class B Unit as determined by dividing the Class B NAV (as defined below) as of the most recent Valuation Date in accordance with the Valuation Guidelines by the number of Class B Units issued and outstanding as of such date. The current Transaction Price will be made available to investors on the Company’s website.
Subscription Procedures	Subscriptions must be submitted to the Company pursuant to the instructions set forth in the Subscription Documents. The acceptance of subscriptions on any Closing Date will be subject to the receipt by the Company no later than the close of business, Pacific Time, five Business Days prior to the requested Closing Date (the “**Subscription Deadline**”), of (i) properly completed and signed Subscription Documents and (ii) cleared funds meeting the minimum investment requirement and credited in dollars to the Company’s account. All subscriptions for Class A Units and Class B Units may be cancelled prior to the Subscription Deadline, however, are irrevocable on and following the Subscription Deadline. The Manager may decline to accept a subscription by any person, in whole or in part, and for any reason or no reason, in its sole discretion. If the

Manager determines, in its sole discretion, that any prospective subscriber will not be accepted, all monies paid by that prospective subscriber will be promptly returned without interest. In lieu of clause (i) above, existing Members adding to their investment and whose original Subscription Document information has not changed need to complete and sign the "Additional Subscription Request Form" (which is available upon request) and deliver the Additional Subscription Request Form to the Company.

Wire instructions for the delivery of subscription monies are found in the Subscription Documents. If the Subscription Documents or subscription monies are not received by the Subscription Deadline, the subscription may be held until the next succeeding Closing Date, at which time such subscription will be considered for acceptance by the Company. No interest will be paid on subscription monies, including those that (i) are received after the Subscription Deadline or (ii) are rejected by the Manager.

The Manager may waive or amend any of the foregoing requirements and restrictions with respect to any Member, including, without limitation, investors who are affiliated with the Manager ("**Affiliated Investors**"), without entitling any other Member to the same or a similar waiver or amendment, and shall not be required to obtain the consent or approval of, or give notice to, any Member in connection therewith.

Different Terms

The Company may, in its sole discretion, enter into separate agreements and/or side letters with one or more investors and grant such investors different investment terms without affecting the investment terms of other Members. Neither the Company nor the Manager will be required to obtain the consent or approval of, or give notice to, any Member in connection therewith.

Ownership Restrictions

The LLC Agreement contains provisions (the "**Ownership Restrictions**") that, among other things, restrict the beneficial ownership of the Company's Units by a single person, or persons acting as a group, to 9.8% of such Units. The purpose of the Ownership Restrictions is to assist the Company in protecting and preserving its status as a REIT. To qualify as a REIT, not more than 50% in value of the Company's outstanding Units may be owned, directly or indirectly (including through a limited liability company), by five or fewer individuals at any time during the last half of any taxable year subsequent to the first year for which the Company's qualification as a REIT is effective, and the Company's Units must be held by a minimum of 100 persons during at least 335 days in each taxable year subsequent to the first taxable year for which the Company's qualification as a REIT is effective. If any person's ownership of Units would violate the Ownership Restrictions, such person's Units would constitute "**Excess Units**" to the extent necessary to

comply with the Ownership Restrictions. *See* "The Company's Status as a REIT—Ownership Restrictions" below.

Each Member will be required to provide to the Company such information as the Manager may reasonably request to determine the effect of such Member's ownership of Units on the Company's ability to qualify as a REIT.

ERISA Considerations

In order to avoid the Company's assets being classified as "plan assets" of employee benefit plans subject to Title I of Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or Section 4975 of the Code, the Manager will use its reasonable efforts to either (i) conduct the Company's operations so as to qualify as a "venture capital operating company" or a "real estate operating company" under applicable ERISA regulations or (ii) limit investment in the Company by "benefit plan investors" (as defined in Section 3(42) of ERISA) to less than 25% of each class of the outstanding Units (excluding the Units held by the Manager and its affiliates). *See* "Certain ERISA Considerations."

EACH PROSPECTIVE INVESTOR THAT IS SUBJECT TO ERISA AND/OR SECTION 4975 OF THE CODE IS ADVISED TO CONSULT WITH ITS OWN LEGAL, TAX AND ERISA ADVISERS AS TO THE CONSEQUENCES OF AN INVESTMENT IN THE COMPANY.

Bank Holding Company Act Limitations

The Company will limit the voting rights of, and may limit the level of participation in the Company by, banks, bank-holding companies subject to the Bank Holding Company Act of 1956, as amended (the "**BHCA**"), or by a group of bank holding companies whose Units are aggregated for BHCA purposes, in order to avoid being deemed an affiliate of such bank holding companies for certain purposes under the BHCA.

Functional Currency

U.S. Dollar ($).

Financial Terms

Distributions Generally; Reinvestment

The Operating Company intends to distribute its operating cash flow, net of all applicable fees, expenses and amounts required in the Manager's discretion to pay or reserve for current or potential future costs, expenses, indebtedness, taxes and liabilities of the Operating Company (including such amount as necessary to pay the Manager in the event the Manager elects to receive a distribution in cash of the amount of any Operating Company Performance Participation Interest (as defined below) allocated to the Manager), to its investors on a quarterly basis. Net proceeds from the sale or refinancing of the Operating Company's assets generally are not required to be distributed and may be applied to acquire additional investments or to fund any outstanding withdrawal requests, provided that

the Operating Company may make quarterly tax distributions to the Manager.

The Company will automatically reinvest in the Operating Company any future distributions otherwise receivable by the Company comprised of net operating cash flow generated by the Operating Company (such distributions, "**Applicable Distributions**"), in lieu of receiving such distributions in cash, pursuant to the distribution reinvestment plan of the Operating Company. Notwithstanding the foregoing, any Member may request to withdraw from automatically reinvesting all or a portion of such Member's share of the Applicable Distributions (a "**Reinvestment Disenrollment Request**"), which request shall become effective as of the first distribution record date after the tenth Business Day, or sooner as determined by the Manager in its sole discretion, following receipt of such Reinvestment Disenrollment Request by the Manager; provided that, with respect to any Member who had elected not to reinvest all or a portion of such Member's share of the Applicable Distributions, such Member may request to elect to reinvest all or an additional portion of such Member's share of the Applicable Distributions (a "**Reinvestment Enrollment Request**") and receive additional Units in consideration therefor, which request will become effective as of the first distribution record date after the tenth Business Day, or sooner as determined by the Manager in its sole discretion following receipt of such request by the Manager. In connection with any Reinvestment Disenrollment Requests and/or Reinvestment Enrollment Requests received by the Manager, the Company will make an appropriate adjustment in the portion of any future Applicable Distribution that the Company will reinvest in the Operating Company. A Member who elects not to reinvest such Member's share of the Applicable Distributions, or who elects to reinvest a smaller percentage of such Member's share of the Applicable Distributions as compared to the other Members, may expect its percentage interest in the Company to decrease over time as the result of its election not to reinvest.

Members (other than those who elect not to reinvest) may be taxed on the amount of distributions that are reinvested in the Company, notwithstanding that they are not receiving the related amounts in cash. Accordingly, Members should plan to satisfy any federal, state and local income tax obligations arising from their investment in the Company from sources other than distributions from the Company.

Subject to (i) the Manager's right to establish appropriate reserves, (ii) each Member's right to elect whether or not to reinvest its allocable share of the Applicable Distributions as described above, and (iii) satisfaction of pending withdrawal requests, the Company will distribute any proceeds received by the Company from the Operating Company (or from other sources) to the Members, on a quarterly basis within 45 days after the end of each calendar quarter or at such other times as determined by

the Manager in its sole discretion, pro rata based the number of Units held by each Member. Distributions may be made to the Members in cash or in-kind, in whole or in part, and if in-kind, pro rata or non-pro rata at the Manager's discretion; provided, however, that no Member shall have the right to receive distributions in property other than cash. All distributions made to the Members in-kind shall be valued at their fair market value as determined by the Manager in good faith as of (or near as practicable to) the date of distribution.

Reimbursement of Expenses by the Operating Company

The Operating Company will reimburse the Company, on a monthly basis or at such other times as determined by the Company in its capacity as a manager of the Operating Company, for all Administrative Expenses.

"**Administrative Expenses**" means all (i) CREIT Organizational Expenses, (ii) CREIT Operating Expenses, and (iii) REIT Expenses incurred by the Company; provided, however, that Administrative Expenses shall not include any costs and expenses incurred by the Company that are attributable to assets that are not owned directly or indirectly by the Operating Company.

"**CREIT Organizational Expenses**" means, collectively, all of the Company's organizational and offering expenses, including any related legal, accounting and filing fees and expenses (such as expenses associated with the preparation of this Memorandum, the LLC Agreement, the governing documents of the Operating Company and other Company-related documents, including any amendments to any of the foregoing). Such Organizational Expenses will be amortized over a period of time as determined by the Manager in its sole discretion.

"CREIT Operating Expenses" means, collectively, all of the Company's ordinary and extraordinary expenses, including, without limitation: all investment-related costs and expenses, including, but not limited to, expenses associated with research, evaluation, due diligence, negotiation, consummation, management, valuation and disposition of investments, and investment-related travel expenses, including any travel, meals, and conference costs associated with the same; legal, bookkeeping, accounting, auditing, recordkeeping, administration, computer and clerical expenses, including expenses incurred in preparing and providing reports and tax information to the Members and regulatory authorities and expenses for specialized administrative and other professional services (such as expenses associated with using services such as DocuSign in connection with subscriptions); printing and duplication expenses; market data, newswire and data processing expenses; software and connectivity charges; brokerage commissions, bank charges, custody fees and borrowing costs; expenses for preparing and submitting regulatory filings and other compliance related expenses; the expenses of the ongoing offering of Units and filing fees; information technology expenses

associated with all aspects of the Company's and/or the Operating Company's operations (including, without limitation, the costs associated with investor reporting systems, and information technology and data security programs and other systems designed to manage and control cyber security risk, including cyber security insurance, and any travel, meals, and conference costs associated with the same); expenses associated with updates to this Memorandum, the LLC Agreement, the governing documents of the Operating Company and other Company-related documents, including, but not limited to, administrative marketing and compliance costs related to the same (to the extent that the Manager determines that such costs shall not be treated as Organizational Expenses); directors' and officers' liability insurance; expenses related to personnel of the Manager or their affiliates performing services for the Company other than those who provide investment advisor services or serve as executive officers of the Company; taxes; such other reasonable expenses necessary to perform the operation of the Company and/or the Operating Company as determined by the Manager in its sole discretion; and all extraordinary expenses of the Company and/or the Operating Company, including, without limitation, indemnification costs, litigation costs or damages, and costs incurred in connection with any reorganization or restructuring of the Company and/or the Operating Company.

"**REIT Expenses**" means (a) costs and expenses relating to the formation and continuity of existence and operation of the Company and any subsidiaries thereof, (b) costs and expenses relating to any offering or registration of securities by the Company or the Operating Company and all filings, statements, reports, fees, and expenses incidental thereto, including underwriting discounts, placement fees, and selling commissions applicable to any such offering, any ongoing distribution fees, dealer manager fees, servicing fees, stockholder servicing fees, or similar fees payable with respect to outstanding Units or Operating Company Units, and any costs and expenses associated with any claims made by any holders of such securities or any underwriters or placement agents thereof, (c) costs and expenses associated with any repurchase of any securities by the Company, (d) costs and expenses associated with the preparation and filing of any periodic or other reports and communications by the Company under U.S. federal, state, or local laws or regulations, including filings with the SEC, (e) costs and expenses associated with compliance by the Company with laws, rules, and regulations promulgated by any regulatory body, including the SEC and any securities exchange, (f) fees and expenses payable to service providers of the Company, (g) costs and expenses incurred by the Company relating to any issuance or redemption of Units or Operating Company Units, and (h) all other operating or administrative costs of the

Company incurred in the ordinary course of its business on behalf of or in connection with the Operating Company.

Operating Company Management Fee

The Company will not directly pay a management fee. Instead, the Company will bear its allocable share of a management fee payable at the Operating Company level (the "**Operating Company Management Fee**"), equal to 1.5% per annum of the NAV of the Operating Company, payable monthly and calculated based on the NAV of the Operating Company as of the first day of each calendar month (calculated before deduction for any accrued Operating Company Performance Participation Interest (as defined below) or for the Operating Company Management Fee being calculated). The Operating Company Management Fee will be prorated for any intra-month capital contributions. The Manager generally will not refund any portion of the Operating Company Management Fee previously paid in the event any intra-month withdrawal (including a withdrawal as the result of one or more investors requesting to withdraw from the Company) is made from the Operating Company.

The Manager may (i) pay all or any portion of the Operating Company Management Fee, or assign the right to receive payment of all or any portion of the Operating Company Management Fee, to any affiliate or third party; (ii) elect to reinvest all or a portion of the Operating Company Management Fee in the Operating Company as a capital contribution and receive additional Operating Company Units in consideration therefor; and (iii) elect to receive the Operating Company Management Fee quarterly in advance.

If the Manager elects to receive the Operating Company Management Fee quarterly, the Operating Company Management Fee will be calculated based on the NAV of the Operating Company as of the first day of each calendar quarter (calculated before deduction for any accrued Operating Company Performance Participation Interest or for the Operating Company Management Fee being calculated). Additionally, a pro-rated Operating Company Management Fee shall be charged intra-quarter for any intra-quarter capital contributions. The Manager generally will not refund any portion of the Operating Company Management Fee previously paid in the event any intra-quarter withdrawal (including a withdrawal as the result of one or more investors requesting to withdraw from the Company) is made from the Operating Company.

Operating Company Performance Participation Interest

The Company will not directly pay a performance participation interest to the Manager. Instead, the Company's investment in the Operating Company will be subject to a performance participation interest allocable to the Manager as described below.

The Manager is entitled to a distribution (the "**Operating Company Performance Participation Interest**"), promptly following the end of each year in an amount equal to:

(i) *First*, if the Total Return (as defined below) for the applicable period exceeds the sum of (a) the Hurdle Amount (as defined below) for that period and (b) the Loss Carryforward Amount (any such excess, "**Excess Profits**"), 100% of such Excess Profits until the total amount allocated to the Manager equals 20% of the sum of (x) the Hurdle Amount for that period and (y) any amount allocated to the Manager pursuant to this clause; and

(ii) *Second*, to the extent there are remaining Excess Profits, 20% of such remaining Excess Profits.

"**Total Return**" for any period since the end of the prior calendar year shall equal the sum of: (i) all distributions accrued or paid (without duplication) on the Operating Company Units outstanding at the end of such period since the beginning of the then-current calendar year plus (ii) the change in aggregate NAV of such Operating Company Units since the beginning of such year, before giving effect to (x) changes resulting solely from the proceeds of issuances of Operating Company Units and (y) any allocation or accrual to the Operating Company Performance Participation Interest. For the avoidance of doubt, the calculation of Total Return will (i) include any appreciation or depreciation in the NAV of Operating Company Units issued during the then-current calendar year but (ii) exclude the proceeds from the initial issuance of such Operating Company Units.

"**Hurdle Amount**" for any period during a calendar year means that amount that results in a 5% annualized internal rate of return on the NAV of the Operating Company Units outstanding at the beginning of the then-current calendar year and all Operating Company Units issued since the beginning of the then-current calendar year, taking into account the timing and amount of all distributions accrued or paid (without duplication) on all such Operating Company Units and all issuances of Operating Company Units over the period and calculated in accordance with recognized industry practices. The ending NAV of the Operating Company Units used in calculating the internal rate of return will be calculated before giving effect to any allocation or accrual to the Operating Company Performance Participation Interest, provided that the calculation of the Hurdle Amount for any period will exclude any Operating Company Units repurchased during such period, which Operating Company Units will be subject to the Operating Company Performance Participation Interest upon such repurchase as described below.

"**Loss Carryforward Amount**" shall initially equal zero and shall cumulatively increase by the absolute value of any negative annual Total Return and decrease by any positive annual Total Return, provided that the Loss Carryforward Amount shall at no time be less than zero and provided further that the calculation of the Loss Carryforward Amount will exclude the Total Return related to any Operating Company Units repurchased during such year, which Operating Company Units will be subject to the Operating Company Performance Participation Interest upon such repurchase as described below.

Any amount by which Total Return falls below the Hurdle Amount and that does not constitute Loss Carryforward Amount will not be carried forward to subsequent periods.

In the event that a Member requests to withdraw from the Company, and the Company in turn requests to withdraw a portion of its Operating Company Units, then an Operating Company Performance Participation Interest, if any, with respect to any such Operating Company Unit (or portion thereof) being withdrawn shall be determined through the effective date of such withdrawal and allocated to the Manager, in an amount calculated in the manner as described above with respect to the relevant period being the portion of the calendar year during which such Operating Company Unit (or the withdrawn portion thereof) was outstanding.

The measurement of the change in NAV per Operating Company Unit for the purpose of calculating the Total Return is subject to adjustment by the Manager to account for any dividend, split, recapitalization or any other similar change in the Operating Company's capital structure or any distributions that the Manager deems to be a return of capital if such changes are not already reflected in the Operating Company's net assets.

The Manager may elect to receive the Operating Company Performance Participation Interest in cash or the cash-equivalent number of additional Operating Company Units. The Manager may also assign its right to receive all or any portion of its Operating Company Performance Participation Interest to any affiliate or third party. The Manager will not be obligated to return any portion of the Performance Participation Interest paid due to the subsequent performance of the Operating Company.

Other Fees Paid at the Operating Company Level

The Operating Company will also pay the Manager (i) a fee for services provided in connection with the acquisition of any real estate asset in the amount of 1% of the gross purchase price of such asset (the "**Acquisition Fee**"), (ii) a fee for services provided in connection with the sale of any real estate asset of the Operating Company in the amount of 1% of the gross sale price of such asset (the "**Disposition Fee**"), and (iii) a fee for

services provided in connection with the investment into any indebtedness and/or structured credit secured by real property ("**Loan Investments**") equal to 75% of all fees (including, but not limited to, origination fees, extension fees and exit fees) earned in connection with the Loan Investments, subject to the adjustments set forth in the Second Amended and Restated Limited Liability Company Agreement of CIRE OpCo I, LLC (as amended, the "**Operating Company LLC Agreement**").

CIRE, independently or in conjunction with unaffiliated third parties, may provide additional management, legal and/or brokerage services to some or all of the Operating Company's real estate assets. Such services may include, but are not limited to, property management, construction management, leasing brokerage, mortgage brokerage, and investment sales brokerage. CIRE will be paid additional fees for such additional services as agreed upon by CIRE and the Manager, provided that the total amount of fees paid by the Operating Company for such additional services, including those paid to unaffiliated third-parties, will not exceed a market rate.

If CIRE provides property management services to one of the Operating Company's real estate properties, the property management fee may be split between a base property management fee (paid pursuant to a property management contract between the entity directly holding such asset and CIRE), and a property management override fee (paid by the Operating Company to CIRE), which collectively will not exceed market rates.

Net Asset Value Calculation

The Manager has adopted a comprehensive set of methodologies (the "**Valuation Guidelines**") to be used by the Manager and any third-party independent valuation advisor the Manager engages to serve as the Company's valuation advisor (the "**Valuation Advisor**"), in connection with estimating the values of the Company's assets and liabilities for purposes of calculating the NAV of the Company and the NAV of the Operating Company (each as defined below).

The Company expects that valuation of the NAV of the Company and the NAV of the Operating Company will be performed on a monthly basis as of the last Business Day of each calendar month and as of any other date selected by the Manager in its reasonable discretion (each, a "**Valuation Date**").

"**NAV of the Company**" means the net asset value of the Company, determined as of the most recent Valuation Date in accordance with the Valuation Guidelines. Because the Company is implementing its investment program by investing substantially all of its assets in the Operating Company, the primary asset of the Company will be the Company's interest in the Operating Company.

"**NAV of the Operating Company**" means the net asset value of the Operating Company, determined as of the most recent Valuation Date in accordance with the Valuation Guidelines.

"**Class A NAV**" means the portion of the NAV of the Company attributable to the Class A Units determined as of the most recent Valuation Date in accordance with the Valuation Guidelines.

"**Class B NAV**" means the portion of the NAV of the Company attributable to the Class B Units determined as of the most recent Valuation Date in accordance with the Valuation Guidelines.

See "Net Asset Value Calculation and Valuation Guidelines" for additional information.

First Trust Member's and Vivaldi Member's Economic Interest in the Manager

All capital interests in the Manager are owned by CIRE, and the Covered Fee Percentage Interests in the Manager are owned by CIRE, the First Trust Member and the Vivaldi Member. With respect to their Covered Fee Percentage Interests in the Manager, the First Trust Member and the Vivaldi Member will share in the enterprise value of the Manager attributable to certain performance fees and allocations received by the Manager from the Operating Company. No other Member is entitled to a similar economic arrangement. The Vivaldi Initial Investor, as an owner of the Vivaldi Member, will, together with Vivaldi and other members of the Vivaldi Member, share in all profits and losses of the Vivaldi Member.

No part of the First Trust Member's interest in the Manager will be allocated to the Placement Agent and the Placement Agent will have no influence or control over the First Trust Member's activities on behalf of the Manager. Due to the relationship between the Placement Agent and the allocations afforded the First Trust Member, there is a conflict of interest and a greater incentive for the Placement Agent to distribute the Class B Units than it may otherwise possess with respect to an unaffiliated offering.

Liquidity Terms

Withdrawals Generally

Each Member may request to withdraw, in whole or in part, its Unit(s) by providing at least 90 days' written notice prior to the end of any calendar quarter (or, if approved by the Manager, by providing at least 14 days' written notice prior to the end of any calendar month) to the Manager. Withdrawal requests may be canceled following submission, however, will become irrevocable five (5) Business Days prior to the Withdrawal Date. Unless otherwise determined by the Manager, no withdrawal request will be effective if the Company commences winding-up or the Manager announces its intention to commence winding up the Company on or before the effective date of the related withdrawal.

Units subject to withdrawal will be repurchased by the Company at such time as the Company has available cash (as determined by the Manager in its discretion after payment of all applicable fees and expenses and creation of any appropriate reserves as described herein) to pay the Withdrawal Price, provided that any such repurchase will be effected only at the end of a calendar month (each such repurchase date, a "**Withdrawal Date**"). Substantial delays may occur in effecting the withdrawal of Units and in the payment of the Withdrawal Price to a withdrawing Member. For the avoidance of doubt, the Manager is not obligated to liquidate or encumber any assets of the Operating Company or the Company or defer any new investments that the Operating Company or the Company plans to make in the near term in order to provide cash to the Company so that the Company can satisfy the payment of any Withdrawal Price.

As of any Withdrawal Date, subject to the amount of cash that the Company has available for purposes of satisfying withdrawals as of such date, pending withdrawal requests (regardless of when they were submitted) will be satisfied in the following two steps:

(i) first, each pending withdrawal request will be satisfied in an amount equal to (a) 0.5% of the NAV of the Company divided by (b) the total number of pending withdrawal requests; provided that the amount payable in connection with each pending withdrawal request satisfied in this first step will be limited to the lesser of 25% of the Total Unit NAV (as defined below) of the applicable withdrawing Member's Unit(s) as of such Withdrawal Date and $50,000; and

(ii) second, to the extent that any pending withdrawal requests are not paid in full by the Company in the first step, such withdrawal requests will be satisfied by the Company pro rata in proportion to the respective Total Unit NAV of the Units remaining to be withdrawn.

"**Total Unit NAV**" means the sum of Class A NAV and Class B NAV of the referenced Member or Members, as applicable, determined as of the most recent Valuation Date in accordance with the Valuation Guidelines.

Any Unit subject to withdrawal will continue to participate in allocations of Company income and loss and in distributions, and will continue to be subject to all fees and expenses of the Company and, indirectly, the fees and expenses of the Operating Company, until the Withdrawal Price therefor is fully paid and the Unit is fully repurchased by the Company.

Subject to the creation of any reserves as described herein, the withdrawal proceeds payable in connection with the withdrawal of a Unit (the

"**Withdrawal Price**") will be equal to the Transaction Price for such Unit as of the applicable Withdrawal Date.

The Manager may, but is not required to, treat a withdrawal request that would reduce the aggregate Total Unit NAV of a Member's Unit(s) below $25,000 as a request for a complete withdrawal of such Member's Unit(s) in the Company.

In addition, the Manager may limit the amount of Units repurchased by the Company in any calendar quarter to no more than 5% of the NAV of the Company as of the first Business Day of such calendar quarter.

Any Member who has elected to reinvest such Member's share of the Applicable Distributions will continue such reinvestment even if such Member has requested to withdraw its Unit(s), unless such Member also requests to discontinue such reinvestment in accordance with the process described above.

Compulsory Withdrawals

Notwithstanding anything contained herein to the contrary, the Manager in its sole discretion may require any Member to withdraw all or a portion of its Units at any time upon written notice for any reason or no reason.

Freezing Units

If the Manager reasonably believes that (i) a Member has breached its representations or warranties, or (ii) a Member's investment in, or withdrawal from, the Company would cause the assets of any class of Units of the Company to be considered "plan assets" for purposes of ERISA and Section 4975 of the Code, the Manager may freeze such Member's investment in the Company, either by prohibiting additional investments, declining or delaying any requests for withdrawal and/or segregating the assets constituting such Member's investment in accordance with applicable regulations. The Manager's good faith determinations pursuant to the preceding sentence will be final and conclusive as to all Members.

Limitations on Transfer

A Member may not directly or indirectly sell, transfer, pledge, hypothecate, exchange, assign, otherwise dispose of, or permit the creation of any derivative with respect to, any portion of its Units (each, a "**Transfer**"), and its intended transferee or assignee will not be admitted as a Member, unless (a) the Manager is satisfied that such Transfer (i) will not violate any federal or state securities laws (including any investor suitability standards) applicable to the Company or the Unit that is the subject of the Transfer, (ii) the Transfer will not result in the Company becoming subject to regulation under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and (iii) the Transfer will not violate the Ownership Restrictions, and (b) such Member and its intended transferee complete transfer documentation in form and substance satisfactory to the Manager. A Member will bear all

costs incurred by the Company (including attorneys' and accountants' fees) related to any Transfer of its Units permitted hereby.

The LLC Agreement prohibits Transfers of Units if such Transfer would, among other things, result in (i) the Company being subject to regulation under the Investment Company Act, (ii) the Company's assets being deemed "plan assets" for the purposes of ERISA or Section 4975 of the Code, or (iii) violation of the Ownership Restrictions. *See* "The Company's Status as a REIT—Ownership Restrictions" below.

The Placement Agent is under no obligation to assist any Member in effecting a Transfer and the Placement Agent will not maintain a secondary market for the Units. There is not now, and there is not likely to develop, any market for the resale of the Units and it is highly unlikely that one will develop prior to the Company undertaking a potential IPO.

