**Confidential Private Offering Memorandum**

**GSP II, LLC**

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**Class B Membership Interests**

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**Capital Contributions of up to $12,000,000**

**Minimum Capital Contribution of $25,000**
**Maximum Capital Contribution of $2,000,000**

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The Class B Membership Interests (the "Interests") of GSP II, LLC (the "Company") offered hereby have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state in reliance upon exemptions under the Securities Act and those state laws. The sale or other disposition of the Interests is severely restricted as set forth in the Company' Amended and Restated Limited Liability Company Operating Agreement (the "Operating Agreement"), attached hereto as Exhibit "C". By execution of the Subscription Agreement attached hereto as Exhibit "A" and the acquisition of Interests in the Company, each subscriber represents that he, she or it is acquiring such Interests for investment and without a view to distribution, and that the subscriber will not sell or otherwise dispose of the Interests in violation of the terms of the Operating Agreement or without registration or other compliance with the above acts and the rules and regulations issued thereunder.

**THE INTERESTS OFFERED HEREBY ARE HIGHLY SPECULATIVE, AND AN INVESTMENT IN THE SECURITIES INVOLVES A HIGH DEGREE OF RISK. THE COMPANY IS OFFERING THE INTERESTS SOLELY TO INVESTORS THAT SATISFY CERTAIN SUITABILITY STANDARDS, INCLUDING THE ABILITY TO AFFORD A COMPLETE LOSS OF THEIR INVESTMENT. SEE "RISK FACTORS" BEGINNING ON PAGE 6.**

**THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS, AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THESE LAWS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE REGULATORY AUTHORITY NOR HAS THE SEC OR ANY STATE REGULATORY AUTHORITY**

**PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE INTERESTS MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL IN FORM AND SUBSTANCE ACCEPTABLE TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.**

**The Interests may be purchased only by persons who are qualified investors that meet certain suitability standards set forth in the Subscription Agreement.**

The date of this Memorandum is February 1, 2020

THE COMPANY, PURSUANT TO THIS CONFIDENTIAL OFFERING MEMORANDUM ("MEMORANDUM"), IS OFFERING FOR SALE UP TO $12,000,000 OF CLASS B MEMBERSHIP INTERESTS, WITH A MINIMUM CAPITAL CONTRIBUTION OF $25,000. THE MANAGER INTENDS TO ACCEPT SUBSCRIPTIONS ON A ROLLING BASIS AS HE RECEIVES THEM FROM INVESTORS HE DEEMS, IN HIS SOLE DISCRETION, TO BE QUALIFIED INVESTORS WHO HAVE MET THE SUBSCRIPTION REQUIREMENTS OF THIS OFFERING.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE INTERESTS ARE ALSO SUBJECT TO SEVERE RESTRICTION ON TRANSFERABILITY UNDER THE TERMS OF THE OPERATING AGREEMENT. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM IS SUBMITTED ON A CONFIDENTIAL BASIS FOR USE BY A LIMITED NUMBER OF ACCREDITED INVESTORS SOLELY IN CONNECTION WITH THE PURCHASE OF THE INTERESTS AS DESCRIBED HEREIN. THE USE OF THIS MEMORANDUM FOR ANY OTHER PURPOSE IS NOT AUTHORIZED. THIS MEMORANDUM MAY NOT BE REPRODUCED OR REDISTRIBUTED, IN WHOLE OR IN PART, NOR MAY ITS CONTENTS BE DISCLOSED TO, OR RELIED UPON BY, ANY PERSON OTHER THAN THE INVESTORS TO WHOM IT IS SUBMITTED, EXCEPT AS MAY BE REQUIRED BY LAW OR BY ANY REGULATORY AUTHORITY HAVING

APPROPRIATE JURISDICTION. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS (WHETHER ORAL OR WRITTEN) IN CONNECTION WITH THIS OFFERING EXCEPT SUCH INFORMATION AS IS CONTAINED IN THIS MEMORANDUM AND IN THE EXHIBITS HERETO AND DOCUMENTS SUMMARIZED HEREIN. ONLY INFORMATION OR REPRESENTATIONS CONTAINED HEREIN MAY BE RELIED UPON AS HAVING BEEN AUTHORIZED. PURCHASERS OF THE INTERESTS DESCRIBED HEREIN SHOULD NOT RELY ON INFORMATION NOT CONTAINED IN THIS MEMORANDUM.

THE SECURITIES OFFERED HEREBY WILL BE SOLD SUBJECT TO THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT (THE "SUBSCRIPTION AGREEMENT"), ATTACHED HERETO AS EXHIBIT "A," CONTAINING CERTAIN REPRESENTATIONS, WARRANTIES, COVENANTS, TERMS AND CONDITIONS. ANY INVESTMENT IN THE INTERESTS OFFERED HEREBY SHOULD BE MADE ONLY AFTER A COMPLETE AND THOROUGH REVIEW OF THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. IT IS SPECULATIVE AND SUITABLE ONLY FOR PERSONS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES AND HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT. FURTHER, THIS INVESTMENT SHOULD ONLY BE MADE BY THOSE WHO UNDERSTAND OR HAVE BEEN ADVISED WITH RESPECT TO THE TAX CONSEQUENCES OF AND RISK FACTORS ASSOCIATED WITH THE INVESTMENT AND WHO ARE ABLE TO BEAR THE SUBSTANTIAL ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. SEE "INVESTOR SUITABILITY STANDARDS" AND "SUMMARY OF OPERATING AGREEMENT."

IN CONNECTION WITH THE OFFERING AND SALE OF THE INTERESTS, THE COMPANY RESERVES THE RIGHT, IN ITS DISCRETION, TO REJECT ANY SUBSCRIPTION BY SUBSCRIBERS. THIS MEMORANDUM IS NOT AN OFFER TO SELL TO OR A SOLICITATION OF AN OFFER TO BUY FROM, NOR SHALL ANY SECURITIES BE OFFERED OR SOLD TO, ANY PERSON IN A JURISDICTION IN WHICH SUCH OFFER, SOLICITATION, PURCHASE OR SALE WOULD BE UNLAWFUL UNDER THE SECURITIES LAWS OF SUCH JURISDICTION.

FOR PENNSYLVANIA INVESTORS. IT IS THE POSITION OF THE PENNSYLVANIA SECURITIES COMMISSION THAT INDEMNIFICATION IN CONNECTION WITH A VIOLATION OF THE SECURITIES LAW IS AGAINST PUBLIC POLICY AND VOID.

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EACH PROSPECTIVE INVESTOR IS HEREBY OFFERED THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE COMPANY OR PERSONS ACTING ON BEHALF OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND THE ANTICIPATED BUSINESS AND OPERATIONS OF THE COMPANY, AND TO OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION. INQUIRIES AND REQUESTS FOR ADDITIONAL INFORMATION SHOULD BE DIRECTED TO THE COMPANY'S MANAGER AS FOLLOWS:

L2L Investments, LLC DBA GSP REI
Attention: Peter Neill
211 W. Lancaster Ave. Suite 300
Paoli, PA
19301
Cell Phone: 610-357-2330
Office Phone: 215-821-7030
Email: pneill@gsprei.com

## TABLE OF CONTENTS

**PAGE**

## SUMMARY

*The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum. Certain statements may relate to future events or the future performance of the Company, which involve known and unknown risks and other uncertainties or factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed under the heading "Risk Factors."*

### The Company

The Company is a limited liability company organized under the Delaware Limited Liability Company Act (the "LLC Act") in October 2019 to purchase and rehab distressed residential, single family, multifamily and mixed use real estate and distressed mortgage assets. Once acquired, the Company will seek to maximize profits, which may sometimes require rehabbing and renovating real property with the intent to either sell or maintain the property in a portfolio of rental properties. The targeted properties will initially be residential single family and multi-family real properties.