Miscellaneous

Release of Confidential Information

Applicable anti-money laundering and tax information exchange rules provide that the Company, the Manager and/or SS&C Technologies, Inc., the Company's administrator (the "**Administrator**"), and SS&C GIDS, Inc., the Company's transfer agent (the "**Transfer Agent**" and together with the Administrator, "**SS&C**"), may voluntarily release confidential information about Members and, if applicable, the beneficial owners of Members to regulatory or law enforcement authorities.

Reports

As soon as practicable following the end of each fiscal year, the Company will make available to all Members annual audited financial statements upon request. In addition, the Company will send to all Members statements regarding the total Class A NAV and Class B NAV of their Unit(s) on a quarterly basis and periodic information letters, and will provide to each Member an annual IRS Form 1099 as and when required by law.

Books and Records

Except as otherwise determined by the Manager, Members will have no right to obtain access to, or copies of, the Company's books and records, including information about, and the identities of, other Members of the Company.

Confidentiality

In accordance with the provisions of the LLC Agreement, the Members, and their respective representatives and advisors, will be required to keep confidential all matters relating to the Company and its affairs, except as otherwise required by applicable law.

Exculpation; Indemnification

None of the Manager and its members, partners, equity holders, directors, officers, employees, affiliates and other agents (in each case, a "**Covered Person**") will be liable to the Company or to the Members for any act or omission of such Covered Person, unless such act or omission is found by

a court of competent jurisdiction upon entry of a final and non-appealable judgment to have been the result of such Covered Person's fraud, gross negligence or willful misconduct. The Company will indemnify and hold harmless the Covered Persons for any losses, damages or expenses incurred by them on behalf of the Company or otherwise arising out of or in connection with the Company or the business of the Company, except to the extent that any such losses, damages or expenses have been found by a court of competent jurisdiction upon entry of a final and non-appealable judgment to have been the result of such Covered Persons' fraud, gross negligence or willful misconduct.

Member Liability

The LLC Agreement and the Act provide that no Member will be personally liable for the debts of the Company beyond the amount contributed by such Member to the capital of the Company and undistributed profits, although under certain circumstances a Member could be required to return to the Company distributions received from the Company.

Amendments; Negative Consent

The LLC Agreement may be modified or amended at any time and from time to time by the Manager without seeking or obtaining the consent of any Member: (i) in any manner that does not adversely affect any Member in any material respect; (ii) to effect any changes required by applicable laws or regulations or take such actions as may be necessary or appropriate to avoid the assets of the Company being treated for any purpose of ERISA or Section 4975 of the Code as assets of any "employee benefit plan" as defined in and subject to ERISA or of any plan as defined in and subject to Section 4975 of the Code (or any corresponding provisions of succeeding law); or (iii) to cure any ambiguity or to correct or supplement any provision contained in the LLC Agreement which may be defective or inconsistent with any other provision contained in the LLC Agreement or with this Memorandum. The LLC Agreement may also be amended by the Manager with the consent of a majority-in-interest of the Members, provided that no amendment will be made to Section 3.4 of the LLC Agreement (regarding no additional capital contributions) without the consent of each of the Members affected thereby. A Member will be deemed to have consented to a proposed amendment or other issue requiring the approval of the Members if such Member does not object to such amendment or other issue within 15 Business Days after receiving written notice of such proposed amendment or other issue.

Fiscal Year

The Company's fiscal year is the calendar year ending December 31st.

Business Day

A "**Business Day**" is a day (other than a Saturday or Sunday) on which banks and relevant financial markets are open for business in New York, New York.

Administrator and Transfer Agent	The Company has retained SS&C to serve as the Company's administrator and transfer agent. SS&C is responsible for, among other things, maintaining the Company's books and records and processing subscriptions and withdrawals.
Legal Counsel	Alston & Bird LLP has served as U.S. legal counsel to the Company in connection with the preparation of this Memorandum. Alston & Bird LLP has prepared this Memorandum based on information provided to it by the Manager without independent verification. Alston & Bird LLP does not represent and has not represented any prospective investors in connection with their investment in the Company. Prospective investors should consult with their own tax and legal advisors.
Auditor	The Company has retained KPMG LLP as its independent auditor.
Additional Information	For further information about the Company or this offering, please contact the Company at:

CIRE REAL ESTATE INVESTMENT TRUST, LLC
c/o CIRE Real Estate Advisors, LLC
530 B Street, Suite 2050
San Diego, California 92101
Email: IR@CIREequity.com

INVESTMENT OBJECTIVE AND INVESTMENT STRATEGY

Investment Objective

The Company's investment objective is to make investments in real estate assets that will safeguard investor capital and optimize both income generation and capital appreciation in a tax-efficient manner with low relative volatility. The Company aims to provide stable income through consistent cash distributions, supported by current income from its investment portfolio and appreciation in NAV through strategic capital allocation and hands-on asset management.

The Company's primary investment strategy focuses on acquiring stabilized commercial real estate assets in the United States that provide current income and attractive risk-adjusted returns, with the possibility of select investments internationally. The Company targets a wide variety of asset types, including industrial, retail, rental housing, data centers, healthcare, storage, office, and hotels, among others. The Company's investments may extend to associated real estate operating companies within these sectors.

Additionally, the Company strategically pursues secondary investments in: (i) real estate debt to generate current income, offer alternative liquidity solutions, and support various strategic objectives; and (ii) non-stabilized commercial real estate and unimproved land, aimed at driving capital appreciation

See "Investment Portfolio" for a description of the real estate assets currently held in the Operating Company's portfolio.

This offering relates solely to the offer and sale of Units of the Company. However, for the purposes hereof, references to the investment activities of the Company will mean those activities as conducted indirectly through the Operating Company, unless the context otherwise requires.

Investment Process

Subject to the Manager's overall power and authority, the Manager has delegated to CIRE the management and operation of the real estate and real estate-related assets owned by the Operating Company. CIRE's management team will employ a rigorous approach to deal selection and analysis. CIRE's underwriting process has been developed through years of experience analyzing potential real estate transactions and managing real estate investments. For each transaction, the management team will assess the specific asset's opportunities and significant risk factors and use the same to guide conservative financial modeling and asset-level due diligence. The Company's investment criteria will strive to balance risk and return, and identify those opportunities where CIRE's real estate expertise will create value for investors. CIRE will utilize its significant in-house resources and extensive network of contacts and relationships to creatively develop and reposition real estate investments, and will assess the particular market for each investment and carefully consider disposition strategies and timing over the investment's life cycle.

Use of Leverage

With respect to the Operating Company, the Manager uses and expects to continue to use leverage for investment and other purposes (e.g., using loan proceeds to pay expenses in advance of cash becoming available to the Operating Company from its operations, etc.). The Manager intends to target leverage employed by the Operating Company with a loan-to-value ratio in the range of 30% to 70% of the value of the Operating Company's real estate portfolio and 0% to 85% of the value of the Operating Company's real estate debt portfolio (each as measured on a portfolio basis and not on an asset by asset basis), calculated as of the date on which any indebtedness is incurred, provided that the Manager may employ leverage that is greater or lesser than the foregoing percentages as it deems appropriate per the Operating Company's risk/return and cash management objectives.

Cash Management

The Company may maintain assets in cash, deposit, call or current accounts or invest in short-term instruments, such as short-term debt instruments, money market funds, government securities, certificates of deposit, bankers' acceptances or similar temporary investments, to meet the expense needs of the Company or for such other purposes as may be determined by the Manager.

With respect to the Operating Company, the Manager intends to use leverage for investment and other purposes (e.g., using loan proceeds to pay expenses in advance of cash becoming available to the Operating Company from its operations, etc.). The Manager intends to target leverage employed by the Operating Company with a loan-to-value ratio in the range of 30% to 70% of the value of the Operating Company's real estate portfolio and 0% to 85% of the value of the Operating Company's real estate debt portfolio (each as measured on a portfolio basis and not on an asset by asset basis), calculated as of the date on which any indebtedness is incurred, provided that the Manager may employ leverage that is greater or lesser than the foregoing percentages as it deems appropriate per the Operating Company's risk/return and cash management objectives.

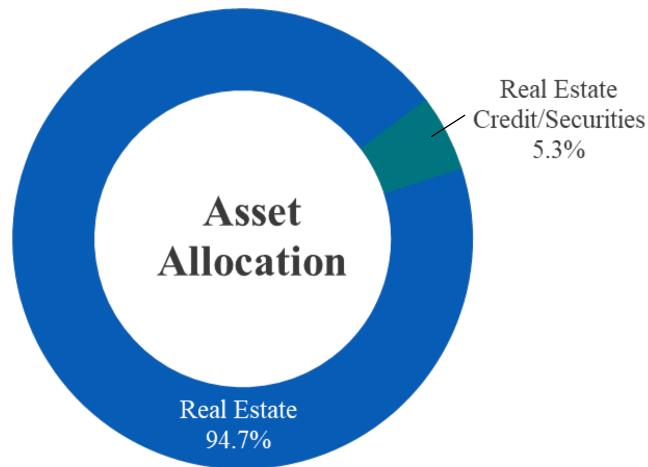
* * *

The foregoing description of the Company's investment strategy represents the Manager's present intentions in view of current market conditions and other factors. The Manager may vary the foregoing investment objectives and strategy to the extent it determines that doing so will be in the best interest of the Company. There is no assurance that the Company's investment objective will be achieved, and results may vary substantially over time. Any investment strategy pursued for the Company is in the absolute and sole discretion of the Manager. ***See*** **"Certain Risk Factors" below.**

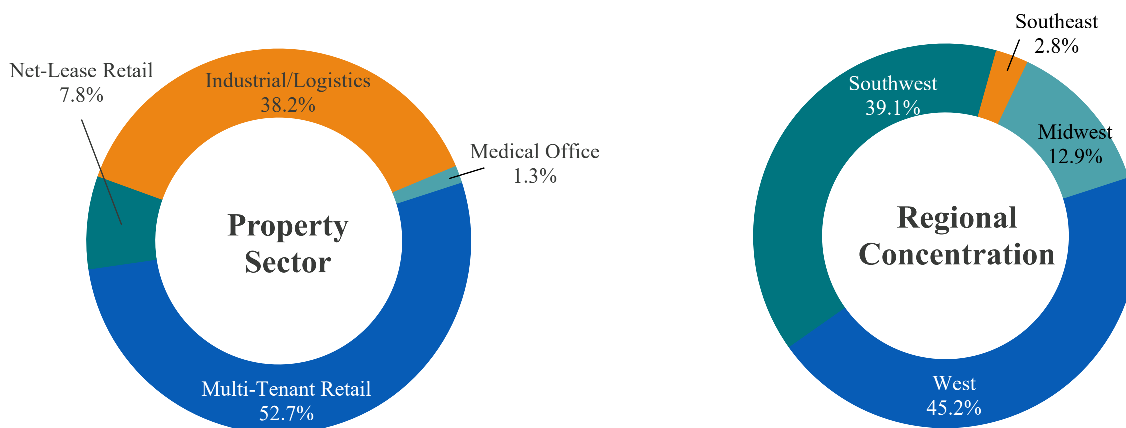
INVESTMENT PORTFOLIO

Summary of Portfolio

The following chart outlines the percentage of the Company's investments in real properties and investments in real estate-related securities based on fair value as of December 31, 2023:



The following charts further describe the composition of the Company's investments in real properties based on fair value as of December 31, 2023:



Investments in Real Estate

The following table provides a summary of the Company's portfolio of real properties as of December 31, 2023. All properties are 100% owned by the Company unless otherwise specified.

Property	Sector	Region	Location	Building Area (SF)	% Leased	Acquisition Date
Central Park	Multi-Tenant Retail	West	Denver, CO	147,697	70.1%	May-19
Pecan Promenade	Multi-Tenant Retail	Southwest	Phoenix, AZ	141,642	96.3%	May-19
Valley Plaza	Multi-Tenant Retail	Southwest	Phoenix, AZ	146,226	96.1%	May-19
Glendale Market Square	Multi-Tenant Retail	Southwest	Phoenix, AZ	185,702	75.8%	May-19
Pear Tree	Multi-Tenant Retail	West	Mendocino, CA	197,437	93.3%	May-19
Val Vista	Multi-Tenant Retail	Southwest	Phoenix, AZ	93,384	94.6%	May-19
Wood Village	Multi-Tenant Retail	West	Portland, OR	149,713	100.0%	May-19
Roseville Center	Multi-Tenant Retail	West	Sacramento, CA	96,819	92.3%	Nov-19
Sparks Galleria	Multi-Tenant Retail	West	Sparks, NV	210,416	90.7%	Oct-19
Eagleridge	Multi-Tenant Retail	West	Pueblo, CO	116,305	100.0%	Dec-19
Park West	Multi-Tenant Retail	Southwest	Peoria, AZ	253,659	95.1%	Jul-20
407 S Main	Net-Lease Retail	Midwest	Clinton, IN	14,075	100.0%	Jul-20
401 Washington	Net-Lease Retail	Midwest	Covington, IN	6,364	100.0%	Jul-20
75-5643 Kopiko	Net-Lease Retail	West	Kailua-Kona, HI	2,952	100.0%	Aug-21
4100 E Mexico	Net-Lease Retail	West	Denver, CO	47,044	100.0%	Jul-22
7422 Louetta	Net-Lease Retail	Southwest	Spring, TX	45,000	100.0%	Dec-22
20841 S State	Net-Lease Retail	Southeast	Boca Raton, FL	41,250	100.0%	Dec-22
2621 Hall	Industrial/Logistics	West	Riverside, CA	16,000	100.0%	May-19
2641 Hall	Industrial/Logistics	West	Riverside, CA	34,982	100.0%	May-19
606 W Troy	Industrial/Logistics	Midwest	Indianapolis, IN	23,000	100.0%	May-19
5700 US Highway 17 S	Industrial/Logistics	Southeast	Bartow, FL	67,438	100.0%	May-19
5925 W Van Buren	Industrial/Logistics	Southwest	Phoenix, AZ	17,238	100.0%	Jun-21
21250 Foster	Industrial/Logistics	Southwest	Spring, TX	68,067	100.0%	Dec-21
3303 Spirit	Industrial/Logistics	Midwest	Green Bay, WI	157,019	100.0%	Dec-21
18703 Intercontinental Crossing	Industrial/Logistics	Southwest	Houston, TX	63,800	100.0%	May-22
14805 E Moncrieff	Industrial/Logistics	West	Aurora, CO	58,291	100.0%	Jul-22
13001 Almeda	Industrial/Logistics	Southwest	Houston, TX	123,048	100.0%	Aug-22
2225 NE Elrod	Industrial/Logistics	West	Portland, OR	55,520	100.0%	Oct-22
3919 W First	Industrial/Logistics	West	Eugene, OR	20,000	100.0%	Oct-22
412 N Haven	Industrial/Logistics	West	Spokane, WA	34,359	100.0%	Oct-22
7416 E Broadway	Industrial/Logistics	West	Spokane, WA	25,080	100.0%	Oct-22
8001 E Bloomington	Industrial/Logistics	Midwest	Bloomington, MN	121,870	100.0%	Feb-23
6730 Santa Fe	Industrial/Logistics	West	Hesperia, CA	22,000	100.0%	May-23
17477 Nisqualli Rd[1]	Industrial/Logistics	West	Victorville, CA	829,013	100.0%	Jun-23
1280 Disc Dr	Industrial/Logistics	Midwest	Shakopee, MN	405,146	100.0%	Dec-23
3102 Produce Row	Industrial/Logistics	Southwest	Houston, TX	428,678	92.5%	Jul-23
8840-8880 Evergreen	Industrial/Logistics	Midwest	Coon Rapids, MN	262,202	100.0%	Aug-23
3300 Vista	Medical Office	West	Oceanside, CA	13,036	100.0%	Feb-22
1333 Smith	Medical Office	Midwest	Logansport, IN	9,222	100.0%	Jun-22
Portfolio Total				**4,750,694**	**96.0%**	

[1] The Company owns approximately 2/3 of the interests in this property, with the remaining 1/3 of the interests owned by a CIRE-sponsored entity.

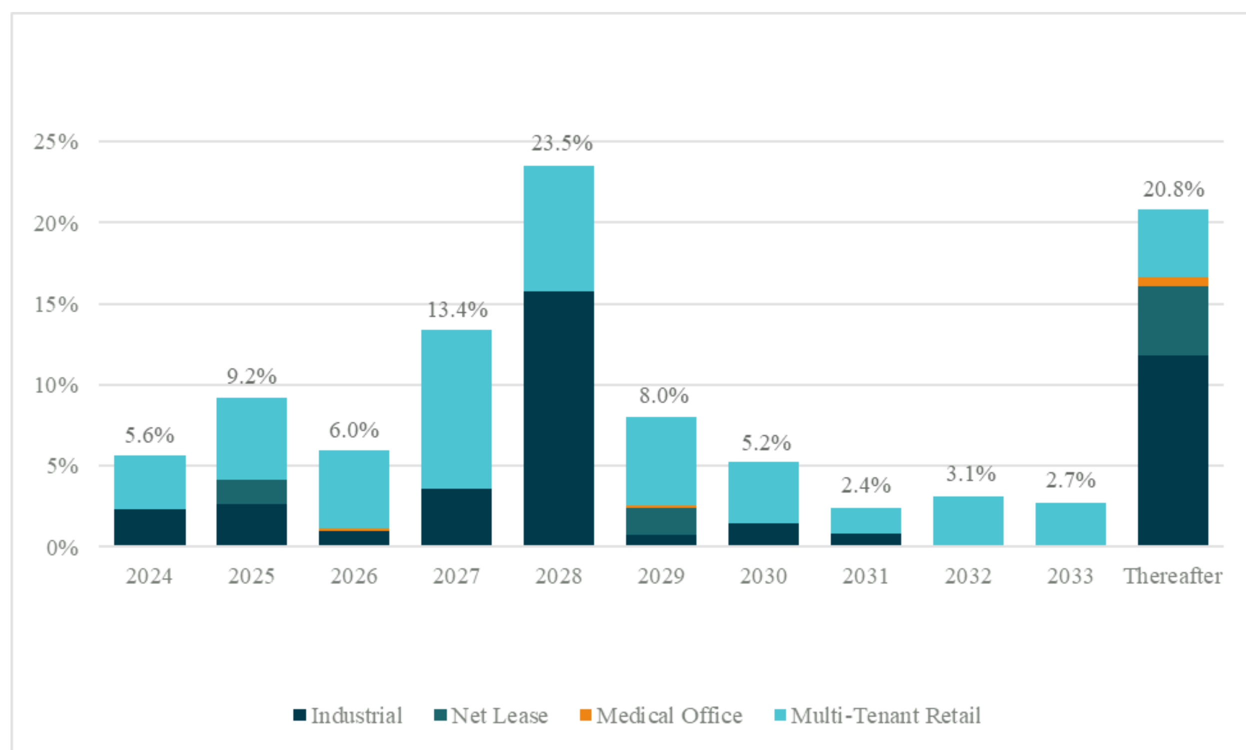
Investments in Real Estate-Related Securities

The following table provides a summary of the Company's investments in real estate-related securities as of December 31, 2023:

Investments in Real Estate-Related Securities		Fair Value	Maturity Date
The Gateway at Wynwood	Miami, FL	11,305,247	Mar-26
Oak Valley Marketplace	Beaumont, CA	4,320,516	Apr-25
ALTO Portfolio	Various	9,466,206	Nov-24
Buckeye Verrado	Buckeye, AZ	12,000,000	Dec-24
Investments in Private Funds/Other	Various	4,263,539	Nov-24
Total Real Estate-Related Securities		**41,355,508**	

Lease Expirations

The following chart details the expiring leases at the Company's industrial, retail, net lease and other properties by annualized base rent as of December 31, 2023 ($ in thousands):



SUMMARY OF OPERATING RESULTS

Selected Financial Information

The following table provides selected financial information regarding the Company as of December 31, 2023:

ITD Cumulative Net Rate of Return	**70.0%**
ITD Avg. Annual Net Rate of Return	**13.0%**
ITD Avg. Annual Distribution Rate	**6.1%**
2023 Net Rate of Return	**8.9%**
2023 Distribution Rate	**6.1%**

Indebtedness

The following table is a summary of the Company's indebtedness as of December 31, 2023 ($ in thousands):

Indebtedness	Weighted Average Interest Rate[1]	Weighted Average Maturity Date[1]	Principal Balance
Fixed rate loans secured by the Company's properties:[2]			
Fixed rate mortgages	5.30%	6/12/2029	$376,505
Variable rate loans secured by the Company's properties:			-
Variable rate mortgages and term loans	10.60%	3/21/2026	$12,350
Variable rate secured revolving credit facilities	8.21%	9/25/2025	$32,030
Total loans secured by the Company's properties			**$420,885**
Cash-secured revolving credit facility[3]	5.00%	1/20/2025	$5,000
Total indebtedness			**$425,885**

[1] Figures represent weighted average by principal balance as of December 31, 2023.
[2] Fixed rate mortgages includes loans with outstanding interest rate swaps that mitigate the Company's exposure to potential future interest rate increases on the entire notional balance of the underlying floating rate debt
[3] Reflects gross annual interest rate on revolving credit facility. The interest rate on the underlying cash is approximately 2.46% as of December 31, 2023.

Distributions

The following table summarizes the distributions declared from inception through the year ended December 31, 2023 ($ in thousands):

Record Date	Distribution	Distribution Yield	Annualized Distribution Yield
12/31/2019	$528,502	1.7%	5.0%[1]
3/31/2020	$682,723	1.7%	6.7%
6/30/2020	$668,226	1.4%	5.8%
9/30/2020	$677,745	1.5%	6.0%
12/31/2020	$714,862	1.5%	6.0%
3/31/2021	$732,506	1.5%	6.0%
6/30/2021	$744,344	1.5%	5.9%
9/30/2021	$809,763	1.5%	6.1%
12/31/2021	$1,026,824	1.6%	6.4%
3/31/2022	$1,138,318	1.5%	6.1%
6/30/2022	$1,316,762	1.5%	6.2%
9/30/2022	$1,409,356	1.5%	5.9%
12/31/2022	$1,572,493	1.5%	6.0%
3/31/2023	$1,639,349	1.5%	6.0%
6/30/2023	$1,824,165	1.5%	6.1%
9/30/2023	$2,113,284	1.5%	6.2%
12/31/2023	$2,365,831	1.5%	6.0%
Total	**$19,965,053**	**26.0%**	**6.1%**

[1]This distribution covers a four-month distribution period from September 1, 2019 through December 31, 2019.

Related Party Transactions

The following table summarizes the fees and expense reimbursements paid to the Manager and its affiliates in connection with the Company's operations during the year ended December 31, 2023 ($ in thousands):

	For the Year Ended December 31, 2023
Upfront selling commissions and dealer manager fees	$0
Unitholder servicing fee	0
Management fee	4,828
Performance participation allocation	7,352
Other fees	2,301
Operating expense reimbursement	827
Affiliate service provider expenses	3,102
Total	**$18,409**

The operating expense reimbursement and affiliate service provider expenses presented above reflect the gross amounts paid to the Manager and its affiliates. A portion of these fees were reimbursed to the Company by tenants of the Company's investment portfolio.

CONTRIBUTION OF REAL ESTATE ASSETS

Contribution of Real Estate Assets

Certain real estate assets in the Operating Company's portfolio are assets that were held by entities that are managed or sponsored by CIRE and contributed to the Operating Company. From time to time, additional real estate assets may be contributed to the Operating Company by entities that may or may not be affiliated with CIRE. All real property held by entities that are managed or sponsored by CIRE are appraised by an independent, third-party appraiser prior to contribution to the Operating Company.

With respect to each real estate asset that may be contributed to the Operating Company, such asset will be contributed to the Operating Company at a purchase price or contribution value as agreed upon by the parties and set forth in a contribution agreement, subject to any appropriate adjustments and/or prorations in accordance with the terms of such contribution agreement.

The direct or indirect owners of a real estate asset to be contributed to the Operating Company (each such owner, a "**Contributing Owner**") will assign all or a portion of their respective direct or indirect interest in such asset directly or indirectly to the Operating Company in exchange for non-voting Operating Company Units in the Operating Company. In the case of any Contributing Owner that is a collective investment vehicle, such Contributing Owner will distribute the Operating Company Units received to its investors, resulting in such investors becoming members of the Operating Company.

Refinancing of Certain Contributed Assets

On May 9, 2019, shortly after the Operating Company commenced its operations, 11 real estate assets were contributed to the Operating Company (such assets, the "**Initial Assets**"). Concurrently with the completion of the contribution of such assets, the Operating Company entered into a new loan to refinance the existing mortgage debt on such assets, and to provide approximately $26 million of excess proceeds, net of costs and reserves (the "**Excess Refinancing Proceeds**"). The Excess Refinancing Proceeds were distributed to those members of the Operating Company who were the direct or indirect Contributing Owners of the Initial Assets (the "**Initial Asset Owners**") in proportion to the Net Asset Values of their Operating Company Units attributable to the Initial Assets. Such distributions reduced the Net Asset Values of the Initial Asset Owners' Operating Company Units (as well as the Net Asset Value of the Operating Company) accordingly. The Operating Company did not retain, and the Company did not receive, any Excess Financing Proceeds.

The refinancing costs incurred by the Operating Company (including the cost of obtaining the new loan) was approximately $4.63 million, approximately $2.035 million of which was capitalized and is being amortized through May 2029 as an expense of the Operating Company.

THE COMPANY'S STATUS AS A REIT

The Company's Status as a REIT

The Company believes it is organized and has operated in a manner that has allowed it to qualify for taxation as a REIT within the meaning of Section 856(a) of the Code. So long as the Company maintains its tax status as a REIT, the Company generally will not be subject to federal corporate income tax on its taxable income that is distributed as dividends, and the dividends paid by the Company generally should not be taxable as UBTI to tax-exempt investors. To qualify and maintain its tax status as a REIT, the Company will be required to satisfy certain organizational, operational and distribution requirements on an ongoing basis.

Capital Structure of the Company

The Company is authorized to issue an unlimited number of Units designated as "Class A Units" and "Class B Units," along with any additional classes of Units the Manager may designate from time to time. The Units being offered by the Company pursuant to this Memorandum are the Class A Units and the Class B Units.

Ownership Restrictions

The LLC Agreement contains Ownership Restrictions that, among other things, restrict the beneficial ownership of the Units by a single person, or persons acting as a group, to 9.8% of such Units. The purpose of the Ownership Restrictions is to assist the Company in protecting and preserving its status as a REIT. To qualify as a REIT, not more than 50% in value of the Company's outstanding Units may be owned, directly or indirectly (including through a limited liability company), by five or fewer individuals at any time during the last half of any taxable year subsequent to the first year for which the Company's qualification as a REIT is effective, and the Units must be held by a minimum of 100 persons during at least 335 days in each taxable year subsequent to the first taxable year for which the Company's qualification as a REIT is effective. The Ownership Restrictions permit five persons to acquire up to a maximum of 9.8% each, or an aggregate of 49%, of the outstanding Units of the Company, and thus assist the Company in protecting and preserving its status as a REIT.