### The Manager

The Manager has sole responsibility for the day to day management and control of the Company and all day to day aspects of its business. No Member shall take part in, or interfere in any manner with the management, conduct or control of the business and affairs of the Company and shall not have any right or authority to act for or bind the Company. The Manager shall be elected solely by the Class A Members voting alone as a class. There is one Manager or such other number as may be determined from time to time by the Class A Members. The Class A Members may remove any Manager at any time with or without cause upon a vote of Class A Members holding more than 50% of the Class A Membership Interests. The present Manager is L2L Investments, LLC DBA GSP REI. Accordingly, the Class B Members have no right to elect the Manager and shall have no right to participate in the management of the Company. For further information regarded management please consult the Limited Liability Company Agreement GSP II, LLC.

### The Members

L2L Investments, LLC DBA GSP REI are the holders of the Class A Membership Interests and possess over 80 years of combined real estate experience. The members of L2L Investments, LLC DBA GSP REI have previous fund experience, many years of relevant residential real estate experience as well as an extensive personal network of real estate professionals such as real estate

attorneys, title companies, realtors, brokers, property managers and construction managers to assist in locating, valuing, managing and selling residential, commercial and mixed use real estate as well as mortgage debt assets.

The purchasers of Class B Membership Interests in this Offering shall become Class B Members of the Company. The Class B Members shall have no right to participate in the management of the Company. The Class B Members shall be entitled to receive a preferred return on their capital contributions of ten percent (10%) per annum (the "Operating Preferred Return"). The Operating Preferred Return will be paid to the Class B Members out of net cash from operations on a monthly basis in arrears by the fifteenth day of the calendar month. The Company has the option at any time to force the redemption of the Class B Membership Interests upon ten days written notice to the Class B Member at a price equal to the Class B Member's capital contribution plus any accrued but unpaid Operating Preferred Return on the date of redemption. At any time subsequent to the third anniversary of the date on which a Class B Member makes its capital contribution to the Company, each Class B Member shall have the option to force the Company to redeem its Class B Membership Interest upon ninety days written notice to the Company at a price equal to the Class B Member's capital contribution plus any accrued but unpaid Operating Preferred Return on the date of redemption. Other than payment of preferred returns or redemption payments, the Class B Members shall not be entitled to receive any allocation of the Company's revenues or expenses or distribution of any additional cash from the Company. Any additional revenues shall be allocated solely to the Class A Members and any additional cash available for distribution to the Members, if distributed, shall only be distributed to the Class A Members. Losses shall be allocated to all Members generally in accordance with positive capital accounts. See "Summary of the Operating Agreement."

## The Offering

The Company is seeking to raise up to $12,000,000 through an offering of the Class B Membership Interests (the "Offering"). In connection with the offering and sale of the Interests herein, the Company reserves the right, in its sole discretion, to reject any subscription or portion thereof by any investor and to increase the size of the Offering.

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| Offering | A maximum of $12,000,000 of Class B Membership Interests of the Company to accredited investors. A minimum capital contribution of $25,000 is required and the Company may, in its sole discretion, accept larger capital contributions in $1,000 increments. See "Terms of the Offering." |

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| Operating Preferred Return | The Class B Members shall be entitled to receive a operating preferred return equal to ten percent (10%) per annum. Commencing on that date which is up to thirty (30) calendar days after the company receives all subscription materials and full payment for the purchase and determines to accept the subscription.<br><br>Class B Members are entitled to be paid their operating preferred return on a monthly basis based on a 360 day year, 30 day month by the fifteenth ($15^{th}$) of each month. |
| Use of Proceeds | The net proceeds of the Offering will be used to fund general working capital needs of the Company, principally purchase real property. See "Use of Proceeds." |
| Risk Factors | AN INVESTMENT IN THE INTERESTS IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. INVESTORS SHOULD BE ABLE TO WITHSTAND THE TOTAL LOSS OF THEIR ENTIRE INVESTMENT IN THE SECURITIES. PROSPECTIVE PURCHASERS SHOULD CAREFULLY REVIEW THE INFORMATION SET FORTH UNDER "RISK FACTORS" AS WELL AS OTHER INFORMATIONCONTAINED IN THIS MEMORANDUM. THERE CAN BE NO ASSURANCE THAT THE COMPANY'S OBJECTIVES CAN BE ACHIEVED (SEE "RISK FACTORS" BEGINNING ON PAGE 6). |
| Restrictions on Transfer | Sales or other transfers of the Interests may only be made in compliance with federal and state securities laws and are subject to substantial contractual restrictions set forth in the Operating Agreement. Interests are not transferable without the prior written consent of the Manager. In the event that all restrictions have been satisfied and the Manager consents to a transfer, a Class B Member nevertheless may be unable to dispose of his or her Interests, since it is highly unlikely that any market will exist for the Interests. |
| Redemption Rights | The Company has the option by delivering written notice to a Class B Member at any time to force the redemption of the Class B Membership Interest at a price equal to the Class B Member's capital contribution for such Interest plus any accrued but unpaid Operating Preferred Return on the date of redemption. The |

Company shall fix a date for the redemption which shall not be more than ten days after the date of such notice.

At any time subsequent to the third (3rd) anniversary of the date on which a Class B Member makes his capital contribution to purchase a Class B Membership Interest, any Class B Member, at their own option, shall have the right to have the Company redeem the Class B Member's Membership Interest by delivering written notice of this election to the Company. The Company shall fix a date for the redemption which shall not be more than ninety days after the date of such notice. On the redemption date, the Company shall pay the Class B Member the amount of its accrued but unpaid Operating Preferred Return plus the amount of its unreturned capital contributions as of the redemption date.

The Company shall also have the right to redeem a Class B Member's Interests for the amount of its accrued but unpaid Operating Preferred Return plus the amount of its unreturned capital contributions upon the Class B Member's death, or upon the occurrence of certain other events affecting the Class B Member's ownership of the Interests. See "Summary of the Operating Agreement – Transfer Restrictions."

Subscription Agreement

The purchase of the Interests will be made pursuant to a Subscription Agreement and Accredited Investor Representation Letter that will contain, among other things, customary representations and warranties by the Company, certain covenants of the Company, investment representations of the purchasers, including representations that may be required by the Securities Act and applicable state "blue sky" laws, and appropriate conditions to closing, including, but not limited to, qualification of the offer and sale of the Interests under applicable state "blue sky," laws. A form of such Subscription Agreement and accompanying Accredited Investor Representation Letter are attached as Exhibits "A" and "B" hereto.