The Ownership Restrictions also prohibit:

- any person from (1) beneficially owning Units that would result in the Company being "closely held" under Section 856(h) of the Code (without regard to whether the Units are held during the last half of a taxable year) or (2) beneficially or constructively owning Units that would otherwise cause the Company to fail to qualify as a REIT;

- any person from transferring Units if the transfer would result in the Company being beneficially owned by fewer than 100 persons; and

- any person from constructively owning Units to the extent that such constructive ownership would cause the Company's allocable share of any income of the Operating Company that would otherwise qualify as "rents from real property" for purposes of Section 856(d) of the Code to fail to qualify as such.

Unless the Company has entered into a waiver agreement with an investor, if and to the extent that any person's ownership of Units would violate the Ownership Restrictions, that person's Units will constitute "**Excess Units**" to the extent of such excess. Excess Units will be deemed to have been transferred to an unaffiliated trustee and held in trust for the benefit of a charitable beneficiary. Any distributions on Excess Units while held by the trust will be credited to the account of the charitable beneficiary. The trustee shall use reasonable best efforts to sell the Excess Units to a purchaser in whose hands the Excess Units would not be Excess Units. A person whose Units have become Excess Units will receive the lesser of (i) the price paid in the transaction that created such Excess Units and (ii) the price received by the trust from the purchaser of such Excess Units. Any proceeds in excess of the amount payable to the person whose Units became Excess Units will be paid to the charitable beneficiary. In addition, Excess Units are subject to a call option by the Company, with a term of 90 days, at a price equal to the lesser of (i) the Transaction Price in the transaction that created such Excess Units, and (ii) the Transaction Price on the date the Company exercises its call option. A person whose Units become Excess Units will not be entitled to distributions, other than liquidating distributions, or the proceeds of a disposition with respect to Excess Units except as described above.

Each Member will be required to provide the Company with such information as the Company may reasonably request in order to determine whether such Member's ownership or proposed transfer of Units complies with the Ownership Restrictions.

MANAGEMENT OF THE COMPANY

The Manager

The manager of the Company is CIRE Real Estate Advisors, LLC, a Delaware limited liability company. The Manager also serves as, along with the Company, co-manager of the Operating Company. All capital interests in the Manager are owned by CIRE and the Covered Fee Percentage Interests in the Manager are owned by CIRE, the First Trust Member and the Vivaldi Member. The First Trust Member is a limited liability company owned by an affiliate of the Placement Agent. The Vivaldi Member is a limited liability company owned by an affiliate of Vivaldi and the Vivaldi Initial Investor.

CIRE is a private real estate investment company experienced in identifying, structuring and capitalizing on real estate investments across all levels of capital structure. The First Trust Member is a non-registered entity that invests in early- and growth-stage companies across multiple industries but with a focus on financial services and healthcare technology. Vivaldi is a wealth and investment management firm serving high-net-worth individuals, families, and institutions and providing integrated advisory services to address a full range of financial needs.

The Manager is responsible for the day-to-day operations of the Company and the management of their assets. The Manager and the Company are responsible for the day-to-day operations of the Operating Company and co-manage the management of its assets. The Manager is managed by the Board, which is initially composed of two (2) CIRE Managers, Joshua Volen and Trevor Smith. The unanimous consent of the CIRE Managers serves as a decision of the Board. Following the date on upon which the NAV of the Class B Units and the Class B Operating Company Units exceed $2 billion, the Board shall be comprised of four managers, two CIRE Managers and two managers appointed by the First Trust Member and, except with respect to certain items reserved for the unanimous consent of CIRE Managers, the consent of a majority of the managers then appointed and serving will serve as a decision of the Board. Subject to the Board's overall power and authority, the Board has delegated to CIRE the day-to-day management and operation of the real estate and real estate-related assets owned by the Operating Company, including, but not limited to, identifying suitable assets, negotiating the terms and conditions of the investments, monitoring and overseeing the management of the assets, securing financing for the assets, and making appropriate arrangements for dispositions of the assets.

The Manager may transfer its management responsibilities to any of its qualified affiliates, successors or assignees, and may designate and appoint other persons to make, directly or indirectly, all or any portion of the Company's investment decisions, upon notice to the Members. The Manager may change any of the Company's service providers, including the Company's auditor, administrator or transfer agent, at any time, and shall not be required to obtain the consent or approval of, or give notice to, any Members in connection therewith.

Key Personnel

Following are the biographies of certain key personnel of CIRE:

Trevor Smith, Co-Founder and Principal of CIRE Equity, has been an integral part of the organization since co-founding the firm in 2010. As a key member of the CIRE leadership team, Mr. Smith co-directs the strategic planning and execution of the company alongside his partner and co-founder, Joshua Volen. Mr. Smith's day-to-day responsibilities involve managing the legal, financial, and operational aspects of CIRE's dynamic and expanding business.

With a wealth of experience in real estate acquisitions, valuation, financing, market analysis, project management, asset management, and dispositions, Mr. Smith plays a vital role on CIRE's investment committee. Mr. Smith contributes to critical decision-making processes, guiding investment strategies that have resulted in over $1 billion in transaction volume.

Mr. Smith believes that CIRE's achievements are a testament to its steadfast commitment to its core values – fostering genuine connections, generating opportunities, delivering excellence, and continuously elevating – values that are deeply woven into the fabric of the organization. Under Mr. Smith and Mr. Volen's guidance, CIRE fosters a modern leadership ethos where the inclusivity of people, and the diversity of thought, experience, and background, are highly cherished, empowering team members to deliver their best work.

Before co-founding CIRE, Trevor spent six years at Silverberg Development Corp ("**SDC**"), where he worked his way up from project manager to Vice President and head of acquisitions. His experience ranged from land entitlement and development to single-family home construction and the repositioning of various commercial real estate projects.

Mr. Smith holds a B.S.M. from Tulane University's A.B. Freeman School of Business with a focus on Finance and Accounting. He is a member of Young Presidents' Organization ("**YPO**"), the International Council of Shopping Centers (ICSC), and the Urban Land Institute (ULI).

Joshua Volen is the Co-Founder and Managing Principal at CIRE Equity, a values-driven, vertically integrated real estate private equity firm. With a contagious passion for the commercial real estate industry, Mr. Volen currently steers the strategic vision and growth of CIRE, taking the lead in acquisitions and investor relations.

Mr. Volen's journey in real estate began with his tenure at a national commercial brokerage firm, where he achieved Rookie of the Year in his first year and quickly climbed to the position of Vice President and National Director, specializing in office and industrial properties. His outstanding performance ranked him among the top 30 agents nationwide, completing over 137 transactions with a total volume exceeding $1 billion.

Since co-founding CIRE Equity in 2010, the company has completed more than $1.5 billion in over 200 transactions and accumulated a current portfolio AUM exceeding $900 million. Mr. Volen has been instrumental in CIRE's performance and scale, which is evidenced by a compound annual growth rate exceeding 50% year over year, underscoring the ability to build a resilient enterprise platform through cycles. With clear intention and aligned vision, CIRE's success includes a diverse investor base, primarily composed of high-net-worth and ultra-high-net-worth

individuals, family offices, institutional wealth management partnerships, and wholesale distributorship.

Mr. Volen also recognizes the critical role of building and supporting a thriving company culture, guided by an explicit set of differentiating core values, to fortify the foundation of CIRE's sustained success. His commitment to building authentic relationships through open vulnerability is evident in his ability to form deep, meaningful, and aligned connections with employees, investors, tenants, partners, and vendors. Today, the growth mindset Mr. Volen shares as a leader has become firmly ingrained in CIRE's culture and values, fostering a continuous commitment to persistent improvement. He, together with the rest of the team, models psychological safety, creating an environment that encourages individuals both within and outside the organization to freely express their ideas, enabling everyone to overcome self-limiting beliefs and thrive together.

Mr. Volen holds a B.A. in Political Economy of Industrialized Societies from the University of California, Berkeley. He remains an active member of The Entrepreneurs' Organization and YPO and has held various board roles locally and regionally. Mr. Volen's contributions have been recognized through numerous interviews and prestigious accolades, including the Globe St. Best Bosses Award and the San Diego Business Journal's Best Places to Work Award for three consecutive years.

Exculpation and Indemnification of the Manager

The LLC Agreement provides that no Covered Person will be liable, responsible or accountable in damages or otherwise to the Company or any of the Members or any of their respective affiliates, principals, managers, members, officers, directors, employees, equity holders, agents or other applicable representatives or any of their respective successors, assignees or transferees, or third parties for any act or omission performed or omitted by them on behalf of the Company, unless such act or omission is found by a court of competent jurisdiction upon entry of a final and non-appealable judgment to have been the result of such Covered Person's fraud, gross negligence or willful misconduct. The Covered Persons may consult with counsel and accountants in respect of the affairs of the Company and be full protected and justified in any action or inaction which is taken in good faith and in accordance with the information, reports, statements, advice or opinion provided by such persons. Notwithstanding the foregoing, nothing in the LLC Agreement shall in any way constitute a waiver or limitation of any rights which the Members may have under federal or state securities laws or under ERISA.

In addition, the Company will indemnify and hold harmless the Covered Persons from and against any and all losses, damages, obligations, penalties, claims, actions, suits, judgments, settlements, liabilities, costs, and expenses (including, without limitation, reasonable attorneys' and accountants' fees, as well as other costs and expenses incurred in connection with the defense of any actual or threatened action or proceeding) and amounts paid in settlement of any claims suffered or incurred by them on behalf of the Company or otherwise arising out of or in connection with the Company or the business of the Company, except to the extent that any such losses, damages or expenses have been found by a court of competent jurisdiction upon entry of a final and non-appealable judgment to have been the result of such Covered Persons' fraud, gross negligence or willful misconduct. The Manager may, in its sole discretion, advance to any person or entity entitled to indemnification under the LLC Agreement reasonable attorney's fees and other

costs and expenses incurred in connection with the defense of any action or proceeding which arises out of such conduct, provided that all such advances will be promptly repaid if it is subsequently determined that the person or entity receiving such advance was not entitled to indemnification pursuant to the LLC Agreement.

Vivaldi Member's and First Trust Member's Economic Interest in the Manager

All capital interests in the Manager are owned by CIRE and the Covered Fee Percentage Interests in the Manager are owned by CIRE, the First Trust Member and the Vivaldi Member. The First Trust Member is a limited liability company owned by an affiliate of the Placement Agent. With respect to their interest in the Manager, the First Trust Member and the Vivaldi Member will share in the enterprise value of the Manager attributable to certain performance fees and allocations received by the Manager from the Operating Company. The Vivaldi Initial Investor, as an owner of the Vivaldi Member, will, together with Vivaldi and other members of the Vivaldi Member, share in all profits and losses of the Vivaldi Member. No other Member is entitled to a similar economic arrangement.

Although no part of the economic interest of the First Trust Member in the Manager will be allocated to the Placement Agent and the Placement Agent will have no influence or control over the First Trust Member's activities on behalf of the Manager, due to the affiliation of the Placement Agent and the First Trust Member, there is a conflict of interest and a greater incentive for the Placement Agent to distribute the Class B Units than it may otherwise possess with respect to an unaffiliated offering.

PLAN OF DISTRIBUTION

The Company is offering pursuant to this Memorandum an unlimited number of Class A Units and Class B Units on a continuous private placement basis to investors who satisfy the eligibility standards described below. The Company may terminate this offering at any time.

Eligible Investors

The offering of Class A Units and Class B Units hereby is designed for sophisticated investors who are "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act, and knowledgeable and experienced in financial and business matters such that they are capable of evaluating the merits and risks of an investment in the Company.

This offering of Units is being conducted pursuant to SEC Rule 506(c), which permits issuers to generally solicit and advertise, provided that: (a) all purchasers in the offering are accredited investors, (b) the issuer takes reasonable steps to verify their accredited investor status, and (c) certain other conditions in Regulation D are satisfied.

Class A Units

Class A Units will be offered and sold in this offering by the Company. No upfront selling commissions or Distribution Fees are paid on sales of Class A Units.

Class B Units

The Class B Units will be offered and sold in this offering on a "best efforts" basis by the Placement Agent, First Trust Portfolios L.P., a broker-dealer registered with the SEC under the Exchange Act, and a member of FINRA, and other Participating Distribution Agents engaged by the Placement Agent to participate in this offering. The offering of Class B Units will be conducted on a "best efforts" basis, meaning that the Placement Agent and any Participating Distribution Agents will only be required to use their best efforts to sell the Class B Units and will have no firm commitment or obligation to purchase any Class B Units. No upfront selling commissions are paid on sales of Class B Units. See "—Placement Agent Agreement—Distribution Fee" below for a description of the Distribution Fee paid by the Manager on outstanding Class B Units.

Purchase Price

The purchase price per Unit varies and will equal the then-current Transaction Price as of the applicable Closing Date. The Transaction Price with respect to the Class A Units will equal the price per Class A Unit determined by dividing the Class A NAV as of the most recent Valuation Date in accordance with the Valuation Guidelines by the number of Class A Units issued and outstanding as of such date. The Transaction Price with respect to Class B Units will equal the price per Class B Unit as determined by dividing the Class B NAV as of the most recent Valuation Date in accordance with the Valuation Guidelines by the number of Class B Units issued and outstanding as of such date. See "Net Asset Value Calculation and Valuation Guidelines."

If Subscription Documents are received after the Subscription Deadline for the applicable month, the purchase of Units reflected by such Subscription Documents may, unless the Company elects otherwise, be executed in the immediately following month's closing at the then-current Transaction Price applicable as of such subsequent Closing Date. As a result of this process, the price per Unit at which a subscription is executed may be different than the price per Unit for the month in which the subscription was submitted.

Placement Agent Agreement

The Company and the Manager entered into an agreement with the Placement Agent (the "**Placement Agent Agreement**"), pursuant to which the Placement Agent has agreed to, among other things, serve as the Company's exclusive placement agent in connection with the offer and sale of the Class B Units in this offering and solicit, or cause to be solicited, purchasers of Class B Units.

Distribution Fee

The Manager, without reimbursement by the Company, will pay the Placement Agent a Distribution Fee with respect to outstanding Class B Units in an amount equal to 0.35% per annum of the aggregate Class B NAV, payable monthly in arrears out of the management fees the Manager received with respect to such Class B Units. The Manager will cease paying the Distribution Fee on Class B Units on the earlier to occur of the following: (i) a listing of the Company's securities on a national securities exchange or (ii) the Company's merger or consolidation with or into another entity, or the sale or other disposition of all or substantially all of the Company's assets, in each case in a transaction in which Members receive cash or securities listed on a national securities exchange. No Distribution Fee will be paid on Class A Units.

Indemnification

To the extent permitted in the LLC Agreement and the Operating Company LLC Agreement, and subject to the limitations set forth in the Placement Agent Agreement, the Company and the Manager will indemnify (i) the Placement Agent, its respective officers, directors, partners, members, shareholders and employees, and each person, if any, who controls the Placement Agent within the meaning of Section 15 of the Securities Act and (ii) each Participating Distribution Agent, its respective officers, directors, partners, members, shareholders, and employees and each person, if any, who controls such Participating Distribution Agent within the meaning of Section 15 of the Securities Act against some civil liabilities, including certain liabilities under the Securities Act, and liabilities arising from an untrue statement of material fact contained in, or omission to state a material fact in, this Memorandum.

Term and Termination

The Placement Agent Agreement will remain in effect until terminated by any party thereto on 60 days' prior written notice to the other parties for any reason. The Placement Agent Agreement may be terminated immediately on written notice to the other parties thereto on the dissolution, insolvency or bankruptcy of any party as set forth in the Placement Agreement.

NET ASSET VALUE CALCULATION AND VALUATION GUIDELINES

The Company's NAV for each class of Units is determined by the Manager based on the NAV of the Company's investments (including real estate-related debt and real estate-related securities), the addition of any other assets (such as cash on hand) and the deduction of any liabilities, including the allocation/accrual of any Operating Company Performance Participation Interest to the Manager. See "—NAV and NAV Per Unit Calculation" below for a description of the relationship between the NAV for the Company's Units and the Operating Company Units.

As of the date hereof, the Manager has not engaged the Valuation Advisor. The Manager expects the engagement of the Valuation Advisor to commence in October 2024. Until such time as the Valuation Advisor is engaged, the Manager has retained, and will continue to retain, CBRE, Inc. ("**CBRE**") as the Company's third-party appraisal firm to periodically value the Company's real estate assets. Valuation of the Company's real estate assets will be performed no less than annually, with interim short form restricted valuations expected to be conducted quarterly. Notwithstanding anything herein to the contrary, the Manager may only value certain real estate assets semi-annually or annually in circumstances where no material event or change has occurred to warrant a more frequent valuation of such assets. The Manager may, in the future, engage one or more additional third-party appraisal firms or replace CBRE at any time with another third-party appraisal firm.

General

These Valuation Guidelines contain a comprehensive set of methodologies to be used by the Manager, the Valuation Advisor and third-party appraisal firms in connection with estimating the values of the Company's assets and liabilities for purposes of its NAV calculation. The Valuation Guidelines are designed to produce a fair and accurate estimate of the price that would be received for the Company's investments in an arm's-length transaction between a willing buyer and a willing seller in possession of all material information about the Company's investments. The Valuation Advisor will review the Valuation Guidelines and methodologies related to investments in real property with the Manager at least annually. From time to time the Manager may amend the Valuation Guidelines, including if it (1) determines that such changes are likely to result in a more accurate reflection of NAV or a more efficient or less costly procedure for the determination of NAV without having a material adverse effect on the accuracy of such determination or (2) otherwise reasonably believes a change is appropriate for the determination of NAV. While the Valuation Advisor is responsible for reviewing the Company's property and operating company investments as set forth herein, the Valuation Advisor is not responsible for, and does not calculate, the NAV of the Company. The Manager is solely responsible for the determination of the NAV of the Company.

The calculation of the NAV of the Company is intended to be a calculation of the fair value of its assets less its outstanding liabilities as described below and likely differs from the book value of the Company's equity reflected in its financial statements. As a private company, the Company issues financial statements based on ASC 946 in accordance with GAAP. To calculate the NAV

of the Company for purposes of establishing a purchase and repurchase price for its Units, the Company has adopted a model, as explained below, that adjusts the value of its assets and liabilities from ASC 946 to fair value generally in accordance with the GAAP principles set forth in FASB Accounting Standards Codification Topic 820, Fair Value Measurements. The Manager will calculate the fair value of the Company's real estate properties monthly based in part on values provided by third-party independent appraisers and such calculation will be reviewed by the Valuation Advisor as further discussed below. The Manager may retain additional third parties to assist with the Company's valuations of certain investments. Because these fair value calculations involve significant professional judgment in the application of both observable and unobservable inputs, the calculated fair value of the Company's assets may differ from their actual realizable value or future fair value. While the Company believes its NAV calculation methodologies are consistent with standard industry practices, there is no rule or regulation that requires the Company calculate NAV in a certain way. As a result, other REITs may use different methodologies or assumptions to determine NAV. In addition, NAV is not a measure used under GAAP and the valuations of and certain adjustments made to the Company's assets and liabilities used in the determination of NAV differ from GAAP. Investors should not consider NAV to be equivalent to members' equity or any other GAAP measure.

The Valuation Advisor

The Manager intends to engage a third-party independent valuation advisor to serve as the Valuation Advisor with respect to its real properties and operating company investments and to review internal valuations prepared by the Manager for reasonableness. The Company may in the future engage one or more additional independent valuation advisors. Any Valuation Advisor may be replaced at any time, in accordance with agreed-upon notice requirements, by the Manager. All references herein to "Valuation Advisor" refer to any third-party valuation advisors then-currently engaged by the Company, unless the context requires otherwise.

The Valuation Advisor will discharge its responsibilities in accordance with the Valuation Guidelines. The Company's NAV per Unit for each class of Units is calculated by the Administrator, SS&C Technologies, Inc., and such calculation is reviewed and confirmed by the Manager. The Manager will receive appraisal reports for its property investments from third-party appraisal firms, and based in part on these appraisals, will render a final internal valuation in order for the Administrator to calculate the Company's NAV. The appraisals for the Company's property investments performed by independent third-party appraisal firms will be one of several components considered by the Manager in determining the value of the Company's properties that will be used when the Administrator calculates the Company's NAV per Unit for each class of Units. For the avoidance of doubt, the Manager may exclude from the final internal valuation rendered for use by the Administrator any outstanding appraisals or reviews by an independent valuation advisor that in the aggregate would be expected to have a de minimis effect on the NAV per Unit, as reasonably determined by the Manager.

The Company will pay fees to the Valuation Advisor upon its delivery to the Company of its reports. The Company is also expected to indemnify the Valuation Advisor against certain liabilities arising out of its engagement. The compensation the Company pays to the Valuation Advisor will not be based on the estimated values of the Company's properties.

The Valuation Advisor and certain of the Company's independent third-party appraisers may also provide real estate appraisal, appraisal review, valuation management and real estate valuation advisory services to CIRE and its affiliates and receive fees in connection with such services. The Valuation Advisor and certain of its independent third-party appraisers and their respective affiliates may from time to time in the future perform other commercial real estate and financial advisory services for CIRE and its affiliates, or in transactions related to the properties that are the subjects of the valuations being performed for the Company, or otherwise, so long as such other services do not adversely affect the independence of the Valuation Advisor or the applicable appraiser as certified in the applicable appraisal report.

Valuation of Investments

Consolidated Properties

For purposes of calculating the Company's monthly NAV, its properties initially are valued at cost, which the Company expects to represent fair value at that time, subject to any variation pursuant to the Valuation Guidelines. In accordance with GAAP, the Company will determine whether the acquisition of a property qualifies as an asset acquisition or business combination. The Company will capitalize acquisition-related costs associated with asset acquisitions and expense such costs associated with business combinations.

The Company expects to receive an appraisal from an independent third-party appraisal firm subsequent to acquisition and following such acquisition, no less than annually. Annual appraisals may be delayed for a short period in exceptional circumstances. Properties purchased as a portfolio may be valued as a single asset. Each third-party appraisal is performed in accordance with the Uniform Standards of Professional Appraisal Practice, or the similar industry standard for the country where the property appraisal is conducted. Upon conclusion of the appraisal, the independent third-party appraisal firm prepares a written report with an estimated range of gross market value of the property. Concurrent with the appraisal process, the Manager will value each property and, taking into account the appraisal, among other factors, determine the appropriate valuation within the range provided by the independent third-party appraisal firm. Each appraisal must be reviewed, approved and signed by an individual with the professional designation of MAI (a Designated Member of the Appraisal Institute) or similar designation or, for international appraisals, a public or other certified expert for real estate valuations. The Company believes its policy of obtaining appraisals by independent third parties will meaningfully enhance the accuracy of the NAV calculation. Any appraisal provided by an independent third-party appraisal firm will be performed in accordance with the Valuation Guidelines.

The Manager will value the Company's properties monthly, based on current material market data and other information deemed relevant, with review for reasonableness by the Valuation Advisor. Notwithstanding anything herein to the contrary, the Manager will value certain investments quarterly in limited circumstances where a monthly valuation is not practicable, including, without limitation, circumstances in which monthly valuation information is not available. When an annual appraisal is received, the Company's valuations will fall within range of the third-party appraisal; however, updates to valuations thereafter may be outside of the range of values provided in the most recent third-party appraisal. Although monthly reviews of each of the Company's real property valuations will be performed by the Valuation Advisor, such reviews are based on asset-

and portfolio-level information provided by the Manager, including historical or forecasted operating revenues and expenses of the properties, lease agreements on the properties, revenues and expenses of the properties, information regarding recent or planned estimated capital expenditures, the then-most recent annual third-party appraisals and any other information relevant to valuing the real estate property, which information will not be independently verified by the Valuation Advisor. In cases in which the Company's net equity interests in certain properties have no NAV due to factors such as cash flow performance or marketability, as reasonably determined by the Manager, the Manager may exclude such properties from the review by the Valuation Advisor.

The Manager will monitor the Company's properties for events that the Manager believes may be expected to have a material impact on the most recent estimated values of such property and will notify the Valuation Advisor of such events. If, in the opinion of the Manager, an event becomes known to the Manager (including through communication with the Valuation Advisor) that is likely to have any material impact on previously provided estimated values of the affected properties, the Manager will adjust the valuation of such properties, subject to the Valuation Advisor's review as to the reasonableness of the Manager's valuation. The Manager's valuation of certain investment-level liabilities, including any third-party incentive fee payments or investment-level debt, deal terms and structure will not be reviewed or appraised by the Valuation Advisor. The Administrator then incorporates such adjusted valuations into the Company's NAV, which will then be reviewed and confirmed by the Manager.

For example, a valuation adjustment may be appropriate to reflect the occurrence of an unexpected property-specific event such as a termination or renewal of a material lease, a material change in vacancies or an unanticipated structural or environmental event at a property that may cause the value of a wholly owned property to change materially. Valuation adjustments may also be appropriate to reflect the occurrence of broader market-driven events identified by the Manager or the Valuation Advisor that may impact more than a specific property, such as a significant capital market event. Any such adjustments will be estimates of the market impact of specific events as they occur, based on assumptions and judgments that may or may not prove to be correct, and may also be based on the limited information readily available at that time. If deemed appropriate by the Manager or the Valuation Advisor, any necessary adjustment will be determined as soon as practicable. Updated appraisals received during the year may also trigger an adjustment in the value of a property.

In general, the Company expects that any adjustments to appraised values will be calculated promptly after a determination that a material change has occurred and the financial effects of such change are quantifiable by the Manager. However, rapidly changing market conditions or material events may not be immediately reflected in the Company's monthly NAV. The resulting potential disparity in the Company's NAV may be detrimental to Members whose Units are repurchased or new purchasers of Units, depending on whether the Company's NAV per Unit for such class is overstated or understated.

Real estate appraisals are reported on a free and clear basis (for example, without taking into consideration any mortgage on the property), irrespective of any property-level financing that may be in place. The Company uses the discounted cash flow methodology (income approach) as the primary methodology to value properties, whereby a property's value is calculated by discounting

the estimated cash flows and the anticipated terminal value of the subject property by market supported discount and terminal capitalization rates. Consistent with industry practices, the income approach also incorporates subjective judgments regarding comparable rental and operating expense data, capitalization and discount rate, and projections of future rent and expenses based on appropriate evidence as well as the residual value of the asset as components in determining value. Other methodologies that may also be used to value properties include sales comparisons and cost approaches. Under the sales comparison approach, the independent third-party appraiser develops an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. The cost approach is based on the understanding that market participants relate value to cost. The value of a property is derived by adding the estimated land value to the current cost of constructing a replacement for the improvements and then subtracting the amount of depreciation in the structures from all causes. Because appraisals performed by third parties and any subsequent updates to the valuation of the Company's properties made by the Manager involve subjective judgments, the estimated fair value of the Company's assets that are included in the Company's NAV may not reflect the liquidation value or net realizable value of its properties.