Suitability Standards

An investment in the Interests offered by this Memorandum is suitable only for the accredited investor who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the

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| | Company and of protecting the investor's interest in the transaction. Interests may be purchased only by persons who meet the suitability standards set forth herein and in the Subscription Agreement. |
| Subscription Procedure | In order to subscribe for the Interests, a Subscriber must complete, execute and deliver to the Company (1) the Subscription Agreement and the Accredited Investor Verification in the forms attached hereto as Exhibits "A" and "B", (2) a joinder to the Operating Agreement in the form annexed hereto as Exhibit "C", (3) a Form W-9 – Request For Taxpayer Identification Number and Certification and (4) a wire transfer or check made payable to GSP II, LLC in the amount of the purchase price of your Interests. |

## RISK FACTORS

*An investment in the Interests offered hereby involves a high degree of risk. Prospective investors should carefully consider the following risk factors, in addition to the other information set forth in this Memorandum in connection with an investment in the Interests offered hereby. The following risk factors are not meant to be an exhaustive listing of all risks associated with an investment in the Company. Each prospective investor should consult his or her own professional advisers and should not construe the contents of this Memorandum or other information furnished by the Company as investment, legal or tax advice.*

**As there are significant restrictions on transferability of the Interests, you may not be able to sell the Interests when you want to.**

As there is no public or private market for the Interests and there can be no assurance that a market will develop at any time in the future, purchase of the Interests should be considered a long-term investment. Sales or other transfers of the Interests may only be made in compliance with federal and state securities laws and are subject to substantial contractual restrictions set forth in the Operating Agreement. See "Terms of the Offering" and "Summary of the Operating Agreement – Transfer Restrictions." The holders of Interests will be required to agree not to transfer their Interests in violation of such laws. In addition, the Operating Agreement and the Subscription Agreement impose substantial limitations on any transfer of the Interests and the Interests are not transferable without the prior written consent of the Manager. In the event that all restrictions have been satisfied and the Manager consents to a transfer, a Class B Member nevertheless may be unable to dispose of his or her Interests, since it is highly unlikely that any market will exist for the Interests. Consequently, any holder of the Interests may be unable to

liquidate his or her investment even in the event of an emergency or though his or her personal, financial circumstances would dictate such a liquidation, and the Interests may not be acceptable as collateral for loans.

**The Company has no operating history.**

The Company was formed in October of 2019 and has no operating history on which subscribers can evaluate making an investment decision. There can be no assurance that the Company will be able to successfully implement its business plan or ever generate any substantial net profits.

**The Class B Members will have no right to participate in the management of the Company.**

Under the Operating Agreement, Members have no right to participate in the management of the Company. Except as specifically provided in the Act, the management of the business and affairs of the Company will be vested exclusively in the Manager and a Member will have no right to participate in many decisions which may materially affect the value of his, her or its investment. Moreover, the Operating Agreement provides the Class A Members with the exclusive right to appoint the Manager and to replace the Manager involuntarily. As the Interests consist solely of Class B Membership Interests, subscribers to this Offering will not have any of these rights. Accordingly, a subscriber should not purchase any Interests unless he, she or it is willing to entrust all aspects of the management of the Company to the Manager.

**Other than payment of preferred returns or redemption payments, the Class B Members shall not be entitled to receive any additional allocation of the Company's revenues or expenses or distribution of any additional cash from the Company.**

The Class B Members shall only be entitled to receive payment of their Operating Preferred Return and a return of their capital contribution. The Class B Members shall not be entitled to receive any additional distributions of cash or allocations of revenues or expenses from the Company.

**The Company is an early stage venture that has limited funds and very limited ability to obtain bank financing.**

The Company is an early stage venture which presently has extremely limited funds. The Company is seeking up to $12,000,000 of equity financing in this Offering to finance its operations and to fund its purchase of performing and non-performing residential real estate and real estate notes. There is no assurance that such amount of financing will be sufficient for the Company's purposes, or that, if the Company needs additional funds, debt or equity financing will be available on favorable terms or at all. We have no existing bank lines of credit and have not established any

definitive sources for additional financing. Failure to obtain such additional financing on acceptable terms when needed could restrict the Company's ability to implement its business plan.

**The Company has not identified any specific mortgages that it intends to purchase and may not be able to purchase a significant number of mortgages to enable it to pay the preferred returns due to the Class B Members or redeem the Class B Membership Interests.**

The Company does not have a list of real properties/mortgage notes or a pipeline of properties/mortgage notes on which it can make bids. While the network of the Class A Members is well developed, the Company has not yet identified any properties/mortgage notes which it intends to purchase. In the event that the Company is unable to locate a sufficient volume of properties that it deems qualified for purchase, then it may be unable to pay the preferred returns as they come due to the Class B Members or redeem the Class B Membership Interests upon exercise of the redemption rights.

**The Company may not be able to resell real property that it acquires when it wants or needs to do so.**

In order to raise additional funds or to realize profits, the Company may sell or lease the real property that it owns. The Company may not be able to sell or lease these properties when it wants to or at a valuation that it deems desirable. If the Company is not able to re-sell or lease these properties when it wants to or at a valuation that it deems desirable, then it may not be able to raise the funds it needs to generate any net profits or to pay any distributions to the Class B Members. In this event, the Company may deem it necessary to hold the property as a cash flowing rental property in hopes of selling to a cash flow investor. While this strategy will extend the time line of showing profitability, it may allow for an eventual sale of the property.

**The Company is extremely dependent on its vendors to provide services in a timely and cost-efficient manner in order to generate net profits.**

The Company depends on contractors, subcontractors, information technology and various suppliers in order to complete projects and operate its business. The profitability of each project depends heavily on it being completed in a timely and cost-efficient manner. If a contractor delays completing a project or a subcontractor is late in providing its services, then a project can be delayed causing the Company to pay a higher amount of interest, insurance and real estate tax expenses. These additional expenses can adversely affect the Company's ability to generate net profits. In addition, when faced with this type of delay, the Company will not necessarily have the ability to replace the contractor or other vendor in a timely manner.

**The Company could face significant competition in implementing its business plan.**

The residential real estate industry can be highly competitive. While it serves a niche market that has many small companies, as the rehab and house flipping industry continues to grow in popularity, then the Company's present and potential competitors may be significantly larger and may have, or may be able to obtain, greater financial resources than the Company. Consequently, there can be no assurance that the Company will not encounter increased competition that could limit its ability to implement its business plan. Such increased competition could restrict the Company's ability to locate residential real property for purchase, which could materially adversely affect the Company's operating results and reduce the amount of cash that the Company has available to distribute to its Members.

**Upon a default in the Company's payment of the preferred return or redemption payment to a Class B Member, the Class B Members will have limited access to the assets of the Company.**

If the Company is unable to pay the preferred returns or redemption payments to the Class B Members when due, the Class B Members will have limited access to the assets of the Company. The Company documents its ownership of real property by recording a deed in the appropriate jurisdictions where the real property is located. As this lien is recorded at the Company level, individual Class B Members have no right to this collateral. While the Class B Members can instruct the Company to execute on its collateral by a majority vote, any proceeds received by the Company from the liquidation of these properties must be shared by the Class B Members, as a whole as no Class B Member has any preference right to any collateral of the Company. There may be limited assets available to cure payment defaults to Class B Members at any point in time.

**The Manager may alter the use of proceeds in this offering without notice to or approval of the Members.**

The Use of Proceeds Table included in this Memorandum on page 18 reflects the Company's anticipated use of proceeds if we are able to raise the full amount of this Offering. From time to time, the Company will evaluate the uses of its cash to determine whether the current application should be changed. The Manager may alter the use of proceeds in this Offering without notice to or approval of the Members. As a result, there is no assurance that the Manager will follow the Use of Proceeds section of the Memorandum, which may materially change. Accordingly, the Manager will have significant discretion in applying the net proceeds of this Offering. The failure of the Manager to apply such funds effectively could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

**Our success will be largely dependent upon our Manager and officers.**

Our success will be largely dependent upon the continued involvement of the Manager and officers of the Company. The loss of the services of this company could have a material adverse effect on the implementation of the Company's business plan. If the Company loses the services of the Manager or one or more officers or key employees, it would need to devote substantial resources to finding replacements, and until replacements were found, it would be operating without the skills or leadership of such personnel, any of which could have a significant adverse effect on the Company's business. Although they each own Class A Membership Interests and are eligible to receive guaranteed payments, it is possible that one or more of the officers will terminate his or her relationship with the Company.

**If the properties that the Company purchases are unprofitable, and the market value of real estate in the respective geographic area where these properties are located declines, then the Company may not be able to recover all or a substantial amount of the purchase price paid for the real property and it will be more difficult for the Company to pay distributions to its Members or to redeem their Interests after the optional redemption dates.**

In the event that any of these properties turn out to be unprofitable and the market value of real estate in the respective geographic area where these properties are located declines, then the Company may not be able to recover all or a substantial amount of the price paid for such real property, which may make it more difficult to pay any distributions to its Members or to redeem Its Members' Interests after the optional redemption dates.

**The Manager and Class A Members will have potential conflicts of interest with regards to other businesses which they own and operate.**

The Manager is required to devote only so much of his time to the business of the Company as he, in it's sole judgment, determines to be reasonably necessary, and neither he nor any of the other Class A Members are restricted from engaging in other activities, even if they are competitive with the Company. L2L Investments, LLC DBA GSP REI has been appointed as the Manager of the Company by the Class A Members. L2L Investments, LLC DBA GSP REI and the other Class A Members are or may become principals in other companies that participate in the note purchasing business and may establish or purchase additional companies that will participate in the real estate business. Accordingly, the Company will be subject to various conflicts of interest arising out of these activities. Such conflicts may involve arrangements between the Company and the Manager or the other Class A Members which are established by the Manager and may not be the result of arm's length negotiations.

**There is a limitation on the personal liability of the Manager and the Class A Members of the Company and these individuals are eligible for receiving indemnification from the**

**Company for expenses or losses that they incur while providing services on behalf of the Company.**

The Operating Agreement provides that the Manager and the other Class A Members will not be liable to the Company or the other Members for any act, omission or decision performed or omitted by him, provided such act, omission or decision was in good faith and without intent to defraud the Company and did not constitute a breach of any provision of the Operating Agreement. In addition, the Operating Agreement provides for indemnification by the Company of the Manager and Class A Members against liability resulting from any of such acts or omissions, except for those involving the Manager's or Class A Member's willful misconduct or recklessness. As a result, purchasers of the Interests may have a more limited right of action against the Manager or Class A Members than they would have absent such provisions.

**If the Company's joint venture partners do not cooperate in the purchase of real estate assets or, upon any sale of such assets, do not permit distribution of the net proceeds such sales of the Company, then the Company may not have access to significant amounts of capital.**

The loss or change in our relationship with strategic joint venture partners, Government Sponsored Entities and federal agencies would have an adverse affect on our business. As part of our business plan, the Company intends to enter into joint venture agreements and vendor relationships with third parties that have access to a supply of real estate assets. In most instances, the Company controls the joint venture entity as either manager or general partner and owns a majority of the joint venture entity. The Company attempts to include various controls and protections in the joint venture agreements that restrict the use of the Companies capital to purchase and or management of real estate assets and protect the cash flow generated by these assets. If these controls and protections are not able to be included in the joint venture agreements or, once included, fail to work as designed, then the Company can lose access to substantial amounts of capital. In addition, upon any liquidity event or in the ordinary course of owning the real estate assets, cash flow generated by such assets will be received by the joint venture. If the joint venture partner prevents the distribution of these real estate assets to the Company, then the Company may not have access to these real estate assets.

**The Company has the right to repurchase the Interests.**

The Company has the right to repurchase a Class B Member's Membership Interests for the capital contribution paid by the Class B Member plus any accrued but unpaid preferred returns in the event any of the following events occurs:

- death of a Class B Member;
- the transfer of any Class B Member's Interests in violation of the Operating Agreement;

- the Membership Interests held by a Class B Member shall be attached, levied upon or executed against in connection with the enforcement of any lien or encumbrance or otherwise be transferred by operation of law (other than the laws of descent, distribution or inheritance);
- bankruptcy of a Class B Member; or
- the issuance of an order of a court of competent jurisdiction ordering the transfer of any Class B Membership Interest to any third party including, but not limited to, a Class B Member's spouse pursuant to a divorce decree or property settlement.

Accordingly, a holder of the Class B Membership Interests can be forced to sell his or her Interests prior to the second anniversary of their purchase of the Interests, which means that they will not be entitled to receive the full amount of Preferred Returns that they would otherwise be entitled to receive.

**There can be no assurance that the Company will have sufficient funds to make distributions of preferred returns to the Class B Members or to redeem their Interests after the optional redemption dates.**

The operating expenses of the Company may exceed its revenues, thereby resulting in no cash available for distribution by the Company to the Class B Members.

Furthermore, the Manager has complete discretion to withhold from distribution part or all of any of the Company's net cash from operations which are otherwise available for distribution after the payment of expenses if it determines that such funds are reasonably required for working capital needs or reserves for fixed or contingent liabilities of the Company. Accordingly, there can be no assurance that the operations of the Company will be profitable or that any distributions of the Company's cash flow will be available or made to the Class B Members in payment of their preferred distributions or redemption of their Interests.

**Changes in regulations can adversely affect the Company's ability to purchase real estate by acquiring non-performing residential real estate notes.**

States and local jurisdictions may implement statutes or regulations that make it more difficult or expensive for the Company to purchase residential real estate mortgage loans, to service residential real estate mortgage loans, or to foreclose on the underlying real estate properties in these jurisdictions. If these statutes or regulations are implemented, then the Company may not be able to purchase a sufficient amount of residential real estate properties at desirable prices to be able to satisfy its obligations to repay capital contributions to the Class B Members.

**There are risks to investing in the Company using a self-directed Individual Retirement Account.**

In certain circumstances, a self-directed Individual Retirement Account is required to obtain separate Tax Identification Number from their beneficial owner. If an investor is making an investment in the Company through a self-directed Individual Retirement Account, then the Company is requesting that he or she provide a separate Taxpayer Identification Number for his or her self-directed Individual Retirement Account. An investor's failure to provide such Tax Identification Number for its self-directed Individual Retirement Account may subject the investor to legal penalties and costs for which he or she shall bear full responsibility. In addition, Members that are otherwise exempt from federal income taxation pursuant to Section 501(a) of the Code are subject to taxation with respect to any unrelated business taxable income ("UBTI"). Under Section 512(c) of the Code, when computing UBTI, a Tax-Exempt Investor must include its distributive share of income of any partnership of which it is a partner to the extent that such income would be UBTI if earned directly by the Tax-Exempt Investor. Please see "Income Tax Aspects -Tax Exempt Members" for a discussion of this risk.