In conducting their investigations and analyses, the Valuation Advisor and other independent third-party appraisal firms will take into account customary and accepted financial and commercial procedures and considerations as they deem relevant, which may include, without limitation, the review of documents, materials and information relevant to valuing the property that are provided by the Company, such as (i) historical operating revenues and expenses of the property; (ii) lease agreements on the property; (iii) budgeted revenues and expenses of the property; (iv) information regarding recent or planned capital expenditures; and (v) any other information relevant to valuing the real estate property. Although the Valuation Advisor may review and apply professional skepticism information supplied or otherwise made available by the Manager for reasonableness, it will assume and rely upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party and will not undertake any duty or responsibility to verify independently any of such information. The Valuation Advisor will not make or obtain an independent valuation or appraisal of any of the Company's other assets or liabilities (contingent or otherwise) other than the Company's real properties. With respect to operating or financial forecasts and other information and data to be provided to or otherwise to be reviewed by or discussed with the Valuation Advisor, the Valuation Advisor will assume that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the Manager, and will rely upon the Manager to advise the Valuation Advisor promptly if any information previously provided becomes inaccurate or was required to be updated during the period of review.

In performing their analyses, the Manager, the Valuation Advisor and other independent third-party appraisal firms will make numerous other assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond their control and the Company's control, as well as certain factual matters. For example, the Valuation Advisor and other independent third-party appraisal firms will assume that the Company has clear and marketable title to each real estate property valued, that no title defects exist unless specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending

or being considered. Furthermore, the Valuation Advisor's review and conclusions will necessarily be based upon market, economic, financial and other circumstances and conditions existing prior to the valuation, and any material change in such circumstances and conditions may affect the Valuation Advisor's review and conclusions. The Valuation Advisor's reports may contain other assumptions, qualifications and limitations set forth in the respective reports that qualify the conclusions set forth therein. As such, the carrying values of the Company's real properties may not reflect the price at which the properties could be sold in the market, and the difference between carrying values and the ultimate sales prices could be material. In addition, accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer market transactions that can be considered in the context of the appraisal.

Each individual appraisal report for the Company's assets will be addressed solely to the Company to assist the Manager in calculating the Company's NAV. The appraisal reports relating to the Company's properties will not be addressed to the public and may not be relied upon by any other person to establish an estimated value of the Units and will not constitute a recommendation to any person to purchase or sell any Units. In preparing appraisal reports, independent third-party appraisal firms and the Valuation Advisor will not, and will not be requested to, solicit third-party indications of interest for Units or any of the Company's properties in connection with possible purchases thereof or the acquisition of all or any part of the Company.

Unconsolidated Properties Held Through Joint Ventures

Unconsolidated properties held through joint ventures generally will be valued in a manner that is consistent with the guidelines described above for consolidated properties. Once the value of a property held by the joint venture is determined in a manner consistent with the guidelines described above for consolidated properties and the Company determines the fair value of any other assets and liabilities of the joint venture, the value of the Company's interest in the joint venture will then be determined by the Manager using a hypothetical liquidation calculation to value the Company's interest in the joint venture, which is a percentage of the joint venture's NAV. Unconsolidated properties held in a joint venture that acquires multiple properties over time may be valued as a single investment. The valuation of the Company's interest in joint ventures prepared by the Manager will not be reviewed or appraised by the Valuation Advisor.

Operating Company Investments

Operating company investments, either consolidated or nonconsolidated, that have substantial personnel and operating activities will be initially valued at the acquisition price of such investment and subsequently not less than annually by an independent third-party appraiser, and each such valuation will be reviewed by the Valuation Advisor as to its reasonableness. For months where a third-party appraiser does not perform a valuation, the Manager will perform a monthly valuation of the Operating company investment, which will be reviewed by the Valuation Advisor as to its reasonableness. Operating company investments may be valued using generally accepted valuation methodologies, which may include, but are not limited to, the market approach, cost approach and income approach.

Valuation of Real Estate Debt and Real Estate-Related Equity Securities

In general, real estate debt and real estate-related equity securities will be valued by the Manager based on market quotations or at fair value. In addition, the Manager may, in its reasonable discretion, and having regard to such factors as the Manager deems appropriate, adopt or permit another method of valuation, which may include valuing at cost or par value, to be used in respect of real estate debt and real estate-related equity securities.

Readily Available Market Quotations

Market quotations may be obtained from third-party pricing service providers or, if not available from third-party pricing service providers, broker dealers for certain of the Company's real estate debt and real estate-related securities. When reliable market quotations for real estate debt and other securities are available from multiple sources, the Manager will use commercially reasonable efforts to use two or more quotations and will value such investments based on the average of the quotations obtained. However, to the extent that one or more of the quotations received is determined in good faith by the Manager to not be reliable, the Manager may disregard such quotation if the average of the remaining quotations is determined in good faith to be reliable by the Manager. Securities that are traded publicly on an exchange or other public market (stocks, exchange traded derivatives and securities convertible into publicly traded securities, such as warrants) are valued at the closing price of such securities in the principal market in which the security trades.

No Readily Available Market Quotations

If market quotations are not readily available (or are otherwise not a reliable indication of fair value for a particular investment as determined by the Manager in its sole discretion), the fair value is determined in good faith by the Manager. Due to the inherent uncertainty of these estimates, estimates of fair value may differ from the values that would have been used had a ready market for these investments existed and the differences could be material. Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information, or broker-dealer quotations).

Certain investments, such as mortgages, mezzanine loans, preferred equity or private company investments, are unlikely to have market quotations.

In the case of loans acquired by the Company, such initial value will generally be the acquisition price of such loan. In the case of loans originated by the Company, such initial value will generally be the par value of such loan. Each such investment will then be valued by the Manager within the first three full months after the Company makes such investment and no less frequently than quarterly thereafter in accordance with the procedures set forth in the immediately following paragraph.

The Manager is responsible for monitoring significant events that may materially affect the values of the Company's real estate debt and real estate-related equity securities and for determining whether the value of the applicable investments should be re-evaluated in light of such significant events. The valuation of the Company's real estate-related securities and real estate debt prepared by the Manager will not be reviewed by the Valuation Advisor or appraised.

Liabilities

The Company will include the fair value of its liabilities as part of its NAV calculation. These liabilities will include the fees payable to the Manager, any accrued Operating Company Performance Participation Interest to the Manager, accounts payable, accrued operating expenses, property-level mortgages, any portfolio-level credit facilities and other liabilities. All liabilities are valued using widely accepted methodologies specific to each type of liability.

The Manager's valuation of each investment's liabilities, including any third-party incentive fee payments or investment-level debt, deal terms and structure will not be reviewed by the Valuation Advisor or appraised.

NAV and NAV Per Unit Calculation

The Company's NAV will be calculated for each of the Unit classes by the Administrator. The Manager may replace the Administrator with another party, including the Manager, if it is deemed appropriate to do so. The Manager is responsible for reviewing and confirming the NAV of the Company and overseeing the process around the calculation of the NAV of the Company, in each case, as performed by the Administrator.

Each class has an undivided interest in the Company's assets and liabilities. In accordance with the Valuation Guidelines, the Administrator will calculate the Company's Class A NAV and Class B NAV as of the last Business Day of each month, using a process that reflects several components (each as described above), including the estimated fair value of (1) each of the Company's properties based in part upon individual appraisal reports provided periodically by third-party independent valuation firms, as finally determined and updated monthly by the Manager, with review for reasonableness by the Valuation Advisor, (2) the Company's real estate debt and real estate-related equity securities for which third-party market quotes are available, (3) the Company's other real estate debt and real estate-related equity securities, if any, and (4) the Company's other assets and liabilities. The Operating Company Units are each economically equivalent to the Units.

On the last day of each month, the NAV per Operating Company Unit equals the NAV per Unit (of the Company) of the corresponding class. The NAV of the Operating Company on the last day of each month equals the total assets of the Operating Company determined as of the most recent Valuation Date in accordance with the Valuation Guidelines, including, but not limited to, all cash and cash equivalents, accrued interest, real estate assets and other assets of the Operating Company valued at their fair market value, less any accrued Operating Company Performance Participation Interest and all liabilities of the Operating Company, including liabilities associated with the Operating Company's real estate assets, legal, accounting, and auditing fees, any other operating expenses, any contingencies for which reserves are required under GAAP, interest and borrowing charges (if any), and extraordinary expenses, with each determined on the accrual basis of accounting generally in accordance with GAAP except as otherwise described herein. At the end of each month, before taking into consideration repurchases for that month, any change in the Company's aggregate NAV (whether an increase or decrease) is allocated among each class of Units based on each class's relative percentage of the previous aggregate NAV plus issuances of Units that were effective on the first Business Day of such month. The NAV calculation is

available generally within 15 calendar days after the end of the applicable month. Changes in the Company's monthly NAV include, without limitation, accruals of the Company's net portfolio income, interest expense, the Operating Company Management Fee, any accrued Operating Company Performance Participation Interest, distributions, unrealized/realized gains and losses on assets, any applicable organization and offering costs and any expense reimbursements. Changes in the Company's monthly NAV also include material, non-recurring events, such as capital expenditures and material property acquisitions and dispositions occurring during the month. On an ongoing basis, the Manager adjusts the accruals to reflect actual operating results and the outstanding receivable, payable and other account balances resulting from the accumulation of monthly accruals for which financial information is available. Notwithstanding anything herein to the contrary, the Manager may in its discretion consider material market data and other information that becomes available after the end of the applicable month in valuing the Company's assets and liabilities and calculating the Company's NAV for a particular month.

Following the aggregation of the NAV of the Company's investments, the addition of any other assets (such as cash on hand) and the deduction of any other liabilities, the Administrator incorporates any class-specific adjustments to the Company's NAV, including additional issuances and repurchases of Units. The declaration of distributions reduces the NAV for the Class A Units and Class B Units in an amount equal to the accrual of the Company's liability to pay any such distribution to its Members. NAV per Unit for each class is calculated by dividing such class's NAV at the end of each month by the number of Units outstanding for that class at the end of such month.

The combination of the Class A NAV and Class B NAV equals the aggregate NAV of the Company's assets, which consists almost entirely of the value of the Company's interest in the Operating Company, less its liabilities. The value of the Company's interest in the Operating Company is equal to the excess of the aggregate NAV of the Operating Company over the portion thereof that would be distributed to any members other than the Company if the Operating Company were liquidated. The aggregate NAV of the Operating Company is the excess of the value of the Operating Company's assets (including the fair value of its properties, real estate debt, real estate-related equity securities, cash and other investments) over its liabilities (including the fair value of its debt, any declared and accrued unpaid distributions, Operating Company Management Fee, any accrued Operating Company Performance Participation Interest and the expenses attributable to its operations). The Manager calculates the fair value of the assets and liabilities of the Operating Company as directed by the Valuation Guidelines based upon values received from various sources, as described in more detail above.

Relationship between NAV and the Transaction Price

Purchases and repurchases of Units will be made at the then-current Transaction Price as of the applicable Closing Date or Withdrawal Date. The Company will disclose the current Transaction Price for each month when available on the Company's website. Generally, the Transaction Price will equal (x) with respect to the Class A Units, the price per Class A Unit determined by dividing the Class A NAV as of the last Business Day of the prior month (i.e., the most recent Valuation Date) in accordance with the Valuation Guidelines by the number of Class A Units issued and outstanding as of such date, and (y) with respect to the Class B Units, the price per Class B Unit as determined by dividing the Class B NAV as of the last Business Day of the prior month (i.e.,

the most recent Valuation Date) in accordance with the Valuation Guidelines by the number of Class B Units issued and outstanding as of such date. For example, the Transaction Price for a July 1 Closing Date will generally be based on the Company's NAV as of a May 31 Valuation Date.

In addition, the Company may offer Units at a price that it believes reflects the NAV per Unit of such Units more appropriately than the NAV per Unit as of the most recent Valuation Date in exceptional cases where it believes there has been a material change (positive or negative) to the Company's NAV per Unit since the end of the prior month due to the aggregate impact of factors such as general significant market events or disruptions or force majeure events. In cases where the Transaction Price is not based on the NAV per Unit as of the most recent Valuation Date, the offering price and repurchase price do not equal the Company's NAV per Unit as of any time.

Limits on the Calculation of the Company's NAV Per Unit

The overarching principle of the Valuation Guidelines is to produce reasonable estimates of fair values for each of its investments (and other assets and liabilities), or the price that would be received for that investment in orderly transactions between market participants. However, the majority of the Company's assets consist of real estate properties and, as with any real estate valuation protocol and as described above, the valuation of the Company's properties (and other assets and liabilities) is based on a number of judgments, assumptions and opinions about future events that may or may not prove to be correct. The use of different judgments, assumptions or opinions would likely result in a different estimate of the fair value of the Company's real estate properties (and other assets and liabilities). Any resulting potential disparity in the NAV per Unit may be in favor of withdrawing Members, Members who purchase additional Units, or existing Members, as the case may be, depending on the circumstances at the time (for cases in which the Company's Transaction Price is based on NAV). See "Risk Factors—Valuations and appraisals of the Company's real estate and real estate debt are estimates of fair value and may not necessarily correspond to realizable value," "—NAV per Unit amounts may change materially if the appraised values of the Company's properties materially change from prior appraisals or the actual operating results for a particular month differ from what the Company originally budgeted for that month" and "—It may be difficult to reflect, fully and accurately, material events that may impact the NAV of the Company."

Additionally, while the methodologies contained in the Valuation Guidelines are designed to operate reliably within a wide variety of circumstances, it is possible that in certain unanticipated situations or after the occurrence of certain extraordinary events (such as a significant disruption in relevant markets, a terrorist attack or an act of nature), the Company's ability to calculate NAV may be impaired or delayed, including, without limitation, circumstances where there is a delay in accessing or receiving information from vendors or other reporting agents upon which the Company may rely upon in determining the monthly value of its NAV. In these circumstances, a more accurate valuation of the Company's NAV could be obtained by using different assumptions or methodologies. Accordingly, in special situations when, in the Manager's reasonable judgment, the administration of the Valuation Guidelines would result in a valuation that does not represent a fair and accurate estimate of the value of the Company's investment, alternative methodologies may be applied. Notwithstanding the foregoing, the Manager may suspend the offering or the repurchases of Units if it determines that the calculation of NAV is materially incorrect or

unreliable or there is a condition that restricts the valuation of a material portion of the Company's assets.

The Company includes no discounts to its NAV for the illiquid nature of its Units, including the limitations on a Member's ability to sell Units under the LLC Agreement and the Manager's ability to accept withdrawal requests. The Company's NAV generally does not consider exit costs (e.g., selling costs and commissions and debt prepayment penalties related to the sale of a property) that would likely be incurred if the Company's assets and liabilities were liquidated or sold. While the Company may use market pricing concepts to value individual components of its NAV, the Company's per Unit NAV is not derived from the market pricing information of open-end real estate funds listed on stock exchanges.

The Company's NAV per Unit does not represent the amount of the Company's assets less the Company's liabilities in accordance with GAAP. The Company does not represent, warrant or guarantee that:

- a Member would be able to realize the NAV per Unit for the class of Units a Member owns if the Member attempts to sell its Units;
- a Member would ultimately realize distributions per Unit equal to the NAV per Unit for the class of Units it owns upon liquidation of the Company's assets and settlement of the Company's liabilities or a sale of the company;
- Units would trade at their NAV per Unit on a national securities exchange;
- a third party would offer the NAV per Unit for each class of Units in an arm's-length transaction to purchase all or substantially all of the Company's Units; or
- the NAV per Unit would equate to a market price of an open-ended real estate fund.

CERTAIN RISK FACTORS

An investment in the Company is speculative and involves substantial risk, including the risk of loss of an investor's entire investment. The identification of attractive investment opportunities is difficult and involves a significant degree of uncertainty. There can be no assurance that the Company will be able to meet its investment objectives or otherwise be able to successfully carry out its investment program. Returns generated from the Company's investments may not adequately compensate investors for the business and financial risks assumed. Investors should consider the following risks before subscribing for Units. The following risk factors do not purport to be a complete explanation of all of the risk involved in an investment in the Company. This offering relates solely to the offer and sale of Units of the Company. However, for the purposes hereof, references to the investment activities of the Company will mean those activities as conducted indirectly through the Operating Company, unless the context otherwise requires.

Risks Relating to the Company's Real Estate Investments

The investments of the Company are subject to the risks inherent in the real estate market.

The Company will make real estate related investments. Real estate historically has experienced significant fluctuations and cycles in performance that may result in reductions in the value of the Company's real estate related investments. The performance and value of the Company's investments once acquired depends upon many factors beyond the Company's control. The ultimate performance and value of the Company's investments are subject to the varying degrees of risk generally incident to the ownership and operation of the properties in which the Company indirectly invests. Revenues and cash flows from the Company's investments may be adversely affected by:

- changes in national or local economic conditions, including unemployment rates and consumer spending and confidence;
- changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics;
- the supply of available properties at attractive pricing in a particular market;
- competition from other investors pursuing the same or similar strategies;
- competition from other properties offering the same or similar services and amenities;
- rising labor, materials and financing costs;
- access to transportation, highways and roadways;
- changes in interest rates and in the state of the debt and equity capital markets;

- the on-going need for capital improvements, particularly in older properties;
- changes in real estate tax rates and other operating expenses;
- civil unrest, acts of God, including earthquakes, hurricanes and other natural disasters, acts of war or terrorism, which may decrease the availability of or increase the cost of insurance or result in uninsured losses;
- changes in governmental rules, regulations and fiscal policies which may result in adverse tax consequences, unforeseen increases in operating expenses generally or increases in the cost of borrowing;
- the bankruptcy or liquidation of major tenants or a decline in the business operated by tenants;
- adverse changes in zoning laws;
- the impact of present or future environmental legislation and compliance with environmental laws;
- the impact of lawsuits which could cause the Company to incur significant legal expenses and divert management's time and attention away from the day-to-day operations of the Company; and
- other factors that are beyond the Company's control.

In the event that any of the Company's investments experience any of the foregoing events or occurrences, the value of, and return on, such investments would be negatively impacted.

The success of the Company's investment activities may be affected by general economic and market conditions.

The success of the Company's investment activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, climate change, local epidemics and global pandemics, political circumstances (including wars, terrorist acts or security operations), and changes in laws that could have a negative impact on the economy and business activity in any of the regions in which the Company may invest and thereby adversely affect the performance of its investments.

Financial market dislocation may have negative consequences.

U.S. and other financial markets around the world and their participants, including the financial institutions with which the Company has contractual relationships), can be adversely affected by unusual market turmoil such as the upheaval in the global financial markets that occurred in 2008 and subsequent years. The occurrence of such events is unpredictable, as are the associated market, legal, regulatory, reputational and other consequences If such events do occur, they are likely to have an adverse effect on the business of the Company, restrict the ability of the Company to acquire, sell, or liquidate investments at favorable times or prices, restrict the Company's

investment activities, and therefore impede the Company's ability to achieve its investment objectives.

The Company may lack diversification of investments.

The Company's investments may potentially be concentrated in one investment type or in relatively few investment types. Furthermore, the Company may make investments in contemplation of sales or refinancings that do not occur as expected, resulting in the Company having an unintended long-term investment and reduced diversification. As a consequence, the aggregate return on the Company's investments may be adversely affected by the geographic concentration of the Company's investments or the unfavorable performance of a particular investment type and will be at a greater risk to overall changes in the economy or interest rates than if the Company were less concentrated in a particular investment type or location. Because the Company may only make a limited number of investments, poor performance by a few of its investments could severely affect the total returns to investors.

The profitability of the Company is subject to tenant credit risk.

The profitability of the Company is subject to the credit risk of the tenants that occupy the properties in which the Company invests. In particular, local economic conditions and factors affecting the industries in which such tenants operate may affect the tenant's ability to make lease payments. If any such tenants default on their leases and fail to make rental payments when due, there could be a significant decrease in the Company's revenues. This loss of revenues could adversely affect the Company's profitability. In addition, property operators may be unable to locate replacement tenants in a timely manner or on comparable or better terms if tenants default on their leases.

The Company may invest in unimproved property and properties that are under development, which subjects the Company to particular risks.

The Company may acquire unimproved real property or properties that are under development. Development and construction work are subject to a number of risks, including risks of construction delays or significant cost overruns that may increase project costs, risks that the project will not achieve anticipated occupancy levels or sustain anticipated rent levels or generate anticipated revenue and new project commencement risks, such as the failure to obtain zoning, occupancy or other required governmental permits and authorizations. The ability to obtain zoning, occupancy or other governmental permits and authorizations is subject, in large part, to the discretion of one or more governmental bodies and can involve political interests and community-level concerns or involvement, which may result in delays or the failure to obtain the necessary permits or authorizations. Latent site conditions may also lead to increased costs and loss of revenue. If a builder fails to perform, the Company may resort to legal action to rescind the purchase or the construction contract or to compel performance. A builder's performance may also be affected or delayed by conditions beyond the builder's control. Delays in completing construction could also give tenants the right to terminate preconstruction leases. The Company may incur additional risks when it makes periodic progress payments or other advances to builders before they complete construction. The purchase price of each project will be based upon projections as to the expected operating results of such project, subjecting the Company to risks

that the project may not achieve anticipated operating results or may not achieve results within anticipated time frames. For all of these reasons, investments in unimproved property and properties that are under development may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others.

The Company may invest in loans secured by unimproved property, which present additional risks compared to loans secured by improved properties.

Loans secured by unimproved property may be riskier than loans secured by improved properties because:

- until disposition, the property does not generate income for the borrower to make loan payments;
- the completion of planned development may require additional development financing by the borrower, which may not be available;
- depending on the velocity or amount of lot sales to developers, demand for land may decrease, causing the price of the land to decrease;
- there is no assurance that the Company will be able to sell unimproved land promptly if it is forced to foreclose upon it; and
- lot sale contracts are generally not "specific performance" contracts, and the borrower may have no recourse if a developer elects not to purchase lots.

The Company's investments may involve a risk of litigation.

The acquisition, ownership, leasing and disposition of real properties carries certain specific litigation risks. Litigation may commence with respect to a property in relation to activities that took place prior to the Company's investment. In addition, at the time of disposition of a property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of the Company's efforts to maximize sale proceeds. Similarly, successful buyers may later sue the Company under various damage theories, including for losses associated with latent defects or other problems not uncovered in due diligence.

The illiquid nature of the Company's investments will subject the Company and the Members to certain risks.

Real estate investments are relatively illiquid and some are highly illiquid. Such illiquidity may limit the Company's ability to vary its portfolio of investments in response to changes in economic and other conditions. Illiquidity may result from the absence of an established market for

investments as well as the legal or contractual restrictions on their resale. In addition, illiquidity may result from the decline in value of a property comprising one of the Company's investments.

The Company may incur risks upon disposition of investments.

In connection with the disposition of a property, the Company may be required to make representations about the investment typical of those made in connection with the sale of any property. The Company may also be required to indemnify the purchasers of such property to the extent that any such representations are later found to be incorrect, inaccurate or misleading. The Company may also be required to indemnify the purchasers, subsequent owners or occupants, and others for certain matters without regard to breaches of representations and warranties. These arrangements may result in contingent liabilities, and the Company may have to reserve for such contingencies.

General regulatory conditions will impact the Company's operations.

The operation of a property will likely require the approval of, or compliance with, regulations of United States or other federal, state, and local governmental and regulatory authorities (including building codes and laws and regulations pertaining to fire safety and compliance with the Americans with Disabilities Act of 1990 (the "**ADA**")) and, in some cases, consents of third parties. There can be no assurance that any required approvals and consents will be obtained on a timely basis, if at all. Additionally, certain approvals previously received may be rescinded, conditions set forth in interim permits (if any) may delay the issuance of final permits, and litigation may arise with respect to interim or final permits. In addition to the foregoing, regulatory enactments, including various permit or licensing requirements, or changes in their interpretation by the applicable authorities, may limit the Company's ability to develop, manage, lease or dispose of a property in which the Company has invested. The Company may be required to incur significant costs to comply with any future changes in such laws or regulations. However, noncompliance with existing or future laws and regulations to which the properties in which the Company invests are subject could result in substantial expenditures to bring the Company's investments into compliance, as well as the imposition of fines or an award of damages to private litigants, which might adversely affect the Company.

The Company could potentially be subject to environmental and other liability.

The Company and its investments may be exposed to substantial risk of loss arising from investments involving undisclosed or unknown environmental, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. The Company and its investments may be subject to a wide range of environmental, health and safety laws, ordinances and regulations, including, without limitation, those relating to the investigation, removal, and remediation of past or present releases of hazardous or toxic substances. Such laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner or operator knew of, or caused, the presence or release of such substances. Environmental liabilities are generally not limited under such laws and could exceed the value of the relevant property or the aggregate assets of the responsible party. The presence of such substances, or the failure to properly remediate

related contamination, may adversely affect the marketability of the real estate or the value of such property as collateral, which could have an adverse effect on returns on investments. In addition, some environmental laws create a lien on contaminated property in favor of the government for costs it incurs in connection with the contamination. In addition to clean-up actions brought by governmental agencies and private parties, the presence of hazardous substances on a property may lead to claims of personal injury, property damage or other claims by private plaintiffs. Environmental claims with respect to a specific investment may, under certain circumstances, subject the other assets of the Company and its investments to such liabilities.

Compliance with the ADA may result in the Company incurring unanticipated expenses.

A property will be required to comply with Title III of the ADA to the extent that such property and related assets are "public accommodations" and/or "commercial facilities" as defined by the ADA and its equivalents. In connection with any project (and most often the case, with retail projects), compliance with the ADA requirements could require removal of structural barriers to handicapped access in certain public or common areas of properties. Non-compliance could result in the imposition of fines or an award of damages to private litigants.

Insurance may not cover all losses.

The Manager will endeavor to obtain insurance coverage of the type and in the amount customarily obtained by owners of properties similar to the real estate properties invested in by the Company. There are certain types of losses, however, generally of a catastrophic nature, resulting from, for example, earthquakes, floods, hurricanes and terrorist acts, which may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans and other factors also might make it economically impractical to use insurance proceeds to replace improvements on a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds received, if any, might not be adequate to restore the investment with respect to the affected property.

The Company may not have control over its investments.

In certain situations, the Company may (a) acquire only a minority interest in a property, (b) rely on independent third-party management or strategic partners with respect to the management of a property, or (c) acquire only a participation interest in an asset underlying an investment. The Company may also co-invest with third-parties, thereby acquiring non-controlling interests in certain investments. Therefore, in certain situations the Company may not be able to exercise control over an investment, and may not receive sufficient information in order to monitor the performance of an investment.

The Company's rights to control the process following a borrower default may be subject to the rights of senior creditors or servicers whose interests may not be aligned with the Company. A third-party partner or co-venturer may have financial difficulties resulting in a negative impact on such asset, may have economic or business interests or goals which are inconsistent with the Company's interests or goals, or may be in a position to take action contrary to the Company

investment objectives. In addition, the Company may, in certain circumstances, be liable for the actions of its third-party partners or co-venturers.

The success of the Company will be dependent on the availability of attractive investments and the Manager's ability to identify, structure, consummate, leverage, manage and realize returns on attractive investments.

The Company's operating results are dependent upon the availability of, as well as the ability of the Manager to identify, structure, consummate, leverage, manage and realize returns on, investment opportunities. In general, the availability of desirable investment opportunities and, consequently, the Company's performance, will be affected by the level and volatility of interest rates, conditions in the financial markets, general economic conditions, the market and demand for investment opportunities, the supply of capital for such investment opportunities, the level of government involvement in capital markets and the enactment of legislation changing tax and accounting rules historically favorable to investments in real estate. The Manager cannot make any assurances that it will be successful in identifying and consummating investments that satisfy the Company's investment objectives or that such investments, once consummated, will perform as anticipated. The Manager may expend significant time and resources in identifying and pursuing targeted investments, some of which may not be consummated.

The real estate investment business is highly competitive.

The Company's business is highly competitive. Competition may cause the Company to accept economic or structural features in its investments that the Company would not have otherwise accepted and it may cause the Company to search for investments in markets outside of the Manager's expertise. The Company will compete with traditional investors, as well as existing funds, or funds formed in the future, with similar investment objectives. The Company will face competition from other companies, funds, REITs and other entities engaged in the acquisition of real estate and other real estate-related businesses with similar investment objectives, which may make it more difficult for the Company to consummate its target investments. Many of the Company's competitors have greater financial resources and lower costs of capital than the Company, which provides them with greater operating flexibility and a competitive advantage relative to the Company.

The Company's due diligence may not reveal all of the factors affecting an investment and may not reveal weaknesses in such investments.

There can be no assurance that the Manager's due diligence processes will uncover all relevant facts that would be material to an investment decision. Before making an investment, the Manager will assess the strength of the underlying properties and any other factors that it believes are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, the Manager will rely on the resources available to it and, in some cases, investigations by third parties.

In addition, the Manager will generally establish capital structures of prospective investments on the basis of financial projections for such investments. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future

results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the Manager's projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

The Company may enter into secured and unsecured credit agreements, which may impose restrictions on the operation of the Company's business.

Under secured and unsecured credit agreements, the Company may make certain representations, warranties and affirmative and negative covenants that may restrict the Company's ability to operate while still utilizing those sources of credit. Such representations, warranties and covenants may include, but are not limited to, restrictions on guarantees by the Company, the maintenance of certain financial ratios, including the Company's ratio of debt to equity capital and its debt service coverage ratio, as well as the maintenance of a minimum net worth, restrictions against a change of control of the Company and limitations on alternative sources of capital.

The Company invests in retail properties, which subjects the Company to particular risks.

The Company invests in retail properties. The value and successful operation of a retail property is sensitive to a number of risk factors, including: changes in consumer spending patterns, local competitive conditions (such as the supply of retail space or the existence or construction of new competitive shopping centers or shopping malls, including, for example, competition between regional malls and local shopping centers and changing consumer preferences for upscale outlet malls, big-box discount stores and price clubs); the bankruptcy or distress of tenants; the availability of sublease space; alternative forms of retailing (such as online shopping, which reduces the need for retail space by retail companies); the safety, convenience and attractiveness of the property to tenants and their customers or clients; the public perception of the safety of customers at shopping malls and shopping centers; the need to make major repairs or improvements to satisfy the needs of tenants; traffic patterns and access to major thoroughfares; and unemployment rates in the local economy.

The general strength of retail sales also directly affects retail properties. If retail sales by tenants in the Company's properties were to decline, the rents that are based on a percentage of revenues may also decline, and tenants may be unable to pay the fixed portion of their rents or other occupancy costs. The cessation of business by or bankruptcy of a significant tenant can have a material adverse effect on a retail property, not only because of rent and other factors specific to such tenant, but also because significant tenants at a retail property play an important part in generating customer traffic and making a retail property a desirable location for other tenants at such property.

The Company invests in industrial or warehouse properties, which subjects the Company to particular risks.

The Company invests in industrial or warehouse properties. Significant factors determining the value of industrial or warehouse properties are: the location of the property (including proximity to supply sources and customers and accessibility to rail lines, major roadways and other distribution channels and transportation routes); the quality of tenants; a reduced demand for

industrial space because of a decline in a particular industry segment, property becoming functionally obsolete, building design and adaptability, scarcity of labor sources, changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors; changes in proximity of supply sources; the expenses of converting a previously adapted space to general use; and the location of the property. Concerns about the quality of tenants, particularly major tenants, are similar in both office properties (as discussed below) and industrial or warehouse properties, although industrial or warehouse properties may more frequently depend on a single or a few tenants.

A particular industrial or warehouse property that suited the needs of its original tenant may be difficult to re-let to another tenant or may become functionally obsolete relative to newer properties. Also, properties used for many industrial purposes are more prone to environmental concerns than other property types. Further, because of unique construction requirements of many industrial or warehouse properties, many vacant industrial or warehouse property spaces may not be easily converted to other uses. Thus, if the operation of an industrial or warehouse property becomes unprofitable due to competition, age of the improvements or other factors, the liquidation value of that industrial or warehouse property may be substantially less than would be the case if the property were readily adaptable to other uses.

The Company invests in commercial properties subject to net leases, which could subject the Company to losses.

The Company invests in commercial properties subject to net leases. Typically, net leases require the tenants to pay substantially all of the operating costs associated with the properties. As a result, the value of, and income from, investments in commercial properties subject to net leases will depend, in part, upon the ability of the applicable tenant to meet its obligations to maintain the property under the terms of the net lease. If a tenant fails or becomes unable to so maintain a property, the Company will be subject to all risks associated with owning the underlying real estate. In addition, the Company may have limited oversight into the operations or the managers of these properties, subject to the terms of the net leases.

Certain commercial properties subject to net leases in which the Company invests are occupied by a single tenant and, therefore, the success of such investments is largely dependent on the financial stability of each such tenant. A default of any such tenant on its lease payments to the Company would cause the Company to lose revenue from the property and cause the Company to have to find an alternative source of revenue to meet any mortgage payment and prevent a foreclosure if the property is subject to a mortgage. In the event of a default, the Company may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting its investment and re-letting the property. If a lease is terminated, the Company may also incur significant losses to make the leased premises ready for another tenant and experience difficulty or a significant delay in re-leasing such property. In addition, net leases typically have longer lease terms and, thus, there is an increased risk that contractual rental increases in future years will fail to result in fair market rental rates during those years.

The Company may acquire these investments through sale-leaseback transactions, which involve the purchase of a property and the leasing of such property back to the seller thereof. If the Company enters into a sale-leaseback transaction, it will seek to structure any such sale-leaseback

transaction such that the lease will be characterized as a "true lease" for U.S. federal income tax purposes, thereby allowing the Company to be treated as the owner of the property for U.S. federal income tax purposes. However, the Company cannot assure that the IRS will not challenge such characterization. In the event that any such sale-leaseback transaction is challenged and recharacterized as a financing transaction or loan for U.S. federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed, and the timing of the Company's income inclusion could differ from that of the lease payments. If a sale-leaseback transaction were so recharacterized (or otherwise not respected as a lease), the Company might fail to satisfy the REIT qualification "asset tests" or "income tests" and, consequently, lose its REIT status effective with the year of recharacterization. Alternatively, the amount of the Company's REIT taxable income could be recalculated, which might also cause the Company to fail to meet the REIT distribution requirement for a taxable year.

If a tenant of a net lease defaults and the Company is unable to find a replacement tenant, the Company may attempt to hold and operate the relevant property itself through a taxable REIT subsidiary, which would subject income on the property to corporate-level taxation, thereby reducing the Company's funds available for distribution. In certain circumstances, depending on how much capacity the Company has available of the total value it is permitted to hold in taxable REIT subsidiaries under applicable rules, the Company may not be able to hold and operate the property in a taxable REIT subsidiary, which could result in the property and the related income not satisfying the REIT qualification asset and income tests and could jeopardize the Company's REIT status.

The Company invests in office properties, which subjects the Company to particular risks.

The Company invests in office properties. There are a large number of risk factors associated with investments in office properties, including the impact of economic factors on the local market and the building's tenants; the quality of an office building's tenants; an economic decline in the business operated by the tenants; the physical attributes of the building in relation to competing buildings (e.g., age, condition, design, appearance, location, access to transportation and ability to offer certain amenities, such as sophisticated building systems or business wiring requirements); the physical attributes of the building with respect to the technological needs of the tenants, including the adaptability of the building to changes in the technological needs of the tenants; the diversity of an office building's tenants (or reliance on a single or dominant tenant); the availability of sublease space; the desirability of the area as a business location; the strength, nature and unemployment rates of the local economy, including labor costs and quality, tax, environment and quality of life for employees; and an adverse change in population, patterns of telecommuting or sharing of office space and employment growth (which creates demand for office space). Additionally, long-term effects of the COVID-19 pandemic may disproportionally affect office properties. For example, many businesses increasingly permit employees to work from home and make use of flexible work schedules, open workplaces, videoconferences and teleconferences, which could impact the demand for office space and adversely affect the Company's investments in office properties. To the extent any of such risk factors are heightened or the conditions associated with such risk factors deteriorate, the Company's investments in office properties may incur losses.

The Company may invest in data centers, which are subject to risks from changes in demand, technology and tenant preferences and competition in the data center industry.

Data center investments are subject to unique risks, including: operating risks common to the data center industry, which include changes in tenant demands or preferences, a decline in the technology industry, such as a decrease in the use of mobile or web-based commerce, industry slowdowns, business layoffs or downsizing, relocation of businesses, increased costs of complying with existing or new government regulations and other factors; a downturn in the market for data center space generally such as oversupply of or reduced demand for space; increased competition, including from tenants choosing to develop their own data centers; and the rapid development of new technologies or the adoption of new industry standards that render tenants' current products and services or facilities obsolete or unmarketable. To the extent that any of these or other adverse conditions occur, they are likely to impact market rents for, and cash flows from, the Company's data center investments, which could have a material adverse effect on the Company.

Additionally, because the Company's data centers may contain tenant improvements installed at the tenants' expense, they may be better suited for a specific data center user or technology industry tenants and could require significant modification in order for the Company to re-lease vacant space to another data center user or technology industry tenants. The tenant improvements may also become outdated or obsolete as the result of technological change, the passage of time or other factors.

As a result, the Company may be required to invest significant amounts or offer significant discounts to tenants in order to lease or re-lease that space, either of which could adversely affect the Company's financial and operating results.

The Company may invest in self-storage properties, which are subject to risks from fluctuating demand and competition in the self-storage industry.

Self-storage investments are subject to operating risks common to the self-storage industry, which include business layoffs or downsizing, industry slowdowns, relocation of businesses and changing demographics, changes in supply of, or demand for, similar or competing self-storage properties in an area and the excess amount of self-storage space in a particular market, changes in market rental rates and inability to collect rents from customers. The self-storage industry has at times experienced overbuilding in response to perceived increases in demand. A recurrence of overbuilding might cause the Company's future self-storage investments to experience a decrease in occupancy levels, as well as limit the ability to increase rents and offer discounted rents.

The Company invests in medical office buildings and may invest in other healthcare properties, which may face risks related to competition and disruptions.

The medical office buildings the Company owns and other healthcare properties the Company may acquire may face competition from nearby hospitals and other medical facilities that provide comparable services. Some of those competing facilities are owned by governmental agencies and supported by tax revenues, and others are owned by nonprofit corporations and may be supported to a large extent by endowments and charitable contributions. These types of support are not available to the medical office properties the Company owns and other healthcare properties the

Company may acquire. Similarly, tenants may face competition from other medical practices in nearby hospitals and other medical facilities. Additionally, the introduction and proliferation of non-traditional healthcare providers competing with traditional providers in the healthcare market, including companies like Amazon, Apple, Google, Microsoft, CVS Health, as well as telemedicine, telehealth and mhealth, are disrupting the healthcare industry. Tenants' failure to compete successfully with these other practices and providers could adversely affect their ability to make rental payments, which could adversely affect the Company's rental revenues.

Further, from time to time and for reasons beyond the Company's control, referral sources, including physicians and managed care organizations, may change their list of hospitals or physicians to which they refer patients. This could adversely affect future healthcare tenants' ability to make rental payments, which could adversely affect the Company's performance.

The Company may invest in hospitality properties, which would subject the Company to particular risks.

The Company intends to invest in hospitality properties. Macroeconomic factors and other factors beyond the control of the Company as well as the business, financial, operating and other risks of the hospitality industry can adversely affect demand for hospitality products and services. This includes demand for rooms at properties in which the Company may invest. These factors include:

- general changes in business and leisure travel patterns;
- increases in lodging supply or competition;
- war, civil unrest, terrorist activities or threats and heightened travel security measures instituted in response to these events;
- fear of outbreaks or outbreaks of pandemic or contagious diseases;
- changes in the desirability of particular locations or travel patterns of customers;
- the financial condition of the airline, automotive and other transportations-related industries and its impact on travel;
- decreased airline capacities and routes;
- travel-related accidents;
- oil prices and travel costs; and
- organized labor activities, which could cause a diversion of business from hotels involved in labor negotiations and loss of group business for hotels generally as a result of certain labor tactics.

Hospitality properties are subject to certain operating risks. For example, if a property's occupancy or room rates drop to the point where its revenues are insufficient to cover its operating expenses, then additional funds, including reserves, will need to be expended to cover such property's

operating expenses. Hospitality properties are continually subject to increases in real estate and other tax rates, wages and benefits, utility costs, insurance costs, repairs and maintenance and administrative expenses, all of which may adversely affect such property's cash flows. More so than other property types, hospitality properties are saddled with an on-going obligation to make renovations and other capital improvements in order to stay competitive, including replacements, from time to time, of furniture, fixtures and equipment, particularly if the hotel is a branded hotel. This obligation is subject to the risks that cash flow from operations and reserves may be inadequate to fund capital improvements, financing for these capital improvements may not be available to the Company's properties on affordable terms and market demand for hotel properties following the undertaking or completion of capital improvements will not exist or will continue to be diminished until the economy recovers. Consequently, the costs of these capital improvements could negatively impact the financial condition of the Company's investments and in turn the amount of cash available for distribution to the Company's investors.

The business and operating results of the Company's hospitality properties will depend in large part upon the performance of the management companies of such properties. While the Company will seek to invest in hospitality properties and put quality management in place, there is no guarantee that the management company for any such property will meet the performance objectives desired by the Company.

The Company could be negatively impacted by the condition of Fannie Mae or Freddie Mac and by changes in government support for multifamily housing.

Fannie Mae and Freddie Mac are a major source of financing for multifamily real estate in the United States. The Company may utilize loan programs sponsored by these entities as a source of capital to finance its growth and operations. A decision by the U.S. government to eliminate or downscale Fannie Mae or Freddie Mac or to reduce government support for multifamily housing more generally may adversely affect interest rates, capital availability, development of multifamily communities and the value of multifamily assets and, as a result, may adversely affect the Company's future growth and operations. Any potential reduction in loans, guarantees and credit enhancement arrangements from Fannie Mae and Freddie Mac could jeopardize the effectiveness of the multifamily sector's derivative securities market, potentially causing breaches in loan covenants, and through reduced loan availability, impact the value of multifamily assets, which could impair the value of a significant portion of multifamily communities. Specifically, the potential for a decrease in liquidity made available to the multifamily sector by Fannie Mae and Freddie Mac could:

- make it more difficult for the Company to secure new takeout financing for any multifamily development projects it acquires;
- hinder the Company's ability to refinance any completed multifamily assets;
- decrease the amount of available liquidity and credit that could be used to broaden the Company's portfolio through the acquisition of multifamily assets; and
- require the Company to obtain other sources of debt capital with potentially different terms.

Short-term leases, including leases associated with any multifamily properties the Company may acquire, may expose the Company to the effects of declining market rent and could adversely impact the Company's ability to make cash distributions.

Leases for multifamily and single-family rental properties are generally on a short-term basis. Because these leases generally permit the residents to leave at the end of the lease term without penalty, the Company's rental revenues may be impacted by declines in market rents more quickly than if the Company's leases were for longer terms.

Increased unemployment could adversely affect the occupancy and rental rates of any multifamily properties or single-family rental properties the Company may acquire.

Increased unemployment in multifamily and single-family rental markets could significantly decrease occupancy and rental rates. In times of increasing unemployment, multifamily and single-family rental occupancy and rental rates have historically been adversely affected by:

- rental residents deciding to share rental units and therefore rent fewer units;
- potential residents moving back into family homes or delaying leaving family homes;
- a reduced demand for higher-rent units;
- a decline in household formation;
- persons enrolled in college delaying leaving college or choosing to proceed to or return to graduate school in the absence of available employment;
- the inability or unwillingness of residents to pay rent increases; and
- increased collection losses.

These factors generally have contributed to lower rental rates. To the extent the Company invests in multifamily properties and single-family rental properties, results of operations, financial condition and ability to make distributions to the Company's stockholders may be adversely affected if these factors do not improve or worsen.

The Company may invest in real estate-related debt, which is subject to risks including various creditor risks and early redemption features.

The real estate-related debt and other interests in which the Company may invest may include secured or unsecured debt at various levels of an issuer's capital structure. The real estate-related debt in which the Company may invest may not be protected by financial covenants or limitations upon additional indebtedness, may be illiquid or have limited liquidity, and may not be rated by a credit rating agency. Real estate-related debt investments are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligation and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. The Company's investments may be subject to early redemption features, refinancing

options, pre-payment options, or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Company earlier than expected, resulting in a lower return to the Company than anticipated or reinvesting in a new obligation at a lower return to the Company.

Any debt investments made by the Company would face prepayment risk and interest rate fluctuations that may adversely affect the Company's results of operations and financial condition.

During periods of declining interest rates, the issuer of a security or borrower under a loan may exercise its option to prepay principal earlier than scheduled, forcing the Company to reinvest the proceeds from such prepayment in lower yielding securities or loans, which may result in a decline in the Company's performance. Debt investments frequently have call features that allow the issuer to redeem the security at dates prior to its stated maturity at a specified price (typically greater than par) only if certain prescribed conditions are met. An issuer may choose to redeem a debt security if, for example, the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. In addition, the market price of the Company's investments will change in response to changes in interest rates and other factors. During periods of declining interest rates, the market price of fixed-rate debt investments generally rises. Conversely, during periods of rising interest rates, the market price of such investments generally declines. The magnitude of these fluctuations in the market price of debt investments is generally greater for securities with longer maturities. If the U.S. Federal Reserve or other relevant central banks increase benchmark interest rates, this could also negatively impact the price of debt instruments and could adversely affect the value of the Company's debt investments and the NAV of the Company's Units.

The Company invests in commercial mortgage loans that are non-recourse in nature and include limited options for financial recovery in the event of default; an event of default may adversely affect the Company's results of operations and financial condition.

The Company invests from time to time in commercial mortgage loans, including mezzanine loans and B-notes, which are secured by real properties and are subject to risks of delinquency and foreclosure and risks of loss. Commercial real estate loans are generally not fully amortizing, which means that they may have a significant principal balance or balloon payment due on maturity. Full satisfaction of the balloon payment by a commercial borrower is heavily dependent on the availability of subsequent financing or a functioning sales market, as well as other factors such as the value of the property, the level of prevailing mortgage rates, the borrower's equity in the property and the financial condition and operating history of the property and the borrower. In certain situations, and during periods of credit distress, the unavailability of real estate financing may lead to default by a commercial borrower. In addition, in the absence of any such takeout financing, the ability of a borrower to repay a loan secured by an income-producing property will depend upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Furthermore, the Company may not have the same access to information in connection with investments in commercial mortgage loans, either when investigating a potential investment or after making an investment, as compared to publicly traded securities.

Commercial mortgage loans are usually non-recourse in nature. Therefore, if a commercial borrower defaults on the commercial mortgage loan, then the options for financial recovery are limited in nature. Default rates and losses on commercial mortgage loans will be affected by a number of factors, including global, regional and local economic conditions in the area where the mortgage properties are located, the borrower's equity in the mortgage property, the financial circumstances of the borrower, resident and/or tenant mix, property management decisions, including with respect to capital improvements, property location and condition, competition from other properties offering the same or similar services, environmental conditions, real estate tax rates, tax credits and other operating expenses, governmental rules, regulations and fiscal policies, acts of God, terrorism, social unrest and civil disturbances. A continued decline in specific commercial real estate markets and property valuations may result in higher delinquencies and defaults and potentially foreclosures. In the event of default, the lender will have no right to assets beyond collateral attached to the commercial mortgage loan. The overall level of commercial mortgage loan defaults remains significant and market values of the underlying commercial real estate remain distressed in many cases. It has also become increasingly difficult for lenders to dispose of foreclosed commercial real estate without incurring substantial investment losses, ultimately leading to a decline in the value of such investments.

In the event of any default under a mortgage or real estate loan held directly by the Company, the Company will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage or real estate loan, which could have a material adverse effect on the Company's profitability. In the event of the bankruptcy of a mortgage or real estate loan borrower, the mortgage or real estate loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage or real estate loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Additionally, in the event of a default under any senior debt, the junior or subordinate lender generally forecloses on the equity, purchases the senior debt or negotiates a forbearance or restructuring arrangement with the senior lender in order to preserve its collateral.

The Company may face risks related to decline in value of real estate collateral.

The value of the real estate which secures mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines. Furthermore, the properties which will secure loans invested in by the Company may be suffering varying degrees of financial distress or may be located in economically distressed areas. Loans purchased by the Company may become non-performing for a wide variety of reasons, including, without limitation, because the mortgaged property is too highly leveraged (and, therefore, the property is unable to generate sufficient income to meet its debt service payments), the property is poorly managed, or because the mortgaged property has a high vacancy rate, has not been fully completed or is in need of rehabilitation. Such non-performing loans may require a substantial amount of workout negotiations and/or restructuring by third parties, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if such restructuring were

successfully accomplished, a risk exists that upon maturity of such mortgage loan, replacement "take-out" financing will not be available.

The credit agreements of the Operating Company and or its subsidiaries may impose restrictions on the operation of the business of the Operating Company and/or its subsidiaries.

The Operating Company, or one or more direct or indirect subsidiaries of the Operating Company, may make certain representations, warranties and affirmative and negative covenants in its credit agreements, including, but not limited to, the maintenance of certain financial ratios (including the Operating Company's or one or more of its subsidiaries' ratio of debt to equity capital and its debt service coverage ratio), the maintenance of a minimum net worth, restrictions against a change of control of the Operating Company or its subsidiaries and limitations on alternative sources of capital. Such representations, warranties and covenants may result in certain restrictions on the ability of Operating Company or its subsidiaries to operate while still utilizing those sources of credit, including restrictions that may interfere with the Operating Company' or its subsidiaries' ability (and as a result, the Company's ability) to make any distributions. For example, in the event that the Operating Company or one or more of its subsidiaries fails to maintain the debt service coverage ratio required by a lender, then the Operating Company or its subsidiaries may be required, pursuant to the terms of the credit agreement between the Operating Company or one or more of its subsidiaries and such lender, to deliver all cash generated from the operations of the Operating Company and/or its subsidiaries to such lender (to be held by such lender as collateral) until if and when the Operating Company or its subsidiaries are again in compliance with the required debt service coverage ratio and such other requirements of such lender.

Risks Relating to an Investment in the Company

An investment in the Company involves a high degree of risk.

An investment in the Company requires a long-term commitment, with no certainty of return. Investors will not have an opportunity to evaluate or approve specific investments prior to investing. Investors will be relying on the ability of the Manager, who will have wide latitude in determining the types of assets it may decide are proper investments for the Company, to identify, consummate and manage investments. The Members have no right or power to take part in the Company's management. Accordingly, no person should purchase a Unit unless such person is willing to entrust all aspects of the Company's management to the Manager.

Members will not have the opportunity to evaluate the Company's future investments before it makes them, which makes an investment in the Units more speculative.

The Company is not able to provide any information to assist Members in evaluating the merits of any specific properties or real estate-related securities that it may acquire in the future. Because Members will be unable to evaluate the economic merit of the Company's investments before it makes them, Members will have to rely entirely on the ability of the Manager to select suitable and successful investment opportunities. There can be no assurance that the Manager will be successful in obtaining suitable investments or that, if such investments are made, the Company's investment objectives will be achieved. Furthermore, the Manager has broad discretion in selecting

the properties it will invest in, and Members will not have the opportunity to evaluate potential investments. These factors increase the risk that an investment in the Units may not generate returns comparable to other real estate investment alternatives.

The amount and source of distributions the Company may make to Members is uncertain, and the Company may not be able to generate sufficient cash flows from its operations to make distributions to its Members at any time in the future.

The Company's ability to make distributions to its Members may be adversely affected by a number of factors, including the risk factors described in this Memorandum. The Manager will make determinations regarding distributions based upon, among other factors, the Company's financial performance, debt service obligations, debt covenants, REIT qualification and other tax considerations, capital expenditure requirements and applicable law. Among the factors that could impair the Company's ability to make distributions to its Members are:

- the limited size of the Company's portfolio in the early stages of its development;
- the Company's inability to invest the proceeds from sales of its units on a timely basis in income-producing properties;
- the Company's inability to realize attractive risk-adjusted returns on its investments;
- high levels of expenses or reduced revenues that reduce the Company's cash flow or non-cash earnings; and
- defaults in the Company's investment portfolio or decreases in the value of its investments.

As a result, the Company may not be able to make distributions to its Members at any time in the future, and the level of any distributions the Company does make to its Members may not increase or even be maintained over time, any of which could materially and adversely affect the value of a Member's investment.

If the Company is unable to raise substantial funds, it will be limited in the number and type of investments it makes, and the value of an investment in the Company will be more dependent on the performance of any of the specific assets the Company acquires.

If the Company is unable to raise substantial funds, it will make fewer investments, resulting in less diversity in terms of the type, number, geography and size of investments that it makes. In that case, the likelihood that any single asset's performance would adversely affect the Company's profitability will increase. There is a greater risk that Members will lose money in their investment if the Company has less diversity in its portfolio. Further, the Company will have certain fixed operating expenses, potentially including expenses of being a public reporting company, regardless of whether the Company is able to raise substantial funds. The Company's inability to raise substantial funds would increase its fixed operating expenses as a percentage of gross income, reducing the Company's net income and limiting its ability to make distributions.