**Investment by benefit plans are subject to additional regulatory risks.**

In considering the acquisition of Interests to be held as a portion of the assets of an "employee benefit plan" within the meaning of Section 3(3) of ERISA ("a Benefit Plan" or "Plan"), a Plan fiduciary, taking into account the facts and circumstances of such trust, should consider, among other things: (a) the effect of the "Plan Asset Regulations" (Labor Regulation Section 2510.3-101) including potential "prohibited transactions" under the Code and ERISA; (b) whether the investment satisfies the "exclusive purpose," "prudence," and "diversification" requirements of Sections 404(a)(l)(A),(B) and (C) of ERISA; (c) whether the investment is a permissible investment under the documents and instruments governing the plan as provided in Section 404 (a)(l)(D) of ERISA; (d) the Plan may not be able to distribute Interests to participants or beneficiaries in pay status because the Manager may withhold its consent; and (e) the fact that no market will exist in which the fiduciary can sell or otherwise dispose of the Units and the Company has a limited history of operations. The prudence of a particular investment must be determined by the responsible fiduciary with respect to each employee benefit plan, taking into account the facts and circumstances of the investment. Any Investor that invests funds belonging to a qualified retirement plan or IRA should carefully review the tax risks provisions of this Memorandum as well as consult with their own tax advisers. The contents hereof are not to be construed as tax, legal, or investment advice.

**PROSPECTIVE BENEFIT PLAN INVESTORS ARE URGED TO CONSULT THEIR ERISA ADVISERS WITH RESPECT TO ERISA AND RELATED TAX MATTERS, AS WELL AS OTHER MATTERS AFFECTING THE BENEFIT PLAN'S INVESTMENT IN THE COMPANY. MOREOVER, MANY OF THE TAX ASPECTS OF THE OFFERING DISCUSSED HEREIN ARE APPLICABLE TO BENEFIT PLAN INVESTORS WHICH**

**SHOULD ALSO BE DISCUSSED WITH QUALIFIED TAX COUNSEL BEFORE INVESTING IN THE FUND.**

**There are federal income tax risks to an investment in the Interests.**

The federal income tax consequences of an investment in the Company constitute certain risks. Each potential investor should carefully consider the risks regarding an investment in the Company discussed under "Income Tax Aspects." The tax consequences of an investment in the Interests may be affected by particular circumstances affecting the individual investor, and it is recommended that each investor consult his or her tax adviser before investing in the Company.

## THE BUSINESS

The Company is a Delaware Limited Liability Company organized under the LLC Act in October of 2019 to purchase distressed mortgages notes and real estate. The primary focus of the business is to acquire non-performing debt in the form of residential mortgage notes, commercial real estate mortgage notes or distressed Real Estate Owned (REO) at discounts to market value. The Company's approach is to target specific and overlooked gaps in the mortgage trading marketplace.

L2L Investments, LLC DBA GSP REI, the Company's Manager, has a combined 80 years of experience in both residential real estate as well as the distressed residential real estate note industry.

The mortgage note space is traditionally an industry of large institutional buyers. Typical mortgage note trades transact in $50-$100 million tranches. HUD and Fannie Mae schedule several auctions every year, each of which is in excess of $2 billion. Such scale affords large institutional buyers significant advantages. First, large scale transactions attract institutional dollars which reduces capital costs and second, when buying on such scale buyers are in essence commoditizing the assets. When buying several thousand loans at a time large buyers are focusing on the bulk of the trade and discounting the margins. By doing so these buyers are not focused on the 10-15% of the loans that do not fit their model. This can equate to approximately $200 million of loans on an annual basis.

While scale affords institutional buyers advantages, it also poses some disadvantages. First, many large institutional buyers utilize third parties to perform due diligence and ascertain Broker Price Opinions (BPO) to establish the current market of the subject assets. This allows for a margin of error when assessing values. Alternatively, GSP REI performs valuations internally. GSP REI has extensive experience in REO and distressed physical property in markets across the country. Management uses that experience to identify undervalued opportunities and target loans and areas where valuation mistakes have been made.

Second, traditional institutional buyers perceive vacant properties and mortgages deep in the foreclosure process as liabilities. Vacant properties pose certain risks that occupied units do

not. Foreclosure mortgages face similar risks as occupants nearing the end of foreclosure tend to vacate the property to find other accommodations. In order to mitigate such risk, institutional buyers typically sell these loans at discounts to avoid managing the physical asset. GSP REI seeks to purchase these types of assets, taking advantage of this under-valued and under-appreciated asset class buy utilizing its in house asset management team.

Additionally, the management at GSP REI have working relationships with HUD and several non-profit organizations. GSP REI's management have helped several non-profit housing organizations lobby HUD, Fannie Mae, and Freddie Mac to set aside tranches of non-performing loans for approved non-profit bidders. In doing so they successfully piloted the first ever HUD "Non-Profit Only Pool" to be auctioned at their annual NSO Sale in 2014. Such Non-Profit Set Aside Pools have grown over the years and are now a standard addition to every HUD auction. The managers of GSP REI have participated in every Non-Profit auction since 2014 and continue to work closely with these non-profits and HUD to further grow the opportunity.

From time to time, the Company may enter into joint venture agreements or vendor agreements with third parties that have access to a supply of real estate assets and non-performing residential and commercial mortgage notes. In most instances, the Company controls the joint venture entity as either manager or general partner and owns a majority of the joint venture entity. In some cases, the Company may not control the joint venture.

The Company may extend loans to other entities, both affiliated and unaffiliated, in order to secure opportunities to purchase or otherwise acquire real estate assets or non-performing residential mortgage notes. These entities include but are not limited to Government Service Entities and financial institutions.

**Non-Performing Mortgage Notes and REO**

The Company intends to purchase 1 to 4 family distressed assets in the form of both REO and non-performing first mortgages. The Company will initially focus its purchases in the markets where it has a high level of competency – Chicago, IL; NJ; Philadelphia, PA; Long Island, NY;

Baltimore, MD; and Florida. This will allow the Company to take full advantage of the Manager's expertise while maintaining the ability to actively monitor each asset.

The company will primarily target assets under $500,000 and greater than $50,000. This will allow the Company to purchase a sufficient number of assets to allow for an efficient diversification of the portfolio.

**Asset Acquisition Methodology:**

Identification of Properties.

The Company intends to leverage its personal networks to identify residential real estate assets in its target locations to purchase below market value. The Company will then perform its due diligence and analysis of the assets to determine a target purchase price in order to rehab and resell the property at a profit. While some acquisitions will occur in small one-off transactions the Company will focus on larger pools and portfolios from hedge funds, REITs, HUD, and Government Sponsored Entities (GSE).

- HUD
- Fannie Mae
- Freddie Mac
- Local and Regional Banks
- REITs and Hedge Funds
- Larger Institutional Mortgage Traders

In addition to the above, the company's Management through its partnerships have pioneered several non-profit/HUD opportunities to acquire loans set aside by HUD for non-profit buyers only. In doing this work the Company has carved out an acquisition space with minimal competition. To date the Company, through its partnerships is the single largest buyer of non-profit NPLs in the country.

Analysis and Evaluation of Assets:

The first step of the due diligence process is to understand the underlying collateral. What type of properties is protecting the mortgage. In what condition is that physical asset. The company begins by ordering valuations internally. Our asset management team performs inspections of each targeted asset. and estimates a repair value if necessary. This valuation and assessment is cross checked against our internal valuations. Once a value has been agreed upon it moves into the collateral file diligence process.

The due diligence of the collateral files in a mortgage note acquisition is critical. Not only must the underlying collateral, the physical structure, be underwritten, but also all the collateral and credit files, mortgage documents, deeds, pay histories, previous title policies, corporate and escrow advance balances as well as but not limited to Truth in Lending documents. The mortgage note industry is replete with regulations to protect the consumer, so it is necessary to understand

not only the structure but the documents which support the legitimacy of the mortgage being acquired. Some of this diligence is performed internally, while other research, such as bankruptcy diligence, is contracted to established relationships with law firms to examine and report back the status of the legal proceedings.