Any material adverse change to the Placement Agent's ability to successfully market the Company's Class B Units or build and maintain a network of Participating Distribution Agents could have a material adverse effect on the Company's business and this offering.

The Placement Agent for this offering is First Trust Portfolios L.P., an affiliate of the First Trust Member. Any material adverse change to the ability of the Placement Agent to market the Class B Units or build and maintain a network of licensed securities broker-dealers and other selling agents could have a material adverse effect on the Company's business and this offering. The Placement Agent may be the only selling agent in this offering, and there is no guarantee that the Placement Agent will engage other agents to sell the Company's Class B Units.

The offering of Class B Units will be conducted on a "best efforts" basis, meaning that the Placement Agent and any Participating Distribution Agents will only be required to use their best efforts to sell the Class B Units and will have no firm commitment or obligation to purchase or sell any Class B Units.

If the Placement Agent is unable to sell Class B Units or build and maintain a sufficient network of Participating Distribution Agents to distribute Class B Units in this offering, the Company's ability to raise proceeds through this offering and implement its investment strategy may be adversely affected. In addition, the Placement Agent currently serves and may serve as placement agent for other issuers. As a result, the Placement Agent may experience conflicts of interest in allocating its time between this offering and such other issuers, which could adversely affect the Company's ability to raise proceeds through this offering and implement its investment strategy. Further, any Participating Distribution Agents retained by the Placement Agent may have numerous competing investment products, some with similar or identical investment strategies and areas of focus as the Company, which they may elect to emphasize to their clients.

The Company may fail to qualify as a REIT.

The Company has operated and expects to continue to operate so as to qualify as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, various compliance requirements could be failed and could jeopardize the Company's REIT status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for the Company to qualify as a REIT. If the Company fails to qualify as a REIT in any tax year, then:

- the Company would be taxed as a regular domestic corporation, which under current laws would result in, among other things, being unable to deduct distributions to stockholders in computing its taxable income and being subject to federal and applicable state and local income tax on its taxable income at regular corporate income tax rates;

- any resulting tax liability could be substantial and could have a material adverse effect on the Company's book value;

- unless the Company was entitled to relief under applicable statutory provisions, the Company would be required to pay taxes, and, therefore, its cash available for distribution to Members would be reduced for each of the years during which the Company did not qualify as a REIT and for which the Company had taxable income; and

- the Company generally would not be eligible to re-elect to be taxed as a REIT for the subsequent four full taxable years.

To maintain REIT status, the Company may have to borrow funds on a short-term basis during unfavorable market conditions.

To qualify as a REIT, the Company generally must distribute annually to its Members dividends equal to at least 90% of its net taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains. The Company will be subject to regular corporate income taxes on any undistributed REIT taxable income each year, including any undistributed net capital gains. Additionally, the Company will be subject to a 4% nondeductible excise tax on any amount by which distributions paid by the Company in any calendar year are less than the sum of 85% of its ordinary income, 95% of its capital gain net income and 100% of its undistributed income from previous years. Certain payments the Company makes to its Members under its share repurchase plan may not be taken into account for purposes of these distribution requirements. If the Company does not have sufficient cash to make distributions necessary to preserve its REIT status for any year or to avoid taxation, the Company may be forced to borrow funds or the Operating Company may be forced to sell assets even if the market conditions at that time are not favorable for such borrowings or sales. These options could increase the Company's costs or reduce its equity.

Complying with REIT requirements may entail additional expenses and limit investment opportunities.

The Company and the Operating Company intend to comply with the requirements applicable to REITs. Such compliance involves continuing satisfaction of tests concerning, among other things, the sources of the Operating Company's income and the nature and diversification of its assets, as well as holding its assets and structuring its taxable dispositions so as to avoid engaging in so-called "prohibited transactions." Complying with these requirements may entail additional accounting and legal expenses for the Operating Company and the Company, may cause the Operating Company to forego investments that cannot be held by a REIT, and may hinder the Operating Company's ability to operate solely on the basis of maximizing profits. Moreover, compliance with the REIT requirements may impair the Company's ability to operate solely on the basis of maximizing profits. For example, the Company may be required to make distributions to Members at disadvantageous times or when the Company does not have funds readily available for distribution.

The Company will be dependent on the Manager.

The ability of the Manager to successfully manage the Company's affairs depends on the management team and its ability to identify, structure and manage investments. The Manager will

rely on the experience, relationships and expertise of the management team and key employees. There can be no assurance that these individuals will remain employed by the Manager or otherwise continue to be able to carry on their current duties. The loss of the services of any of such individuals could have a material adverse effect on the Company's operations.

There are risks associated with the Company's systems and operations.

The Company depends on the Manager to develop and implement appropriate systems for its activities. It also relies heavily and on a regular basis on financial, accounting and other data processing systems to evaluate investments, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of its activities. In addition, the Company relies on information systems to store sensitive information about it, the Manager, the Operating Company, its affiliates and the Members. Certain of the Company's and the Manager's activities will be dependent upon systems operated by third parties, including custodians, market counterparties and other service providers, and the Company and the Manager may not be in a position to adequately verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses, cyber attacks and power failures. Failures in the systems employed by the Manager, administrators, transfer agents, custodians, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the Company's operations or breach of its information systems may cause the Company to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory penalties or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Company and an investment in Units.

CIRE and the First Trust Member may disagree on matters requiring Board approval, which may reduce time and resources dedicated to the Company.

The Manager is currently managed by a Board composed of two (2) members appointed by CIRE (the "**CIRE Managers**") and the unanimous consent of the CIRE Managers serves as a decision of the Board. Following the date on which the NAV of the Class B Units and the Class B Operating Company Units exceed $2 billion, the Board shall be comprised of four managers, two CIRE Managers and two managers appointed by the First Trust Member and, except with respect to certain items reserved for the unanimous consent of CIRE Managers, the consent of a majority of the managers then appointed and serving will serve as a decision of the Board. Conflicts of interest may arise between CIRE and the First Trust Member from time to time with respect to matters requiring Board approval (including matters related to the operation of the Company or the Operating Company), and CIRE and the First Trust Member may cause their appointed Board members to vote differently on any such matter. In the event that CIRE and the First Trust Member disagree on any matter requiring Board approval (a "**Deadlock**"), regardless of whether the subject matter is related to the Company or the Operating Company or whether such Deadlock is ultimately resolved, such Deadlock would require the parties to dedicate time and other resources to the matter in question (which resources could otherwise have been dedicated to other matters related to the operation of the Manager, the Company and/or the Operating Company), and could also cause frictions between the parties and lead to the deterioration of their relationship, thereby

creating inefficiency in the Manager's operations. Such inefficiency may have a material adverse impact on the operations of the Manager, the Company and/or the Operating Company, notwithstanding the fact that the day-to-day management and operation of the real estate assets owned by the Operating Company and invested in by the Company generally has been delegated by the Board to CIRE.

The liability of the Manager is limited under the Company's governing documents, and the Company has agreed to indemnify the Manager against certain liabilities.

See "Summary of Principal Terms—Exculpation; Indemnification."

Changes in a Member's percentage ownership could cause the Member's Units to become Excess Units.

The Company's LLC Agreement contains provisions that restrict the beneficial ownership of Units by a Member to 9.8% of the Company's Units, in order to assist the Company in complying with the REIT ownership restrictions. Changes in a Member's ownership of Units could result in such Member beneficially owning more than 9.8% of the Company's Units, thereby causing part of such Member's Units to become Excess Units. *See* "The Company's Status as a REIT—Ownership Restrictions."

Due to restrictions on transfers and withdrawals, an investment in the Units will be illiquid.

There is not now, and there is not likely to develop, any market for the resale of the Units. The Units are subject to limited withdrawal rights. Furthermore, the Manager is not obligated to sell or encumber any of the Operating Company's or the Company's assets or defer any new investments that the Operating Company or the Company plans to make in the near term in order to make cash available for the payment of withdrawal proceeds to any Member requesting to withdraw from the Company. Members requesting to withdraw Units will receive payment of withdrawal proceeds at such time as the Company has available cash (as determined by the Manager in its discretion after payment of all applicable fees and expenses and creation of any appropriate reserves as described herein), and substantial delays may occur in the payment of the withdrawal proceeds to the Member requesting such withdrawal. Any Units subject to withdrawal will continue to participate in allocations of Company income and loss and in distributions, and will continue to be subject to all fees and expenses of the Company until the withdrawal proceeds therefor is fully paid and the Units(s) are fully withdrawn by the Company. A withdrawal request submitted on an earlier date will not be given any priority over a withdrawal request submitted on a later date. Therefore, an investment in the Company is illiquid and involves a high degree of risk. Subscriptions for Units should be considered only by sophisticated investors financially able to maintain their investments, and pay the taxes with respect thereto from other sources, and that can afford to lose all or a substantial part of such investments. UNITS MAY NOT BE TRANSFERRED UNLESS SUCH TRANSFER IS IN COMPLIANCE WITH THE TRANSFER PROVISIONS OF THE LLC AGREEMENT.

The Withdrawal Price ultimately paid may not reflect (and may be less than) the NAV of such Units at the time when the Member submitted its withdrawal request.

The Withdrawal Price will be paid only when the Company has available cash (as determined by the Manager in its discretion after payment of all applicable fees and expenses and creation of any appropriate reserves as described herein). Therefore, Units subject to withdrawal may be repurchased by the Company by means of multiple partial payments made over a period of time, and a Member who requested the withdrawal of its Units will not know the total Withdrawal Price until its Units are fully repurchased by the Company. The Withdrawal Price ultimately paid may not reflect (and may be less than) the NAV of such Units at the time when the Member submitted its withdrawal request.

The Manager may require a Member to withdraw.

The Manager in its sole discretion may require any Member to withdraw all or a portion of its Units at any time upon written notice for any reason or no reason. Such compulsory withdrawal could result in adverse economic consequences to the affected Member.

Substantial withdrawals could result in the impairment or termination of the Company.

Requests by Members to withdraw a substantial portion of the outstanding Units could result in the impairment or termination of the Company. To the extent any Member whose investment directly or indirectly comprises a significant portion of the Company's capital decides to withdraw its investment at an early stage, the Company may be unable to continue its operations as set forth herein (or at all) after giving effect to such withdrawal, and in any such event, the allocation of Company expenses over a smaller capital base may make such continued operations less cost-effective.

The Company may establish reserves for liabilities, which would reduce the NAV of the Company.

Consistent with U.S. generally accepted accounting principles ("**GAAP**"), the Company may find it necessary to establish a reserve for liabilities that may arise (contingent or otherwise). A reserve, if established, will reduce the NAV of the Company (and hence the amount payable to withdrawing Members). Reserves, once established, may be used by the Company, in whole or in part, as needed and hence may or may not ultimately be distributed to withdrawing Members.

NAV calculations are not governed by governmental or independent securities, financial or accounting rules or standards.

The methods used to calculate the NAV of the Company, including the components used in calculating the NAV of the Company, are not prescribed by rules of the SEC or any other regulatory agency. Further, there are no accounting rules or standards that prescribe which components should be used in calculating NAV, and NAV of the Company is not audited by its independent registered public accounting firm. The Company calculates and publishes NAV monthly on its website solely for purposes of establishing a Transaction Price, and investors should not view the NAV of the Company, on its own, as a measure of the Company's historical or future

financial condition or performance. The components and methodology used in calculating the NAV of the Company may differ from those used by other companies now or in the future.

In addition, calculations of the NAV of the Company, to the extent that they incorporate valuations of the Company's assets and liabilities, are not prepared in accordance with GAAP. These valuations may differ from liquidation values that could be realized in the event that the Company were forced to sell assets.

Additionally, errors may occur in calculating NAV, which could impact the Transaction Price, the Withdrawal Price and the amount of the Operating Company Management Fee and the Operating Company Performance Participation Interest. The Manager has implemented certain policies and procedures to address such errors in NAV calculations. If such errors were to occur, the Manager, depending on the circumstances surrounding each error and the extent of any impact the error has on the Transaction Price at which Units were sold or repurchased or on the amount of the Operating Company Management Fee and the Operating Company Performance Participation Interest, may determine in its sole discretion to take certain corrective actions in response to such errors.

Valuations and appraisals of the Company's real estate and real estate debt are estimates of fair value and may not necessarily correspond to realizable value.

For the purposes of calculating the NAV of the Company, the Company's properties will generally initially be valued at cost, which the Company expects to represent fair value at that time, subject to any variation pursuant to the Valuation Guidelines. The Manager will then value the Company's properties monthly, based on current material market data and other information deemed relevant, with review for reasonableness each month by the Valuation Advisor. Each property will be valued by an independent third-party appraisal firm annually. Annual appraisals may be delayed for a short period in exceptional circumstances. Concurrent with the appraisal process, the Manager will value each property and, taking into account the appraisal, among other factors, will determine the appropriate valuation within the range provided by the independent third-party appraisal firm.

Investments in real estate debt and other securities with readily available market quotations will be valued at fair market value. Certain investments, such as mortgages, mezzanine loans, preferred equity or private company investments, are unlikely to have market quotations. In the case of loans acquired by the Company, such initial value will generally be the acquisition price of such loan. In the case of loans originated by the Company, such initial value will generally be the par value of such loan. Each such investment will then be valued by the Manager within the first three full months after the Company invests in such investment and no less than quarterly thereafter. Additionally, the Manager may in its discretion consider material market data and other information that becomes available after the end of the applicable month in valuing the Company's assets and liabilities and calculating the NAV of the Company for a particular month. For more information regarding the Company's valuation process, see "Net Asset Value Calculation and Valuation Guidelines."

Although monthly valuations of each of the Company's real properties will be reviewed for reasonableness by the Valuation Advisor, such reviews are based on asset- and portfolio-level information provided by the Manager, including historical or forecasted operating revenues and expenses of the properties, lease agreements on the properties, revenues and expenses of the

properties, information regarding recent or planned estimated capital expenditures, the then-most recent annual third-party appraisals and any other information relevant to valuing the real property, which information will not be independently verified by the Independent Valuation Advisor.

However, such valuations are based on information provided by the Manager, which information will not be verified by the Valuation Advisor. While the Valuation Advisor is responsible for reviewing the Company's property valuations as set forth in the Valuation Guidelines, the Valuation Advisor is not responsible for, and does not calculate, the NAV of the Company, and the Adviser is ultimately and solely responsible for the determination of NAV of the Company.

Within the parameters of the Valuation Guidelines, the valuation methodologies used to value the Company's properties and certain of the Company's investments will involve subjective judgments and projections and may not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. Valuations and appraisals of the Company's properties and other investments will be only estimates of fair value. Ultimate realization of the value of an asset depends to a great extent on economic, market and other conditions beyond the control of the Company, the Manager and the Valuation Advisor. Further, valuations do not necessarily represent the price at which an asset would sell, since market prices of assets can only be determined by negotiation between a willing buyer and seller. As such, the carrying value of an asset may not reflect the price at which the asset could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. In addition, accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer market transactions that can be considered in the context of the appraisal. There will be no retroactive adjustment in the valuation of such assets, the Transaction Price of Units, the Withdrawal Price for Units or NAV-based fees paid to the Manager, to the extent such valuations prove to not accurately reflect the realizable value of the Company's assets. Because the price paid for Units in this offering, and the price at which Units may be withdrawn by the Company are generally based on the Company's prior month's NAV per share, Members may pay more than realizable value or receive less than realizable value for their investment.

NAV per Unit amounts may change materially if the appraised values of the Company's properties materially change from prior appraisals or the actual operating results for a particular month differ from what the Company originally budgeted for that month.

The Company anticipates that the annual appraisals of its properties will be conducted on a rolling basis, such that properties may be appraised at different times, but each property would be appraised at least once per year. When these appraisals are considered by the Manager for purposes of valuing the relevant property, there may be a material change in the NAV per Unit amounts for each class of Units from those previously reported. In addition, actual operating results for a given month may differ from what the Company originally budgeted for that month, which may cause a material increase or decrease in the NAV per Unit amounts. The Company will not retroactively adjust the NAV per Unit of any class reported for the previous month. Therefore, because a new annual appraisal may differ materially from the prior appraisal or the actual results from operations may be better or worse than what the Company previously budgeted for a particular month, the adjustment to take into consideration the new appraisal or actual operating results may cause the

NAV per Unit for each class to increase or decrease, and such increase or decrease will occur in the month the adjustment is made.

It may be difficult to reflect, fully and accurately, material events that may impact the NAV of the Company.

The Manager's determination of the monthly NAV per Unit is based in part on appraisals of each of the Company's properties provided annually by independent third-party appraisal firms and quarterly valuations of the Company's real estate debt and other securities for which market prices are not readily available provided by the Manager and reviewed by the Valuation Advisor, each in accordance with Valuation Guidelines approved by the Manager. As a result, the Company's NAV per Unit at any particular time may not fully reflect any or all changes in value that may have occurred since the most recent appraisal or valuation. The Manager reviews appraisal reports and monitors the Company's real estate and real estate debt, and is responsible for notifying the Valuation Advisor of the occurrence of any property-specific or market-driven event it believes may cause a material valuation change in the real estate valuation, but it may be difficult to reflect fully and accurately rapidly changing market conditions or material events that may impact the value of the Company's real estate and real estate debt or liabilities between valuations, or to obtain complete information regarding any such events in a timely manner. For example, an unexpected termination or renewal of a material lease, a material increase or decrease in vacancies or an unanticipated structural or environmental event at a property may cause the value of a property to change materially, yet obtaining sufficient relevant information after the occurrence has come to light and/or analyzing fully the financial impact of such an event may be difficult to do and may require some time. As a result, the NAV per Unit may not reflect a material event until such time as sufficient information is available and analyzed, and the financial impact is fully evaluated, such that the NAV of the Company may be appropriately adjusted in accordance with the Valuation Guidelines. Depending on the circumstance, the resulting potential disparity in the NAV of the Company may be in favor or to the detriment of either withdrawing Members, Members who purchased additional Units, or existing Members.

Purchases and withdrawals of Units are not made based on the NAV per Unit as of the date of purchase or withdrawal.

Generally, the Transaction Price and the price at which the Company's withdrawals Units will equal the NAV per Unit of the applicable class as of the last calendar day of the prior month or as of such other date selected by the Manager in its reasonable discretion. The NAV per Unit as of the date on which a potential investor makes a subscription request or a Member makes a withdrawal request may be significantly different than the Transaction Price paid or the Withdrawal Price received. Certain of the Company's investments or liabilities are subject to high levels of volatility from time to time and could change in value significantly between the end of the prior month as of which the NAV of the Company is determined and the date that a Member purchases or withdrawals Units, however the prior month's NAV per Unit will generally continue to be used as the Transaction Price per Unit and Withdrawal Price per Unit. In exceptional circumstances, the Company may in its sole discretion, but is not obligated to, sell and repurchase Units at a different price that the Company believe reflects the NAV per Unit more appropriately than the prior month's NAV per Unit, including by updating a previously disclosed Transaction Price, in cases where the Company believes there has been a material change (positive or negative)

to the NAV per Unit since the end of the prior month and the Company believes an updated price is appropriate. In such extraordinary cases, the Transaction Price and Withdrawal Price will not equal the NAV per Unit as of the date of purchase or withdrawal.

Members subject to ERISA may be affected by an investment in the Company.

Members subject to ERISA or Section 4975 of the Code should consult their own advisors as to the application of ERISA or Section 4975 of the Code to an investment in the Company. In order to avoid the Company's assets being classified as "plan assets" of employee benefit plans subject to Title I of ERISA or Section 4975 of the Code, the Manager will use its reasonable efforts to (a) conduct the Company's operations so as to qualify as a "venture capital operating company" or a "real estate operating company" under applicable ERISA regulations or (b) limit investment in the Company by benefit plan investors (as defined in Section 3(42) of ERISA) to less than 25% of each class of the outstanding Units (excluding the Units held by the Manager and its affiliates). If the Company fails to qualify as a venture capital operating company or real estate operating company under ERISA or to limit investment in the Company by benefit plan investors to less than 25% of each class of the outstanding Units and assets of the Company were deemed to be "plan assets" of the Members who are subject to ERISA, transactions involving the assets of the Company with "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such plans might be prohibited under Section 406 of ERISA and Section 4975 of the Code. Such "prohibited transactions" could result in excise tax liabilities, and a transaction might have to be rescinded. In order to avoid such consequences, the Manager might avoid transactions that it would have entered into if the Company's assets were not deemed to be "plan assets."

The Company may enter into side letters with one or more investors on terms not available to all investors.

The Company may, in its sole discretion, enter into separate agreements or side letters with one or more investors and grant such investors different investment terms without affecting the investment terms of existing Members. For example, certain investors may have more favorable reporting rights with respect to the Company's investments (i.e., greater transparency) while other investors will not have access to this information or other confidential information relating to the Company. This may give an advantage to certain investors that is not available to investors who do not have the same transparency rights when making decisions regarding their investment in the Company. Neither the Company nor the Manager will be required to obtain the consent or approval of, or give notice to, any Member in connection therewith.

Cybersecurity risks could result in loss of data and increased costs, which may adversely impact the Company or the Members or cause an investment in the Company to lose value.

The Company, the Manager, their service providers, counterparties and other market participants on whom they rely (collectively "**Service Providers**") are exposed to the risk that their operations and data may be compromised as a result of internal and external cyber-failures, breaches or attacks ("**Cyber Risk**"), despite their efforts to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks data and other technology assets, as well as the confidentiality, integrity and availability of information belonging to their investors or clients. This could occur as a result of malicious or criminal

cyberattacks. Cyberattacks include actions taken to: (i) steal or corrupt data maintained online or digitally, (ii) gain unauthorized access to or release confidential information, (iii) shut down the Service Provider website through denial-of-service attacks, or (iv) otherwise disrupt normal business operations. However, events arising from human error, faulty or inadequately implemented policies and procedures or other systems failures unrelated to any external cyber threat may have effects similar to those caused by deliberate cyberattacks.

Successful cyberattacks or other cyber-failures or events may adversely impact the Company or the Members or cause an investment in the Company to lose value. For instance, such attacks, failures or other events may interfere with the processing of subscriptions and withdrawals, impact the Company's ability to calculate its NAV, cause the release of private investor information or confidential Company information, or cause reputational damage. Such attacks, failures or other events could also subject the Company, the Manager or the Service Providers to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. Insurance protection and contractual indemnification provisions may be insufficient to cover these losses. The Company, the Manager and/or the Service Providers may also incur significant costs to manage and control Cyber Risk. While the Company, the Manager and/or the Service Providers may have established IT and data security programs and have in place business continuity plans and other systems designed to prevent losses and mitigate Cyber Risk, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified or that cyber-attacks may be highly sophisticated.

A failure, interruption, or destruction of the Manager's information technology systems or data could have a material adverse impact on the operations of the Manager or the Company.

In managing the Company, the Manager relies on information technology and data management systems, which can fail or be subject to interruption or destruction caused by natural or man-made occurrences such as extreme weather, fires, earthquakes, power loss, telecommunications failures, terrorist attacks, hacking, break-ins, sabotage, intentional acts of destruction, vandalism, or similar events or misconduct. Any failure, interruption, or destruction of the Manager's information technology systems or data could have a material adverse impact on the operations of the Manager or the Company. In addition, a breach in the security of the Manager's systems could result in the theft, disclosure, or loss of investor, proprietary, and other sensitive information relating to the Manager or the Company, which in turn could lead to litigation in which the Company could incur liability.

The Manager will have in place information security, incident response, backup, and disaster recovery procedures intended to prevent or mitigate damage if such an event occurs. However, a breach could nevertheless occur, and such procedures could fail or be insufficient to avoid, mitigate, or remedy the breach. Moreover, the ever-changing methods and technologies used to obtain unauthorized access to systems through means such as third-party acts, computer error, malicious code, employee error, or malfeasance often are not known until used against a potential target. Therefore, the Manager may be unable to anticipate the destructive or invasive methods and technologies that could be used against its systems or to implement adequate protections.

Tax-Related Risks

Members may be obligated to pay tax on distributions without the concurrent receipt of cash.

Members (other than those who elect not to reinvest) will be taxed on the amount of distributions that are reinvested in the Company, notwithstanding that they are not receiving the related amounts in cash. In addition, the Company may elect to retain (and pay income tax on), rather than distribute, all or part of its net capital gain from sales of real estate assets by the Operating Company, but such gain may nevertheless be currently taxable to Members. Accordingly, Members should plan to satisfy any federal, state and local income tax obligations arising from their investment in the Company from sources other than distributions from the Company.

The Company's tax return positions may be challenged.

The Company and the Operating Company may take tax return positions with respect to certain tax issues that depend on legal and other interpretive conclusions. No tax rulings or opinions of legal counsel are being requested as to any tax matters. Should any such positions be successfully challenged by a taxing authority, the Company may be required to make additional taxable distributions and/or owe entity level taxes.

The Company may be subject to adverse legislative or regulatory tax changes that could increase its tax liability and reduce its operating flexibility.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of U.S. federal income tax laws applicable to investments similar to an investment in Units. The Tax Cuts and Jobs Act enacted in December 2017 resulted in fundamental changes to the Code, with many of the changes applicable to individuals applying only through December 31, 2025. Among the numerous changes included in the Tax Cuts and Jobs Act is a deduction of up to 20% of qualified REIT dividends for non-corporate U.S. taxpayers for taxable years beginning before January 1, 2026. Further changes to the tax laws are possible. In particular, the federal income taxation of REITs may be modified, possibly with retroactive effect, by legislative, administrative or judicial action at any time.

The Company cannot make assurances that any such changes will not adversely affect the taxation of the Members. Any such changes could have an adverse effect on an investment in the Units or on the market value or the resale potential of the Company's assets. Members and prospective investors are urged to consult with their tax advisors with respect to the impact of these legislative changes on their investment in the Company and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in the Company.

Certain Regulatory Considerations

Risks associated with the Investment Company Act.

The Company will not be registered as an investment company under the Investment Company Act. Accordingly, investors will not be afforded any of the protections of the Investment Company Act. If the Company fails to qualify for exemption from registration as an investment company,

the Company may be unable to conduct its business as described herein. Any failure to qualify for such exemption would have a material adverse effect on the Company.

Risks associated with Investment Advisers Act.

The Manager will not be registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**"). Accordingly, investors will not be afforded any of the protections of the Investment Advisers Act, including the record-keeping, disclosure and other fiduciary obligations specified in the Investment Advisers Act.

Risk Associated with the Securities Act.