Loss Mitigation and Asset Management

Post-acquisition, the new mortgage loans are boarded onto our Servicer Platform and notices are sent to the borrowers to inform them of their new lender. Once settled, the Company identifies which loans have the potential to re-perform and which loans are likely to result in foreclosure.

Loans with re-performance potential are contacted in order to negotiate a modification, as well as other strategies to encourage re-performance. The Company works with the homeowners to restructure the mortgage in a manner that is affordable while also reflecting the true value of the asset. Re-performing loans create a unique alignment with the best interests of both the borrower and the lender.

Loans with little potential for re-performance are presented with several alternatives to foreclosure. In an effort to streamline the process of foreclosure the Company will offer Deed in Lieu options, cash for keys, and short sales to homeowners. Additionally, such loss mitigation strategies minimize the cost of capital as it significantly reduces the time frame to gain control of the asset.

Renovation of the Property.

Post-acquisition renovation and construction of assets will be coordinated through in house construction and asset management. All aspects of the construction process will be controlled by a dedicated project manager. The company maintains an extensive network of sub contractors, vendors and suppliers. The company's management team has a combined 40 years of relevant single family, multi family and mixed use construction management experience.

Sale of the Property.

Sale of any assets will be handled through the company's asset management department. The managers of the company have built and extensive network of real estate attorneys, brokers and agents that assist in various markets to help maximize potential returns.

Property Management.

The Company maintains an in house asset manager to oversee all Property Management. The company utilizes dedicated software and systems to assure operational efficiency. The asset manager will also coordinate with our in house construction management team for repairs which reduces cost and allows the company to maintain control of the entire property management eco system.

**Risk Management**

The Company will mitigate property risks by avoiding negative property/features like

- Flood Zones
- Title Problems
- Environmental Hazards
- Structural Defects

The Company has purchased a subscription-based software that manages the workflow and statuses of each property from analysis to sale or occupied rental. This streamlines communication and clearly outlines the needs for each property. All costs and timelines, as well as contracts and payment schedules to contractors, are held in the software database.

## PROPERTIES

The Company presently occupies approximately 1500 square feet of office space located in Paoli, Pennsylvania. The annual lease expense for this office space is approximately $6,000. The Company anticipates that this office space will be sufficient to satisfy its needs for the foreseeable future.

## LITIGATION

The Company is not presently involved in any legal proceedings. From time to time, the Company may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. For example, the Company's business plan may require it to commence foreclosure proceedings against homeowners whose loans the Company purchases. Many of these proceedings will settle and result in a modification of the underlying loan. However, litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm the Company's business. The Company is currently not aware of any such legal proceedings or claims that it believes will have, individually or in the aggregate, a material adverse effect on its business, financial condition or operating results.

## USE OF PROCEEDS

The Company intends to use all of the net proceeds of the Offering over the next twelve months for the following purposes: (1) to fund all expenses related to the completion of this Offering, including without limitation due diligence, legal fees and expenses, audit fees and expenses and other costs and expenses; and (2) to fund operating expenses of the Company such as the purchase of errors and omissions insurance, office rent, utilities, purchase and leasing of

office equipment, guaranteed payments to the Class A Members, the purchase real estate properties, and miscellaneous operating expenses such as utilities and office supplies. Management's estimate of these use of proceeds, assuming completion of the entire Offering, is as follows:

| | |
|---|---|
| Offering Expenses and Formation Costs | $ **8,000** |
| Payment of Preferred Returns | $ **224,500** |
| Guaranteed Payments for Investor Relations and Asset Management | $ **300,000** |
| Real Estate Purchases | $ **11,396,500** |
| Leasing of Office Space | $ **6,000** |
| General Administrative: Utilities, Insurance, Office Supplies, Dues, Web Hosting. | $ **22,000** |
| Professional Fees for Software and Systems | $ **5,000** |
| Marketing | $ **20,000** |
| Professional fees for Accounting and Legal Services | $ **18,000** |
| | $ **12,000,000** |

## MANAGEMENT

### The Manager

The Manager has the sole right to manage the business of the Company and to make any decisions with respect thereto. No Member shall take part in, or interfere in any manner with the management, conduct or control of the business and affairs of the Company and shall not have any right or authority to act for or bind the Company. The Manager shall be elected solely by the Class A Members voting alone as a class. Accordingly, the Class B Members shall have no right to elect the Manager or vote for his removal and shall have no right to manage the Company. The number of Managers shall be one, or such other number as may be determined from time to time by the Class A Members. The Class A Members may remove any Manager at any time with or without cause. L2L Investments, LLC DBA GSP REI is currently the Manager.

### Officers

The Manager shall have the power to appoint officers to assist him in managing the daily operations of the Company. These officers shall serve at the direction of the Manager and can be removed with or without cause. The current officers and their relevant business experience is as follows:

Wade Carroll- Strategic Partner

In this role, Mr. Carroll manages the entire note purchasing cycle including acquisitions, loan workouts and modifications, foreclosure and disposition and pricing. Mr. Carroll maintains key relationships with a network of Government Sponsored Enterprises, Financial Institutions, trade desk and other note and REO sellers.

Mr. Carroll is the President of Anders Capital Group, LLC - a real estate investment firm created to assist non-profit housing organizations efficiently and profitably navigate the non-profit opportunities offered them through Fannie Mae, HUD/FHA, and CRA programs. Anders works side by side with non-profits, raising capital, underwriting acquisitions, and developing income producing business. The company currently has around $60MM of institutional, family office and private money under management. Prior to Anders Capital Group, Mr. Carroll served as Executive Vice President and co-founder of BridgeBilt, a San Diego based Real Estate Company. Mr. Carroll worked with the National Community Stabilization Trust (NCST) to assist non- profit organizations acquire, renovate and sell REO assets. Through his work, BridgeBilt became the first for-profit strategic partner of the NCST, acquiring and stabilizing 700 single family homes in seven states.

Mr. Carroll helped pilot the first "Non-Profit Only" non-performing note transaction through HUD's Neighborhood Stabilization Outcome (NSO) program. The purpose of this pilot was to offer mission minded organizations a means by which they can impact local communities by acquiring and stabilizing non-performing assets. Since this initial pilot, HUD has offered multiple "Non-Profit Only" pool across the country. "Non-Profit Only" pools are now a standard feature in HUD's HECM and NSO offerings.

In 2015, Mr. Carroll co-authored a proposal to HUD to create a "Direct Buy" relationship between HUD, a non-profit, and a government entity to acquire $50,000,000 of non-performing residential loans. The purpose of this proposal was to ensure more non-performing assets were placed in the good care of non-profit organizations (without having to compete directly with the larger hedge funds) and thereby increasing positive outcomes for underwater borrowers. In January 2016, HUD approved this "Direct Buy" proposal for the states of California and Florida.

Mr. Carroll recently worked in conjunction with PPR Note Co. to acquire over $30MM worth of performing and non-performing first position mortgages.

Mr. Carroll has spent the last 15 years developing programs that not only impact local communities but are also worthwhile investments for capital. Carroll believes that a necessary element of any good and meaningful program is its ability to sustain itself.

Mr. Carroll holds a Bachelor's of Science degree from Texas A&M University. He has had GSP's his entire life and currently has one family GSP.