The Units have not been registered under the Securities Act, the securities laws of any state in the U.S. or the securities laws of any other jurisdiction. The Units offered hereby are being offered in reliance upon the exemption from registration thereunder provided by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder and other exemptions of similar import in the laws of the states and other jurisdictions where the offering of the Units will be made. Each prospective investor will be required to represent, among other customary private placement representations, that it is an "accredited investor" as determined under Regulation D and is acquiring the Units for investment purposes only and not for resale or distribution.

While the Manager believes reliance on such exemption is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other companies, the scope of disclosure provided, failures to make notices, filings or changes in applicable laws, regulations or interpretations will not cause the Company to fail to qualify for such exemptions under U.S. federal or one or more states' securities laws. Failure to so qualify could result in, among other possible penalties, the rescission of sales of Units, which could have a material and adverse effect on the Company's performance and business. Further, even non-meritorious claims that offers and sales of Units were not made in compliance with applicable securities laws could materially and adversely affect the Company's ability to conduct its business.

Risk Associated with the Exchange Act.

Pursuant to Section 12(g) of the Exchange Act, the Company will be required to register the Units under the Exchange Act if, as of December 31st of any year (i) the Company has over $10 million in total assets, and (ii) the Units are held of record by at least 2,000 persons. If, as of December 31st of any year, the Company has satisfied both such registration requirements, the Company will be required to file a registration statement with the SEC registering the Units under the Exchange Act within 120 calendar days of such date.

The Company does not intend to limit the issuance and transfer of Units such that the total number of holders of the Units, as determined pursuant to the Exchange Act, is less than 2,000. As a result, the Company may ultimately be required to register the Units under the Exchange Act. If the Company registers the Units under the Exchange Act, the Company will be subject to the extensive ongoing public reporting and compliance obligations imposed by the Exchange Act, including the requirement to file quarterly, annual and current reports with the SEC and the SEC's proxy rules and regulations. The Company would incur significant legal, accounting and other costs and expenses in connection with registering under the Exchange Act and complying with the ongoing

public reporting and other requirements of the Exchange Act. In addition, complying with such requirements would place significant additional demands on the time and resources of the Manager and its affiliates.

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THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE RISKS INVOLVED IN THE OFFERING. POTENTIAL INVESTORS SHOULD READ THIS MEMORANDUM IN ITS ENTIRETY AND THE LLC AGREEMENT BEFORE DETERMINING WHETHER TO SUBSCRIBE FOR UNITS.

CONFLICTS OF INTEREST

The following inherent and potential conflicts of interest will exist in respect of the Company and may materially and adversely affect the Company. The Company may be subject to future or other actual or potential conflicts of interest in addition to those described herein.

Decision of the Manager to Act as the Company's and the Operating Company's Manager.

Prospective investors must recognize that the Company and the Operating Company have been formed as investment vehicles to be managed by the Manager. The terms upon which the Manager will render services to the Company and the Operating Company may not have been negotiated at arm's length. The Manager has an economic interest in acting as the manager of the Company and the Operating Company because the Manager benefits from the Operating Company Management Fee and the Operating Company Performance Participation Interest, and will not replace itself with any unaffiliated parties even if doing so might be in the Company's or the Operating Company's best interest. The Company's and the Operating Company's investment activities will not be subject to review or oversight by an independent company.

Certain conflicts of interest relating to the Vivaldi Initial Investor.

Certain conflicts of interest exist in relation to the fact that the Vivaldi Initial Investor, through its ownership interest in the Vivaldi Member, hold an indirect equity interest in the Manager. The Vivaldi Initial Investor will indirectly share in the enterprise value of the Manager attributable to certain performance fees and allocations received by the Manager from the Operating Company. No other Member is entitled to a similar arrangement. Thus, the Vivaldi Initial Investor's decision to invest in the Company is in part motivated by economic incentives that are not available to other Members of the Company.

Certain members and affiliates of the Manager have and may continue to make other investments in real estate.

The members and affiliates of the Manager have and may continue to make investments in real estate in which the Company does not have an ownership interest. Certain conflicts of interest may result from such investments. The interests of the Manager's members and affiliates in such investments may conflict with the interests of the Company in related investments at the time of origination or in the event of default or restructuring of the investment.

Affiliates of CIRE will provide services for fees which are not shared with the Company or the Members.

Affiliates of CIRE will have the right to perform services with respect to the Company or its investments and be paid additional fees at market rates by the Company or its subsidiaries for such services. The investors will not receive any portion of such fees received by affiliates of CIRE in connection with the provision of such services to the Company or Company investments.

The Operating Company Performance Participation Interest may create an incentive to make speculative investments or incur more leverage.

The Manager is entitled to receive the Operating Company Performance Participation Interest. Such performance-based allocation may create an incentive for the Manager to make more speculative investments or incur more leverage on behalf of the Operating Company than the Operating Company would otherwise make in the absence of any performance-based fee or allocation. Since the Operating Company Performance Participation Interest will be calculated on a basis that includes unrealized appreciation as well as realized appreciation, the amount of any such allocation may be greater than if it were based solely on realized gains. Additionally, because the Operating Company Performance Participation Interest is based on the overall performance of the Operating Company over a calendar year, the Manager may be entitled to receive such Operating Company Performance Participation Interest even though the performance of a single Member's Units does not exceed the Hurdle Amount. Similarly, unitholders whose Units are repurchased during a given year may have their Units repurchased at a lower NAV per Unit as a result of an accrual for the estimated Operating Company Performance Participation Interest at such time, even if no Operating Company Performance Participation Interest for such year is ultimately payable to the Manager at the end of such calendar year.

Valuation of the Company's and the Operating Company's assets.

The Manager is involved in the valuation of the Company's and/or the Operating Company's assets and liabilities, and has an inherent conflict of interest in performing this function. It is in the Manager's interest to value the assets of the Operating Company at as high a level as possible, as both the Operating Company Management Fee and the Operating Company Performance Participation Interest are calculated based on the NAV of the Operating Company. In addition, the Manager's performance records used in marketing its services to actual and prospective clients and investors will be in part dependent on the performance of the Company and the Operating Company.

The Company may engage in transactions with affiliates of the Manager.

The Company may, from time to time, enter into other transactions not specifically described herein with the Manager or its affiliates, shareholders, partners, officers, managers, members, employees, agents and representatives, provided that the terms of such transactions will be no less favorable to the Company than terms that the Company would expect to receive in independent, arm's-length transactions.

Management of other client accounts.

The Manager, its affiliates, and their respective partners, members, managers, officers, directors, employees, or other applicable representatives and their respective successors, transferees and assigns (collectively, the "**Manager Group**") may manage or advise the accounts of clients other than the Company and the Operating Company. The investment methods and strategies that the Manager Group utilizes in managing the accounts of the Company and/or the Operating Company may be utilized by the Manager Group in managing investments for other client accounts. The members of the Manager Group may establish, sponsor, or be affiliated with, other investment

pools which may engage in the same or similar businesses as the Company or the Operating Company, using the same or similar investment strategies. The records of any investment management activities that the Manager Group may engage in on behalf of the accounts of clients other than the Company will not be available for inspection by the Members.

Contribution of Real Estate Assets to the Company.

The contribution of real estate assets by CIRE or another Contributing Owner to the Company shifts the risk of the future performance of such assets to the Company and, thus, to the Members, relieving the Contributing Owner of a portion of their existing risk. Although all real property held by entities that are managed or sponsored by CIRE are appraised by an independent, third-party appraiser prior to contribution to the Operating Company, the determination whether or when to accept the contribution of such assets is being made by the Manager, and the Members have not received independent advice or counsel with respect to the same. Any portion of contributed assets that constitute excess equity and payment of returns thereon to the Contributing Owner may not align with the returns to Members.

Relationship Between the Placement Agent, the First Trust Member and the Manager.

The Manager has engaged First Trust Portfolios L.P., a registered broker-dealer, as the Company's exclusive placement agent in connection with the offer and sale of the Class B Units in this offering. The Placement Agent is an affiliate of the First Trust Member, an owner of the Manager. In consideration for the Placement Agent's services, the Manager will pay the Placement Agent the Distribution Fee with respect to outstanding Class B Units in an amount equal to 0.35% per annum of the aggregate Class B NAV.

In addition, due to its ownership of certain Covered Fee Percentage Interests in the Manager, the First Trust Member will share in the enterprise value of the Manager attributable to certain performance fees and allocations received by the Manager from the Operating Company. The benefits to its affiliate, the First Trust Member, may provide for a greater incentive for the Placement Agent to distribute the Class B Units than it may otherwise possess with respect to marketing an unaffiliated investment opportunity.

Allocation of investment opportunities.

CIRE, the First Trust Member and Vivaldi may raise and/or manage Other Accounts (as defined below), having investment objectives and strategies that are the same or substantially similar as those of the Company, and such Other Accounts may compete with the Company for investment opportunities. Despite the potential for Other Accounts, the Manager expects there to be sufficient investment opportunities for the Company within its investment guidelines because of the scale of the real estate market.

"**Other Accounts**" means investment funds, REITs, DSTs, vehicles, accounts, products and/or other similar arrangements owned, sponsored, advised, and/or managed by CIRE, the First Trust Member and Vivaldi (including their respective principals and affiliates) whether for their own account or on behalf of other clients or both, which currently exist or may be established subsequent to this offering.

CREIT shall not have priority over Other Accounts. With respect to potential investment opportunities identified by CIRE that may be suitable for the Company and Other Accounts, CIRE intends to allocate such investment opportunities among the Company and such Other Accounts in a fair and equitable allocation procedure as determined by the Manager in its commercially reasonable discretion. As a result, in some cases an otherwise suitable investment opportunity may not be allocated (in whole or in part) to the Company, or the allocation may not be made among the Company and such Other Accounts solely on the basis of their respective available investment capital (for example, in making such allocation CIRE may take into account additional factors such as sector, geography/location, expected return profile, expected distribution rate, leverage profile, investment limitations, liquidity terms and constraints, legal, tax and/or regulatory considerations of the Company and such Other Accounts). There is no assurance that any conflicts arising out of the foregoing will be resolved in the Company's favor. CIRE is entitled to amend its policies and procedures at any time without prior notice or the Company's consent.

CREIT may acquire properties through joint ventures with Other Accounts. Such investments will be allocated as described above, and the Company may be allocated interests in such joint ventures that are smaller than the interests of the Other Accounts.

There may also be circumstances, including in the case where there is a seller who is seeking to dispose of a pool or combination of assets, where the Company and Other Accounts participate in a single or related transactions with a particular seller where certain of such assets are specifically allocated (in whole or in part) to both the Company and such Other Accounts. The combined purchase price paid to a seller may be allocated among the multiple assets based on a determination by the seller, by a third-party valuation firm and/or by the Manager and its affiliates. Similarly, there may also be circumstances, including in the case where there is a buyer who is seeking to purchase a pool or combination of assets, where the Company and Other Accounts participate in a single or related transactions with such buyer where certain of such assets are specifically sold (in whole or in part) by both the Company and such Other Accounts. The combined sale price paid by a buyer may be allocated among the multiple assets based on a determination by the buyer, by a third-party valuation firm and/or by the Manager and its affiliates. There can be no assurance that a particular asset within the pool will not be valued or allocated a purchase price or sale price that is higher or lower than it might otherwise have been allocated or received if such asset were sold independently rather than as a component of a portfolio sale in conjunction with Other Accounts.

The amount of performance-based compensation charged and/or management fees and other fees paid by the Company may be less than or exceed the amount of performance-based compensation charged and/or management fees and other fees paid by Other Accounts. Such variation may create an incentive for CIRE to allocate a greater percentage of an investment opportunity to the Company or such Other Accounts, as the case may be.

Other activities of the Manager Group.

The members of the Manager Group will devote only so much time and attention to the business and affairs of the Company and the Operating Company as they, in their sole discretion, may deem reasonably necessary. The members of the Manager Group are not required to devote a specific amount of time to the business and affairs of the Company or the Operating Company, and are

entitled to engage in various other activities. The members of the Manager Group may engage in, invest in, participate in or otherwise enter into other business ventures of any kind, nature or description, alone or with others, including, without limitation, the management of or investment in other investment entities or vehicles, and neither the Company nor any Member shall have any right in or to any such activities or the income or profits derived therefrom. The members of the Manager Group may have a conflict of interest in rendering advice to a client because the financial benefit from managing some other client's account may be greater, which could provide an incentive to favor such other account.

No separate legal counsel has been engaged for the Members.

Alston & Bird LLP has acted and will act as legal counsel to the Company in connection with the preparation of this Memorandum. Alston & Bird LLP has prepared this Memorandum based on information provided to it by the Manager without independent verification. Alston & Bird LLP is not representing any prospective investors and is not rendering any legal advice to any other prospective investors in connection with their investment in the Company and the transactions contemplated hereby. Accordingly, prospective investors are strongly urged to consult with their own tax and legal advisors with respect to the tax and other legal aspects of investment in the Company and the transactions contemplated hereby, and with specific reference to their own personal financial and tax situation.

CERTAIN INCOME TAX CONSIDERATIONS

The following is a summary of certain federal income tax considerations that may be relevant to U.S. persons considering an investment in the Company. Except where specifically addressing considerations applicable to tax-exempt investors, the discussion assumes that each Member is an individual who is a citizen or resident of the United States. It is impractical to set forth all aspects of federal income tax law that may bear upon a Member's Units. The tax considerations discussed below are necessarily general and may vary depending upon a Member's particular circumstances.

The discussion of federal income tax issues contained in this Memorandum is limited to the federal income tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the federal tax treatment of the matters that are the subject of this disclosure. The Company has not sought an opinion of legal counsel or a ruling from the Internal Revenue Service (the "**IRS**") as to any federal income tax matters.

The discussion below is based upon existing law, contained in the Code, the Treasury regulations promulgated under the Code ("**Regulations**"), administrative rulings and other pronouncements, and court decisions as of the date hereof. The existing law, as currently interpreted, is subject to change by either new legislation, or by differing interpretations of existing law in regulations, administrative pronouncements or court decisions, any of which could, by retroactive application or otherwise, adversely affect a Member's investment in the Company. In particular, various aspects of recently enacted tax legislation are unclear and are anticipated to be the subject of future IRS guidance and/or technical corrections that may affect the discussion below.

The tax treatment of a Member that is treated as a partnership or other pass-through entity for federal income tax purposes, and of each partner or member thereof, will generally depend upon the status and activities of the entity and such partner or member. A prospective investor that is treated as a partnership or other pass-through entity for federal income tax purposes should consult its tax advisor concerning the potential tax consequences of an investment in the Company.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH THEIR OWN INDEPENDENT TAX ADVISORS REGARDING THE POTENTIAL TAX CONSEQUENCES OF THIS INVESTMENT. NO TAX ADVICE IS BEING GIVEN HEREIN BY THE COMPANY, THE MANAGER, THE PLACEMENT AGENT OR ANY OF THEIR RESPECTIVE AFFILIATES TO ANY PROSPECTIVE INVESTORS.

Taxation of the Company as a REIT

The Company intends to satisfy the requirements for taxation as a REIT under the applicable provisions of the Code. If the requirements are met, the Company will be allowed a deduction for dividends paid to the Members. This treatment substantially eliminates the "double taxation" at both the corporate and shareholder levels that generally results from an investment in a corporation. However, the Company will be subject to tax in certain circumstances even if it qualifies as a REIT. For example, the Company will be subject to tax at regular corporate income tax rates on any REIT taxable income or capital gain not distributed to the Members, and will be

subject to an additional 4% excise tax if it fails to make certain required distributions for a calendar year. In addition, the Company will be subject to a tax of 100% on net income from any "prohibited transaction," which is a sale of property held primarily for sale to customers in the ordinary course of a trade or business, unless (i) it held such property for at least two years and other requirements relating to the number of properties sold in a year, their tax bases, and the cost of improvements made to the property are satisfied or (ii) a facts-and-circumstances test is otherwise deemed to be met. It is expected that the Operating Company will hold its real estate investments for at least two years and otherwise follow the other requirements of the prohibited transaction safe harbor so as not to subject the Company to such 100% tax.

As a REIT, the Company will issue an annual IRS Form 1099-DIV to each Member reporting the ordinary income and capital gain dividends (if any) paid to such Member. *See* "Taxation of Company Distributions" below.

Taxation of U.S. Members of the Units

U.S. Member. As used in the remainder of this discussion, the term "U.S. Member" means a beneficial owner of the Units that is for U.S. federal income tax purposes: (1) a citizen or resident of the United States; (2) a corporation (or an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any State thereof or the District of Columbia; (3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (4) a trust if it (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds the Units, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Prospective investors should consult their advisors if they are a partner of a partnership holding common stock,. A "non-U.S. Member" is a beneficial owner of the Units that is neither a U.S. Member nor a partnership (or an entity treated as a partnership for U.S. federal income tax purposes).

Taxation of Company Distributions

As long as the Company qualifies as a REIT, distributions made to a U.S. Member out of the Company's current or accumulated earnings and profits and not designated as capital gain dividends will be treated as ordinary income dividends. For taxable years beginning before January 1, 2026, ordinary income dividends paid by the Company will constitute "qualified business income" eligible for a 20% deduction (reducing the effective federal income tax rate applicable to such dividends, before applying the 3.8% Medicare tax described below, to 29.6%) for non-corporate U.S. Members, but will not qualify for the 20% federal income tax rate currently applicable to qualifying dividends paid to individuals. Distributions in excess of the Company's current and accumulated earnings and profits will be treated first as a tax-free return of capital, reducing a U.S. Member's tax basis in the Company by the amount of the distribution, but not below zero, with distributions in excess of such U.S. Member's tax basis taxable as capital gain.

For distributions that are reinvested in the Company, a U.S. Member will be taxed as if the Member had received the related cash amount and then immediately purchased additional Units.

Amounts that are designated by the Company as capital gain dividends will be taxable to U.S. Members as long-term capital gains, to the extent they do not exceed the Company's actual net capital gain for the taxable year, without regard to the period for which a Member held its Units. U.S. Members that are individuals, trusts or estates may be required to treat a portion of any capital gain dividend as "unrecaptured section 1250 gain," taxable at a 25% rate, if the Company recognizes such gains. Additionally, corporate U.S. Members may be required to treat up to 20% of certain capital gain dividends as ordinary income.

The Company may elect to retain, rather than distribute, and pay income tax on all or a portion of its net long-term capital gains. If the Company so elects, a U.S. Member will (a) be required to include in income (as long-term capital gains taxable as described above), its proportionate share of the Company's undistributed capital gains and (b) be deemed to have paid, and will receive a tax credit for, its proportionate share of the tax paid by the Company on the undistributed gain. Tax-exempt U.S. Members which are not taxable on the capital gain should be able to obtain a refund of their proportionate share of the taxes paid by the Company, but will need to make a tax filing with the IRS in order to claim the refund. If the Company does not elect to pass through its retained capital gain, then a subsequent distribution of the retained amount by the Company will most likely be treated as an ordinary income dividend rather than a capital gain dividend, and U.S. Members will not be able to reduce their tax liability on the dividend by the income taxes previously paid by the Company on the retained capital gain. Accordingly, the Company is likely to make the pass through election.

Dividends declared by the Company in October, November or December of any year and payable by the Company on a specified date in any of these months will be treated as both paid by the Company and received by a U.S. Member on December 31 of that year, provided that the Company actually pays the dividend on or before January 31 of the following year.

Liquidating distributions paid by the Company following the adoption of a plan of liquidation will be treated first as a tax-free recovery of a U.S. Member's basis and thereafter as gain from the disposition of such U.S. Member's Units. Any loss on a U.S. Member's Units could not be reported as a tax loss until the final liquidating distribution.

A 3.8% Medicare tax will be imposed on net investment income, including dividends, earned by non-corporate Members from this investment. Dividends paid by the Company will not be treated as passive activity income for purposes of the passive activity loss limitation, and therefore generally will not be offset by a Member's passive activity losses from other investments.

Dividends from the Company (to the extent they do not constitute a return of capital) will generally be treated as investment income for purposes of the investment interest expense deduction limitation. However, capital gain dividends generally will be excluded from investment income unless a Member elects otherwise, in which case such gain would be taxed at the same federal income tax rate as ordinary income.

Dispositions of Units

Upon any taxable sale or other disposition of Units (except pursuant to a withdrawal of Units, as described below), a Member will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between:

- the amount of cash and the fair market value of any property received on such disposition; and
- the Member's adjusted basis in such Units for tax purposes.

Gain or loss will be capital gain or loss if the Units have been held by the Member as a capital asset. The applicable tax rate will depend on the Member's holding period in the asset (generally, if an asset has been held for more than one year, it will produce long-term capital gain) and the Member's tax bracket.

Losses incurred on the sale or exchange of Units held for less than six months (after applying certain holding period rules) will be deemed long-term capital losses to the extent of any capital gain dividends received by the selling Member from the Company.

Withdrawal of Units

If certain conditions are satisfied, a withdrawal of Units by a U.S. Member will be treated as a sale or exchange of the withdrawn Units, and such Member will recognize gain or loss in an amount equal to the difference between the amount of cash received by such Member and such Member's tax basis in the withdrawn Units. In general, any such gain or loss will be capital in character and will be long-term capital gain or loss if the withdrawing Member has held the withdrawn Units for more than one year, subject to the discussion above regarding the treatment of losses on certain dispositions of Units. A withdrawal of Units that is not treated as a sale or exchange will be treated as an ordinary distribution (i.e., dividend income to the extent paid out of earnings and profits unless properly designated as a capital gain dividend).

A withdrawal of Units will be treated as a sale or exchange if it (1) is "substantially disproportionate" with respect to a U.S. Member, (2) results in a "complete termination" of a U.S. Member's Units or (3) is "not essentially equivalent to a dividend" with respect to a U.S. Member, all within the meaning of Section 302(b) of the Code. Because the determination as to whether any of the alternative tests of Section 302(b) of the Code are satisfied with respect to any particular withdrawal of Units will depend upon the facts and circumstances as of the time the determination is made, prospective Members are advised to consult their own tax advisors to determine such tax treatment.

Qualification of the Company as a REIT

In order to qualify as a REIT, the Company must satisfy the following requirements on an ongoing basis:

Ownership Requirements. Units in the Company must be held by a minimum of 100 persons for at least 335 days in each taxable year or a proportional number of days in any short taxable year,

after its first taxable year as a REIT. In addition, at all times during the second half of each taxable year after its first taxable year as a REIT, no more than 50% in NAV of the Company may be owned, directly or indirectly, after applying constructive ownership rules, by five or fewer individuals, which for this purpose includes certain tax-exempt entities (e.g., private foundations and pension trusts).

The Ownership Restrictions are intended to assure compliance with the foregoing ownership requirements. Each Member will be required to provide the Company with such information as the Company may reasonably request in order to determine whether such Member's ownership or proposed transfer of Units complies with the Ownership Restrictions. *See* "The Company's Status as a REIT—Ownership Restrictions."

Asset Tests. At the close of each quarter of each taxable year, the Company must satisfy tests relating to the nature of its assets determined in accordance with generally accepted accounting principles. For these purposes, the Company will be deemed to own its proportionate share of the assets of the Operating Company. First, at least 75% of the value of the Company's total assets must be represented by interests in real property, interests in mortgages on real property, shares in other REITs, cash, cash items, government securities, and certain temporary investments. Second, although the remaining 25% of the assets generally may be invested without restriction, the Company is prohibited from owning securities representing more than 10% of either the vote or value of the outstanding securities of any issuer other than a qualified REIT or a taxable REIT subsidiary. Further, no more than 20% of the value of the total assets of the Company may be represented by securities of one or more taxable REIT subsidiaries and no more than 5% of the value of the total assets of a REIT may be represented by securities of any non-government issuer other than certain securities of a qualified REIT or a taxable REIT subsidiary.

Under certain circumstances, a REIT will not lose its status as a REIT for failing to satisfy the foregoing 5% or 10% asset tests in a calendar quarter if the failure is cured within 30 days. After the 30 day cure period, the Company could dispose of sufficient assets to cure such a violation that does not exceed the lesser of 1% of the Company's assets at the end of the relevant quarter or $10,000,000 if the disposition occurs within 6 months after the last day of the calendar quarter in which the Company identifies the violation. For violations of these tests that are larger than this amount and for violations of the other asset tests described above, where such violations are due to reasonable cause and not willful neglect, the Company can avoid disqualification as a REIT, after the 30 day cure period, by taking steps including the disposition of sufficient assets to meet the asset tests (within 6 months after the last day of the calendar quarter in which the Company identifies the violation) and paying a tax equal to the greater of $50,000 or the highest corporate tax rate multiplied by the net income generated by the non qualifying assets.

Gross Income Tests. There are currently two separate percentage tests relating to the sources of a REIT's gross income which must be satisfied for each taxable year. For these purposes, the Company will be treated as receiving (and earning income of the same character as) its allocable share of the Operating Company's income and loss. The two tests are as follows:

- At least 75% of the gross income for the taxable year must fall into certain categories of income ("qualifying income"). Qualifying income generally includes, among other things, rents from real property (with some exceptions), interest on

obligations secured by mortgages, certain gains on the sales of property that are not dealer property, and dividends or other distributions from, and gain from the sale of, transferable shares in other REITs.

- In addition to deriving 75% of its gross income from, among other things, the sources listed above, at least 95% of the REIT's gross income for the taxable year must be derived from the above-described qualifying income or dividends, interest or gains from the sale or disposition of stock or other securities.

Even if the Company fails to satisfy one or both of the 75% or the 95% gross income tests for any taxable year, it may still qualify as a REIT for such year if it is entitled to relief under provisions of the Code. These relief provisions will generally be available if:

(i) the failure to comply was due to reasonable cause and not due to willful neglect;

(ii) following the Company's identification of the failure, it files a schedule with a description of each item of gross income that caused the failure in accordance with applicable Treasury Regulations; and

(iii) it pays a special tax upon the greater of the amount by which it fails either the 75% or 95% gross income test for that year.

Annual Distribution Requirements. In order to qualify as a REIT, the Company is required to make distributions, other than capital gain dividends, to its owners each year in an amount at least equal to the sum of 90% of its "REIT taxable income," as defined, computed without regard to the dividends paid deduction and REIT net capital gain, plus 90% of the net income after tax, if any, from foreclosure property, minus the sum of some items of excess non-cash income. These distributions generally must be paid in the taxable year to which they relate, or in the following taxable year if declared before the REIT timely files its tax return for the year and if paid with or before the first regular dividend payment after such declaration. To the extent that the Company distributes at least 90%, but less than 100% of its REIT taxable income, it will be subject to tax at ordinary corporate tax rates on the retained portion.

In order for distributions to be counted for purposes of satisfying the 90% distribution requirement and give rise to a tax deduction by the REIT, they must not be "preferential dividends." A dividend is not a preferential dividend if it is pro rata among all outstanding Units, and is in accordance with the preferences among different Units as set forth in the REIT's organizational documents.