Ron Lockhart – Managing Partner

Ron Lockhart is the Founder of GSP REI and serves as the Company's President and CEO. His chief responsibilities include strategic planning and oversight of the company's vision. Mr. Lockhart overseas and works to streamline the company's operations in both real property and mortgage acquisitions, as well as project and property management.

Mr. Lockhart brings over 20 years of combined real estate investment and development experience to the company. Prior to founding GSP REI, Mr. Lockhart was a founder and President of LaSalle Properties One a regional real estate consulting firm that focused on assisting companies and institutions with the execution of their real estate acquisition, development, management and finance goals. While at LaSalle Properties One Mr. Lockhart developed an end to end in house solution for clients that included planning, construction, asset, and property management. One of LaSalle Properties One key initiatives was to invest alongside its clients in growth areas where there was an under supply of rental housing. Prior to LaSalle Properties One, Mr. Lockhart founded Lockhart Building and Investment Company which specialized in the construction and redevelopment of real estate in the Mid-Atlantic region.

Mr. Lockhart has been directly involved with the investment, development and construction of single family, multifamily and mixed use real estate since graduating from Washington College in 1996.

Peter Neill - Vice President, Investor Relations

Peter Neill serves as Vice President of Investor Relations for the Company. He is chiefly responsible for fulfilling the company's capital raising goals by communicating and marketing the company's private offerings and maintaining key relationships with the company's investors.

Mr. Neill began his real estate career working in marketing and sales at PPR Note Co. This gave him the ability to learn all aspects of the distressed mortgage business. He quickly transitioned into Investor Relations and raising private capital for PPR's private fund offerings. He managed the process of raising over $80MM for six offerings and helped grow their fund investor community from around 200 investors to over 600. During his time there, Mr. Neill learned the ins and outs of the distressed mortgage business and had a firsthand look and active role in transitioning the company from mainly acquiring second position mortgages to acquiring both first and second position mortgages.

Mr. Neill purchased his first rental property a duplex, at the age of 24 utilizing an FHA loan. He is also the Founder of Accredited Life, a lifestyle community and personal/financial development brand for accredited investors, soon to be accredited investors and their families. He

holds meetings in the Philadelphia area once a week and one-on-one sessions live and over the phone daily.

Mr. Neill graduated with a Bachelors of Arts from Temple University where he studied Media Business and Entrepreneurship.

## TERMS OF THE OFFERING

Pursuant to this Memorandum, the Company is offering up to $12,000,000 in Class B Membership Interests. The Company has set a minimum subscription by a subscriber of a capital contribution of $25,000 and will accept higher capital contributions in $1,000 increments. The Company intends to offer and sell the Interests to investors pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), provided in Rule 506(c) of Regulation D promulgated thereunder.

### Investor Qualifications.

Financial Suitability. In order to assure the Company of his or her financial suitability to purchase the Interests, a prospective investor will be required to make certain representations and warranties in the Subscription Agreement (attached as Exhibit "A"), including that he or she is capable of bearing the economic risk of the investment, including the total loss of the investment.

Knowledge and Experience. In addition to requiring the satisfaction of the financial suitability standards, each prospective investor will be required to represent in the Subscription Agreement that he or she has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment in the Interests.

Investment Representations. The registration exemptions upon which the Company is relying for the offer and sale of the Interests requires that the subscribers make certain representations to the Company regarding the acquisition and resale of the Interests. Accordingly, each purchaser will be required to represent in the Subscription Agreement that he or she is purchasing the Interests for his or her account only and not with a view to the resale or other disposition thereof or of any interest therein except in accordance with all applicable securities law requirements.

### Subscription Agreement.

Each prospective purchaser of the Interests will be required to execute the Subscription Agreement. The Subscription Agreement contains numerous representations, warranties and covenants by the purchaser and indemnity obligations of the purchaser in the event that the

representations, warranties and covenants are breached. Upon the acceptance by the Company of the Subscription Agreement with respect to each purchaser, the Company will admit the subscriber to the Company as a Class B Member.

**Restrictions on Transfer.**

The Interests have not been registered under the Securities Act or the securities laws of any state. The Interests are being offered and sold in reliance upon certain exemptions from the registration requirements of such laws, which depend, in part, on the intent of the purchasers not to make a distribution of the Interests. As a result, there are restrictions imposed by applicable securities laws upon the distribution and transfer of the Interests. The Company has no obligation, and does not intend, to register the Interests under the Securities Act or under any state securities laws or to take any action which would make available to a purchaser an exemption from the registration requirements of any such laws.

In addition, there are additional restrictions on the transfer of the Interests. No Member may sell, transfer or otherwise dispose of any Membership Interest held by such Member without obtaining the prior written consent of the Manager. In addition, even if the Manager consents to a transfer, it is highly unlikely that any market will exist for the Interests. Consequently, any holder of the Interests will need to negotiate a private transaction in order to transfer his, her or its Interests.

## PLAN OF DISTRIBUTION FOR MEMBERSHIP INTERESTS

The Interests are being offered on behalf of the Company through its Manager and officers and the Class A Members. The Company may retain the services of a registered broker-dealer to assist with sales of the Interests. If the Company retains a registered broker-dealer, then it anticipates that it will pay market rate sales commission or compensation in connection with the sales of the Interests completed by the registered broker-dealer.

After reviewing this Memorandum, prospective investors who have questions or wish additional information are invited to contact Peter Neill (Phone number) - or arrange an appointment with representatives of the Company to answer questions or provide information.

**Procedure for Subscribing for Units.**

A prospective investor who, after carefully reviewing this Memorandum and accompanying Exhibits, wishes to subscribe for Interests should complete, sign and date a copy of the Subscription Agreement and Accredited Investor Representation Letter attached as Exhibits "A" and "B", to this Memorandum, a Joinder to the Operating Agreement attached as Exhibit "C" to the Memorandum and a Form W-9 Request for Taxpayer Identification Number and

Certification and deliver the executed documents and payment for the subscribed Interests by wire transfer to the account set forth in the Subscription Agreement or a check made payable to GSP II, LLC to the Company at: 211 W. Lancaster Ave. Suite 300 Paoli, PA. 19301 Attention:

## CAPITALIZATION

The table below identifies the membership interest categories of the Company, the capital contribution by membership interest category and the corresponding percentage ownership (i) prior to the Offering and (ii) subsequent to the completion of the offering.

| | **Pre-Offering** | | **Post-Offering** | |
|---|---|---|---|---|
| | **Capital Contribution** | **%** | **Capital Contribution** | **%** |
| Class A Members | $1,000 | 100% | $1,000 | 90% |
| Class B Members | 0 | 0% | $12,000,000 | 10% |
| | $1,000 | 100% | $12,001,000 | 100% |

## SUMMARY OF THE OPERATING AGREEMENT

All rights and obligations of the Members will be governed by the Operating Agreement, a copy of which is attached as Exhibit "C" to this Memorandum. Each prospective investor should read the Operating Agreement carefully with his, her or its advisors before making an investment in the Company. The following is a summary of certain provisions of the Operating Agreement and is intended only for general information:

### Capital Accounts

A capital account will be established for each holder of Interests on the books of the Company. The initial capital account of a Member for the taxable year in which the Member was admitted to the Company will be the initial capital contribution made by the Member in the Company. Thereafter, the capital account will be adjusted to reflect allocations of profits and losses, distributions and any additional capital contributions made by the Member, as provided in the Operating Agreement.