To the extent that the Company has available net operating losses carried forward from prior tax years, such losses may, in part, reduce its REIT taxable income for the year and consequently, reduce the amount of distributions that it must take in order to comply with the REIT distribution requirements. However, such losses will generally not affect the character of any distributions that are actually made by the Company, which generally will be taxable to the Members to the extent that the Company has current or accumulated earnings and profits.

It is possible that the Company, from time to time, may not have sufficient cash to satisfy the 90% distribution requirement. In that event, the Company may have to arrange for short-term or

possibly long-term borrowings. Alternatively, the Company may avail itself of consent dividend procedures. A consent dividend is a hypothetical dividend, as opposed to an actual dividend, declared by the Company and treated for federal income tax purposes as though it had actually been paid by the Company. The Members would recognize dividend income with respect to the Company's consent dividend without receiving the related cash.

In addition to the distributions necessary to maintain REIT status, if the Company should fail to distribute during each calendar year, at least the sum of (i) 85% of its REIT ordinary income for such year, (ii) 95% of its REIT capital gain net income for such year and (iii) any undistributed taxable income from prior periods, it would be subject to a 4% excise tax on the excess of such required distribution over the sum of (a) the amounts actually distributed and (b) the amounts of income retained on which the Company has paid corporate income tax.

Failure to Qualify. If the Company were to fail to qualify for taxation as a REIT in any taxable year and relief provisions did not apply, it would be subject to tax on its taxable income at regular corporate income tax rates. Distributions by the Company in any year in which it fails to qualify as a REIT would not be deductible by the Company, and all dividends paid by the Company would be taxable in the same manner as regular corporate dividends. Unless entitled to relief under specific statutory provisions, the Company also would be disqualified from reelecting taxation as the REIT until the fifth taxable year beginning after the year during which REIT qualification was lost. Accordingly, disqualification of the Company as a REIT could be expected to be materially adverse to the Members.

If the Company fails to satisfy one or more requirements for REIT qualification, other than the gross income and assets tests, each of which is subject to the cure provisions discussed above, it may still retain its status as a REIT if:

(i) the failure to qualify was due to reasonable cause and not due to willful neglect; and

(ii) it pays a penalty of $50,000 for each failure.

It is possible that the Company may from time to time form a taxable REIT subsidiary. Taxable REIT subsidiaries are subject to full corporate level taxation on their earnings, but are permitted to engage in certain types of activities which cannot be performed directly by REITs without jeopardizing their REIT status. Taxable REIT subsidiaries are subject to limitations on the deductibility of payments made to the associated REIT and are subject to prohibited transaction taxes on certain other payments made to the associated REIT.

Backup Withholding Tax

Under certain circumstances, a Member may be subject to backup withholding tax on payments made with respect to, or cash proceeds of a sale or exchange of, Units. Backup withholding generally will apply only if the Member fails to furnish his taxpayer identification number (which, for an individual, would be his social security number). Backup withholding will not apply with

respect to payments made to certain exempt recipients, such as corporations and tax-exempt organizations.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding with respect to a payment to a Member will be allowed as a credit against such Member's federal income tax liability and may entitle such Member to a refund, provided that the required information is furnished to the IRS.

Tax-Exempt Members

Special considerations apply to Members that are generally exempt from federal income taxation under Section 501(a) of the Code ("**Tax-Exempt Members**").

In general, Tax-Exempt Members other than charitable remainder trusts are subject to federal income taxation with respect to any unrelated business taxable income ("**UBTI**") they derive. Charitable remainder trusts are subject to a federal excise tax equal to the entire amount of any UBTI they derive.

Distributions by the Company generally will not constitute UBTI to a Tax-Exempt Member unless the Tax-Exempt Member has borrowed to acquire its Units. However, if the Company were to be a "pension-held REIT," and a Member that is a pension or other retirement trust holds Units representing more than 10% of the NAV of the Company, a portion of the Company dividends allocable to such Member may constitute UBTI. The Company would be a pension-held REIT if at least one qualified trust holds Units representing more than 25% of the NAV of the Company (directly or indirectly), or if one or more qualified trusts, each owning Units representing than 10% of the NAV of the Company, together hold Units representing more than 50% of the NAV of the Company (directly or indirectly).

The Company currently does not expect to be treated as a "pension-held REIT," but cannot assure this result. In any event, the provisions requiring qualified trusts to treat a portion of distributions from a REIT as UBTI will not apply if the Company is able to satisfy the five or fewer requirement without relying upon the "look-through" exception for qualified trusts. The Company intends to satisfy the five or fewer requirement without reliance on the look-through exception and such efforts, if successful, should prevent application of the provisions treating a portion of the Company's distributions as UBTI to qualified trusts that are Members. *See* "Qualification of the Company as a REIT—Ownership Requirements" above. Moreover, a qualified trust can avoid UBTI under these rules by never owning more than 10% of the Company.

Notwithstanding the foregoing general UBTI rules, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, are subject to different UBTI rules, which generally will require them to characterize dividends as UBTI unless the organization properly sets aside or reserves such amounts for purposes specified in the Code. Such persons should consult their own tax advisors concerning these "set aside" and reserve requirements.

Private foundations and certain private colleges and universities should consult with their own tax advisors concerning their potential liability for excise tax on income and gain earned from this investment.

Taxation of Non-U.S. Members of the Units

The rules governing the U.S. federal income taxation of non-U.S. Members are complex. This section is only a summary of such rules. Non-U.S. Members are urged to consult their own tax advisors to determine the impact of federal, state and local income tax laws on ownership of the Units, including any reporting requirements.

Taxation of Company Distributions

Distributions by the Company to a non-U.S. Member that are neither attributable to gain from sales or exchanges by the Company of "United States real property interests" ("USRPIs") within the meaning of FIRPTA nor designated by the Company as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of the Company's current or accumulated earnings and profits. These distributions generally will be subject to U.S. federal withholding tax on a gross basis at a rate of 30%, or a lower rate as may be specified under an applicable income tax treaty, unless the dividends are treated as effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs or apply to dividends from REITs only in certain circumstances. Dividends that are effectively connected with the non-U.S. Member's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment) will be subject to U.S. federal income tax on a net basis, that is, after allowance for deductions, at graduated rates, in the same manner as U.S. Members are taxed, and are generally not subject to withholding. Applicable certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exception. Any dividends received by a corporate non-U.S. Member that is engaged in a trade or business within the United States may also be subject to an additional branch profits tax at a 30% rate, or lower applicable treaty rate.

A non-U.S. Member who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for the Company's ordinary dividends will be required (i) to complete the applicable IRS Form W-8 and certify under penalty of perjury that such Member is not a U.S. person as defined under the Code and is eligible for treaty benefits or (ii) if the Units are held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable Treasury regulations. Special certification and other requirements apply to certain non-U.S. Members that are pass-through entities rather than corporations or individuals.

A non-U.S. Member eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Distributions in excess of the Company's current or accumulated earnings and profits that do not exceed the adjusted basis of the non-U.S. Member in its Units will reduce the non-U.S. Member's

adjusted basis in its common stock and will not be subject to U.S. federal income tax. Distributions in excess of current and accumulated earnings and profits that do exceed the adjusted basis of the non-U.S. Member in its Units will be treated as gain from the sale of its stock, the tax treatment of which is described below under "—Dispositions of the Units." Because the Company generally cannot determine at the time it makes a distribution whether or not the distribution will exceed its current and accumulated earnings and profits, the Company normally will withhold tax on the entire amount of any distribution as if it were a dividend.

The Company would be required to withhold at least 15% of any distribution to a non-U.S. Member in excess of its current and accumulated earnings and profits if the Units constitute a USRPI with respect to such non-U.S. Member, as described below under "—Dispositions of the Units." This withholding would apply even if the non-U.S. Member is not liable for tax on the receipt of that distribution. However, a non-U.S. Member may file a U.S. federal income tax return to claim a refund of these amounts from the IRS if the non-U.S. Member's U.S. tax liability with respect to the distribution is less than the amount withheld.

Distributions to a non-U.S. holder that are designated by the Company at the time of the distribution as capital gain dividends, other than those arising from the disposition of a USRPI (including direct interests in U.S. real property and stock of U.S. corporations that are "U.S. real property holding corporations" and do not quality for any exemption), generally should not be subject to U.S. federal income taxation unless:

- The investment in the Units is effectively connected with the non-U.S. Member's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. Member), in which case the non-U.S. Member will generally be subject to the same treatment as U.S. Member with respect to any gain, except that a Member that is a foreign corporation also may be subject to the 30% branch profits tax, as discussed above; or

- The non-U.S. Member is an individual who is present in the United States for 183 days or more during the taxable year of the distribution and has a "tax home" in the United States, in which case the individual will be subject to a 30% tax on the individual's capital gains.

Under FIRPTA, distributions to a non-U.S. Member that are attributable to gain from sales or exchanges by the Company of USRPIs, whether or not designated as capital gain dividends will cause the non-U.S. Member to be treated as recognizing gain that is income effectively connected with the conduct of a U.S. trade or business. Non-U.S. Members will be taxed on this gain at the same rates applicable to U.S. Members, subject to a special alternative minimum tax in the case of nonresident alien individuals. In the case of a non-U.S. Member that is a corporation, this gain may also be subject to a 30% (or lower applicable treaty rate) branch profits tax. A distribution is not attributable to a USRPI if the Company held an interest in the underlying asset solely as a creditor.

The Company will be required to withhold and remit to the IRS tax at the highest corporate income tax rate on any distributions to non-U.S. Members that are designated as capital gain dividend with

respect to gains from dispositions of USRPI, or, if greater, tax at the highest corporate income tax rate on a distribution that could have been designated as a capital gain dividend. The amount withheld, which for individual non-U.S. Members may exceed the actual tax liability, is creditable against the non-U.S. holder's U.S. federal income tax liability.

However, FIRPTA withholding tax would not apply to any capital gain dividend with respect to any Units which are "regularly traded" on an established securities market located in the United States if the non-U.S. Member did not own more than 10% of such class of stock at any time during the one-year period ending on the date of such dividend. Instead, any such capital gain dividend would be treated as a distribution subject to the rules discussed above with respect to ordinary dividends. Also, the branch profits tax would not apply to such a distribution. However, it is not anticipated that the Units will be "regularly traded" on an established securities market.

Although the law is not clear on the matter, it appears that amounts the Company designates as undistributed capital gains in respect of the Units held by U.S. Member generally should be treated with respect to non-U.S. Members in the same manner as actual distributions by the Company of capital gain dividends. Under that approach, the non-U.S. Members would be able to offset as a credit against their U.S. federal income tax liability resulting therefrom their proportionate share of the tax paid by the Company on the undistributed capital gains, and to receive from the IRS a refund to the extent that their proportionate share of this tax paid by the Company were to exceed their actual U.S. federal income tax liability. If the Company were to designate a portion of its net capital gain as undistributed capital gain, a non-U.S. Member is urged to consult its tax advisor regarding the taxation of such undistributed capital gain.

Dispositions of the Units

Except pursuant to a repurchase of Units as described below, gain recognized by a non-U.S. Member upon the sale or exchange of the Units generally would not be subject to U.S. taxation unless:

- the investment in the Units is effectively connected with the non-U.S. Member's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. Member), in which case the non-U.S. Member will be subject to the same treatment as domestic holders with respect to any gain;

- the non-U.S. Member is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the nonresident alien individual will be subject to a 30% tax on the individual's net capital gains for the taxable year; or

- the non-U.S. Member is not a "qualified shareholder" or a "qualified foreign pension fund" (each as defined in the Code) and the Units constitutes a USRPI within the meaning of FIRPTA, as described below.

The Company anticipates that the Units will constitute a USRPI within the meaning of FIRPTA unless the Company is a domestically controlled REIT. The Company will be a domestically

controlled REIT if, at all times during a specified testing period, less than 50% in value of the Units is held directly or indirectly by non-U.S. Members. No assurance can be given, however, that the Company are or will be a domestically controlled REIT. Even if the Company were not a domestically controlled REIT, a sale of Units by a non-U.S. Member would nevertheless not be subject to taxation under FIRPTA as a sale of a USRPI if:

- the Units were "regularly traded" on an established securities market within the meaning of applicable Treasury regulations; and

- the non-U.S. Member did not actually, or constructively under specified attribution rules under the Code, own more than 10% of the Company's common stock at any time during the specified testing period.

However, it is not anticipated that the Units will be "regularly traded" on an established securities market. If gain on the sale or exchange of the Units were subject to taxation under FIRPTA, the non-U.S. Member would be subject to regular U.S. income tax with respect to any gain in the same manner as a taxable U.S. Member, subject to a special alternative minimum tax in the case of nonresident alien individuals. In such a case, under FIRPTA the purchaser of Units from a non-U.S. Member may be required to withhold 15% of the purchase price and remit this amount to the IRS.

Subject to the exception discussed below, a "qualified shareholder" who holds the Units directly or indirectly (through one or more partnerships) will not be subject to FIRPTA on distributions by the Company or dispositions of the Units. While a qualified shareholder will not be subject to FIRPTA on distributions by the Company or dispositions of the Units, a distribution to a qualified shareholder that otherwise would have been taxable under FIRPTA will be treated as an ordinary dividend, and certain investors of a qualified shareholder (i.e., non-U.S. persons who hold interests in the qualified shareholder (other than interests solely as a creditor), and hold more than 10% of the Units (whether or not by reason of the investor's ownership in the qualified shareholder)) may be subject to FIRPTA and FIRPTA withholding.

A qualified foreign pension fund (or an entity all of the interests of which are held by a qualified foreign pension fund) that holds the Units directly or indirectly (through one or more partnerships) will not be subject to tax under FIRPTA or to FIRPTA withholding on distributions by the Company or dispositions of the Units.

Non-U.S. Members are urged to consult their own tax advisors to determine their eligibility for exemption from FIRPTA withholding and their qualification as a qualified shareholder or a qualified foreign pension fund.

Repurchases of the Units

A repurchase of Units that is not treated as a sale or exchange will be taxed in the same manner as distributions under the rules described above. See "—Taxation of Non-U.S. Members of the Units—Repurchases of the Units" for a discussion of when a redemption will be treated as a sale or exchange and related matters.

A repurchase of the Units generally will be subject to tax under FIRPTA to the extent that the

Units are a USRPI and the non-U.S. Member recognizes gain or the distribution in the repurchase is attributable to gains from dispositions of USRPI. To the extent the distribution is not attributable to gains from dispositions of USRPI, the excess of the amount of money received in the repurchase over the non-U.S. Member's basis in the repurchased Units will be treated in the manner described above under "—Dispositions of the Units." The IRS has released an official notice stating that repurchase payments may be attributable to gains from dispositions of USRPI (except when the 10% publicly traded exception would apply), but has not provided any guidance to determine when and what portion of a repurchase payment is a distribution that is attributable to gains from dispositions of USRPI. Due to the uncertainty, the Company may withhold at the top corporate income tax rate from all or a portion of repurchase payments to non-U.S. Members other than qualified shareholders or qualified foreign pension funds. To the extent the amount of tax the Company withholds exceeds the amount of a non-U.S. Member's U.S. federal income tax liability, the non-U.S. Member may file a U.S. federal income tax return and claim a refund.

U.S. Federal Income Tax Returns

If a non-U.S. Member is subject to taxation under FIRPTA on proceeds from the sale of the Units or on distributions made by the Company, the non-U.S. Member will be required to file a U.S. federal income tax return. Prospective non-U.S. Members are urged to consult their tax advisor to determine the impact of U.S. federal, state, local and foreign income tax laws on their ownership of the Units, including any reporting requirements.

Foreign Account Tax Compliance Act

Withholding at a rate of 30% is required on dividends paid in respect of the Units to certain foreign financial institutions (including investments funds), unless such institution enters into an agreement with the Secretary of the Treasury (unless alternative procedures apply pursuant to an applicable intergovernmental agreement between the United States and the relevant foreign government) to report, on an annual basis, information with respect to shares in, and accounts maintained by, the institution to the extent such shares or accounts are held by certain U.S. persons or by certain non-U.S. entities that are wholly or partially owned by U.S. persons. Accordingly, the entity through which the Units are held may affect the determination of whether such withholding is required. Similarly, dividends paid in respect of the Units to an investor that is a passive non-financial non-U.S. entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to the Company that such entity does not have any "substantial U.S. owners" or (ii) provides certain information regarding the entity's "substantial U.S. owners," which the Company will in turn provide to the Secretary of the Treasury. While withholding under FATCA would also have applied to payments of gross proceeds from the disposition of stock after December 31, 2018, proposed Treasury regulations eliminate FATCA withholding on gross proceeds payments. Taxpayers generally may rely on these proposed Treasury regulations until final Treasury regulations are issued. Non-U.S. Members are encouraged to consult with their tax advisers regarding the possible implications of these rules on their investment in the Units.

State and Local Taxes

Each Member may be liable for state and local income taxes payable in the state or locality in which the Member is a resident or doing business. The income tax laws of each state and locality may differ from the above discussion of federal income tax laws.

It is not expected that Members will be required to file personal income tax returns or pay taxes in the various states in which the Operating Company's properties are located.

Prospective investors should consult their own tax advisors concerning the state and local tax consequences of an investment in the Company.

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The foregoing is a summary of some of the general tax rules and considerations affecting the Company and does not purport to be a complete analysis of all relevant tax risks and tax considerations. Prospective investors in the Company are urged to consult their own tax advisors concerning the tax consequences of an investment in the Company based on their own particular circumstances.

CERTAIN ERISA CONSIDERATIONS

The discussion below summarizes certain aspects of ERISA and the Code that may affect a decision by a "benefit plan investor" to invest in the Company. The term "benefit plan investor" is defined in Section 3(42) of ERISA to include any (a) "employee benefit plan" subject to Title I of ERISA (an "**ERISA Plan**"), (b) "plan" (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, including, without limitation, individual retirement accounts and Keogh plans (each an "**Individual Retirement Plan**"), or (c) entity whose underlying assets include plan assets by reason of an ERISA Plan's or Individual Retirement Plan's investment in such entity, including, without limitation, as applicable, an insurance company general account. The following discussion is general in nature and not intended to be all-inclusive. It is based on law in effect on the date of this Memorandum and is subject to any subsequent changes therein. Investors should not look to the below discussion as legal advice. Rather, each prospective investor in the Company should seek advice regarding ERISA and the potential fiduciary obligations and exposure to liability thereunder from each such investor's independent ERISA counsel.

A fiduciary of an ERISA Plan should consider whether an investment in the Company satisfies the requirements set forth in Part 4 of Title I of ERISA, including the requirements that (i) the investment satisfy the prudence and diversification standards of ERISA, (ii) the investment be in the best interests of the participants and beneficiaries of the ERISA Plan, (iii) the investment be permissible under the terms of the ERISA Plan's investment policies and governing instruments and (iv) the investment not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code.

In determining whether an investment in the Company is prudent for ERISA purposes, a fiduciary of an ERISA Plan should consider all relevant facts and circumstances, including, without limitation, possible limitations on the transferability of Units, whether the investment provides sufficient liquidity in light of the foreseeable needs of the ERISA Plan, and whether the investment is reasonably designed, as part of the ERISA Plan's portfolio, to further the ERISA Plan's purposes, taking into consideration the risk of loss and the opportunity for gain (or other return) associated with the investment. It should be noted that the Company will invest its assets in accordance with the investment strategy expressed herein and that none of the Manager or any of its affiliates has any responsibility for developing an overall investment strategy for any ERISA Plan or for advising any ERISA Plan as to the advisability or prudence of an investment in the Company. Rather, it is the obligation of the appropriate fiduciary for each ERISA Plan to consider whether such an investment, when judged in light of the overall portfolio of the ERISA Plan, will meet the prudence, diversification, prohibited transaction and other applicable requirements of ERISA and the Code.

PROSPECTIVE INVESTORS THAT ARE SUBJECT TO THE PROVISIONS OF ERISA OR CODE SECTION 4975 ARE URGED TO CONSULT WITH THEIR COUNSEL AND ADVISORS: (I) REGARDING THE APPLICABILITY OF THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION RESTRICTIONS OF ERISA AND THE CODE RELEVANT TO AN INVESTMENT IN THE COMPANY AND (II) TO CONFIRM THAT SUCH AN INVESTMENT WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION OR ANY OTHER VIOLATION OF AN APPLICABLE REQUIREMENT OF ERISA.

"Government plans" and "church plans," while not subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Decision-makers for any such plans should consult with their counsel before making an investment in the Company.

Additionally, the U.S. Department of Labor (the "**DOL**") has promulgated a final regulation under ERISA, 29 C.F.R. §2510.3-101 et seq., as modified by Section 3(42) of ERISA (the "**Plan Assets Regulation**"), which specifies the circumstances under which the underlying assets of an entity in which a benefit plan investor invests will be considered to be "plan assets" for purposes of applying the fiduciary responsibility provisions of Title I of ERISA, the prohibited transaction restrictions of Section 406 of ERISA and the prohibited transaction excise tax provisions of Section 4975 of the Code. If the assets of the Company were considered to be "plan assets", the persons who manage the Company might be deemed to be fiduciaries for purposes of ERISA or Code Section 4975 and the operation of the Company would become subject to ERISA and Code Section 4975.

Under the Plan Assets Regulation, as modified by Section 3(42) of ERISA, the assets of the Company will not be considered "plan assets" of any investing Plan if, either (i) the Company qualifies as an "operating company," including a "venture capital operating company" (a "**VCOC**") or a "real estate operating company" (a "**REOC**"), or (ii) less than 25% of each class of the outstanding Units in the Company (excluding the Units held by the Manager and its affiliates) are held by benefit plan investors (the "**25% Limit**"). In general, the Plan Assets Regulation provides that an entity qualifies as a VCOC if (1) on the date of the entity's first

portfolio investment and on at least one day during each annual valuation period thereafter, at least 50% of the entity's assets (excluding short-term investments pending long-term commitment or distribution), valued at cost, are invested in operating companies (other than VCOCs) with respect to which the entity obtains direct contractual rights to substantially participate in, or substantially influence, the conduct of the management of the operating company, and (2) the entity, in the ordinary course of its business, actually exercises such management rights with respect to one or more of the operating companies in which it invests. In general, the Plan Assets Regulation provides that an entity qualifies as a REOC if (1) on the date of the entity's first real estate investment and on at least one day during each annual valuation period thereafter, at least 50% of the entity's assets (excluding short-term investments pending long-term commitment or distribution), valued at cost, are invested in real estate that is being managed or developed with respect to which the entity has the right to substantially participate directly in such property management or development activities, and (2) the entity, in the ordinary course of its business, actually exercises such property management or development rights.

The Manager intends to use its reasonable efforts to (a) organize and operate the Company so as to qualify as a VCOC or a REOC or (b) limit investment in the Company by benefit plan investors to comply with the 25% Limit. Consequently, the Manager intends to proceed on the basis that assets of the Company will not constitute "plan assets" as defined in the Plan Asset Regulations and that, therefore, the Company will not be subject to ERISA or Code Section 4975, although there can be no assurance that this will be the case. If the Company elects to comply with the 25% Limit, no subscriptions for Units made by benefit plan investors will be accepted and no transfers of Units will be permitted to the extent that such investment or transfer would result in the Company exceeding the 25% Limit. In addition, because the 25% Limit is to be calculated upon every subscription to or redemption from the Company, the Manager will have the authority, in its sole discretion, to require the withdrawal of all or some of the Units held by any benefit plan investor if the continued holding of such Units could result in the Company being subject to ERISA. ....

ANTI-MONEY LAUNDERING

In order to comply with applicable laws aimed at the prevention of money laundering and terrorist financing, each prospective investor will be required to represent in the Subscription Documents that, among other things, the investor is not and, in the case of a corporation, partnership, limited liability company, trust or other entity, none of its principal owners, partners, members, directors or officers are, included on the Office of Foreign Assets Control list of foreign nations, organizations and individuals subject to economic and trade sanctions based on U.S. foreign policy and national security goals, Executive Order 13224, which sets forth a list of individuals and groups with whom U.S. persons are prohibited from doing business because such persons have been identified as terrorists or persons who support terrorism, or any other watch list issued by any governmental authority, including the SEC. Further, each prospective investor will be required to represent in the Subscription Documents that it will provide additional information or take such other actions as may be necessary or advisable for the Company for anti-money laundering purposes.

The Company (and SS&C for itself and on behalf of the Company) also reserves the right to request such identification evidence in respect of a transferee of Units and the source of the transferee's funds. In the event of delay or failure by the Member, prospective investor or transferee to produce any information required for verification purposes, the Company may refuse to accept the application or (as the case may be) to register the relevant transfer and (in the case of a subscription for Units(s)) any funds received will be returned without interest to the account from which the monies were originally debited.

The Company (and SS&C for itself and on behalf of the Company) also reserves the right to refuse to make any withdrawal payment or distribution to a Member otherwise than to the account from which the corresponding subscription funds were paid if the Manager or SS&C suspects or is advised that the payment or distribution could abet or result in money laundering, a violation of any applicable anti-money laundering law or regulation or other unlawful activity or the Company (or SS&C on its behalf) considers such procedure necessary or appropriate to ensure compliance by the Company or SS&C with anti-money laundering laws or regulations.

By subscribing, Members consent to the disclosure by the Company and SS&C of any information about them to regulators upon request in connection with money laundering and similar matters both in the United States and in other jurisdictions.

The Company and/or SS&C may develop additional procedures to comply with applicable anti-money laundering laws and regulations.

LEGAL MATTERS

Alston & Bird LLP has acted as legal counsel to the Company in connection with the preparation of this Memorandum. Alston & Bird LLP may continue to serve in such capacity in the future, but has not assumed any obligation to update this Memorandum. Alston & Bird LLP has prepared this Memorandum based on information provided to it by the Manager without independent verification. Alston & Bird LLP is not representing any prospective investors and is not rendering any legal advice to any other prospective investors in connection with their investment in the Company and the transactions contemplated hereby. Accordingly, prospective investors are strongly urged to consult with their own tax and legal advisors with respect to the tax and other legal aspects of investment in the Company and the transactions contemplated hereby, and with specific reference to their own personal financial and tax situation.

WHERE TO FIND MORE INFORMATION

For further information about the Company or this offering, please contact the Company at:

CIRE REAL ESTATE INVESTMENT TRUST, LLC
c/o CIRE Real Estate Advisors, LLC
530 B Street, Suite 2050
San Diego, California 92101
Email: IR@CIREequity.com

In addition, the Company maintains a website at https://www.cireequity.com/invest-in-creit/ where there is additional information about the Company's business, but the contents of the website are not incorporated by reference in or otherwise a part of this Memorandum. From time to time, the Company may use its website as a distribution channel for material Company information.