### Members

No Member shall be personally liable for any debt, obligation, or liability of the Company, whether that debt, obligation, or liability arises in contract, tort or otherwise. The Class A Members shall be entitled to vote on all matters presented to the Members. The Class B Members shall only be entitled to vote on matters related to the execution of collateral of the Company held

with regard to real property or real estate mortgage notes that occur during any period in which the Company has not paid an Operating Preferred Return to a Class B Member after its due date. Upon the vote or approval by written consent of a Majority in Interest of the Class B Members in any such instance when a past due Operating Preferred Return remains unpaid, the Manager and the Class A Members shall be obligated to take appropriate legal action as requested by the Class B Members solely with respect to such collateral. The Class A Members shall be the only Members entitled to vote on matters presented to the Members. Except as set forth above, the Class B Members shall not have any voting rights with respect to matters presented to the Members.

No Member acting solely in the capacity of a Member is an agent of the Company, nor can any Member acting solely in the capacity of a Member bind the Company or execute any instrument on behalf of the Company.

Each Member acknowledges that the current Class A Members own and operate L2L Investments, LLC DBA GSP REI, Valor Holdings LLC, Revive Real Estate LLC, Greenbuild LLC, RSIR LLC and Anders Asset Management businesses with a similar business plan to that of the Company that focus on acquiring real property, and that these individuals intend to form similar businesses in the future. The Class A Members shall be entitled to continue to operate and expand these businesses and such operation and expansion shall not be a violation of the Operating Agreement or a breach of any fiduciary or other duty owed to the Company or any other Member. The Class A Members, shall also be permitted to participate in these and other similar businesses without offering the opportunity to participate in these businesses to the other Members.

**Management of the Company**

The Manager has sole responsibility for the day to day management and control of the Company and all day to day aspects of its business. In the course of this management, the Manager may, among other things, enter into such agreements and employ such persons as he deems necessary for the operations of the Company. No Member shall take part in, or interfere in any manner with, the management, conduct or control of the business and affairs of the Company and shall not have any right or authority to act for or bind the Company. The Manager shall be elected solely by the Class A Members voting alone as a class. The number of Managers shall be one, or such other number as may be determined from time to time by the Class A Members. The Class A Members may remove any Manager at any time with or without cause. The Manager may delegate the right, power and authority to manage the day-to-day business, affairs, operations and activities of the Company to any officer, employee or agent of the Company, subject to the ultimate direction, control and supervision of the Manager. The Manager will initially designate three officers of the Company. See "Management – Officers" for a description of the recent business experience of each of the officers of the Company.

The Manager and officers of the Company at any time and from time to time may engage in and possess interests in other business ventures of any and every type and description, independently or with others, with no obligation to offer to the Company or any Member or Manager the right to participate therein.

A Manager or officer shall not be personally liable for monetary damages (other than under criminal statutes and under Federal, state and local laws imposing liability on managers for the payment of taxes) for any action taken, or any failure to take any action, unless the conduct of the Manager or Officer constitutes self-dealing, willful misconduct or recklessness.

Class A Members shall receive such guaranteed payments, if any, for their services to the Company as may be designated from time to time by the Manager. The Manager and officers are also entitled to reimbursement for out-of-pocket costs and expenses incurred on the Company's behalf in connection with their service as a Manager or officer of the Company, including, but not limited to, costs and expenses incurred in connection with the organization and management of the Company and the offering of the Interests.

**Allocations of Profits and Losses**

In any taxable year, profits shall be allocated first to each Class B Member in an amount equal to the excess, if any, of the cumulative Operating Preferred Return distributions which each Class B Member has received over the cumulative items of income and gain allocated to each Class B Member, and second to each Class A Member to the extent of and in the reverse order of the aggregate amount of losses (if any) previously allocated to such Member until each Member has been allocated an aggregate amount of profits in the current and all prior years equal to the aggregate amount of losses allocated to such Member in the current and all prior years. Any remaining profits shall be allocated among the Class A Members in proportion to their Membership Interests.

In any taxable year, losses shall be allocated first to the Members to offset any Profits allocated to the Members in prior years until the aggregate amount of Losses allocated to the Members equals the aggregate amount of Profits previously allocated to them, and second to the Members in proportion to their positive capital account balances, until such capital account balances have been reduced to zero. Any remaining losses shall be allocated among the Class A Members in proportion to their Membership Interests.

**Distributions**

Net cash flow generated by the Company from its operations, if any, shall, if practicable, be distributed quarterly, or at such times as the Manager may determine, first, to each Class B Member, on a *pari passu* basis, to the extent of the excess, if any, of the cumulative Operating Preferred Return for such Class B Member for which the payment due date has occurred from the inception of the Company to the end of such quarter, over the sum of all prior distributions to such Class B Member in payment of the Operating Preferred Return. A *pari passu* basis means that an equal amount of the aggregate dollars available for distribution will be distributed to the Class B Members and that no Class B Member will receive a distribution in payment of Operating Preferred Return ahead of any other Class B Member and vice versa. The balance of net cash flow generated by the Company from its operations, if any, shall be distributed to the Class A Members in proportion to their Membership Interests.

Net cash flow generated by the Company from a sale event or new financings shall, if practicable, be distributed quarterly, or at such times as the Manager may determine, first, to each Class B Member on a *pari passu* basis, to the extent of the excess, if any, of the cumulative Operating Preferred Return for such Member for which the payment due date has occurred from the inception of the Company to the end of such month, over the sum of all prior distributions to such Member; second, to the Members on a *pari passu* basis between the Class B Members, in proportion to and to the extent of their capital contributions; and third to the Class A Members in proportion to and to the extent of their capital contributions. The balance of net cash flow generated by the Company from a sale event or new or financings, if any, shall be distributed to the Class A Members in proportion to their Membership Interests.

Upon liquidation of the Company, its property will be distributed in the following order of priority:

- First, to the payment of debts and liabilities of the Company (other than loans or advances made by the Members to the Company) and expenses of liquidation;
- Second, to the establishment of reserves to cover unforeseen liabilities of the Company;
- Third, to the payment of outstanding Member loans to the Company;
- Fourth, to the Class B Members, on a *pari passu* basis, to the extent of the excess, if any, of (i) the cumulative Operating Preferred Return for such Class B Members, from the inception of the Company to the end of such year, over (ii) the sum of all prior distributions to such Class B Members in payment of the Operating Preferred Return;
- Fifth, to Class B Members, on a *pari passu* basis, in proportion to and to the extent of their Adjusted Capital Contributions;
- Sixth, to the Class A Members in an amount equal to the credit balance in each of their Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods; and

- The balance, if any, to the Class A Members pro rata in accordance with their Percentage Interests.

Liquidating distributions shall be made by the end of the Company's taxable year in which the Company is liquidated, or, if later, within ninety (90) days after the date of such liquidation.

**Transfer Restrictions and Redemption Rights**

No Member may sell, transfer or otherwise dispose of any Membership Interest held by such Member without obtaining the prior written consent of the Manager. In addition, the Company shall have the option to repurchase all of a Member's Membership Interests at any time after the occurrence of any of the following events: (i) death of a Class B Member; (ii) the transfer of any Class B Membership Interests in violation of the Operating Agreement; (iii) the Membership Interests held by a Class B Member shall be attached, levied upon or executed against in connection with the enforcement of any lien or encumbrance or otherwise be transferred by operation of law (other than the laws of descent, distribution or inheritance); (iv) an order for relief against a Member shall be entered in an involuntary case under the Federal Bankruptcy Code, or a Member shall be adjudicated a bankrupt or insolvent, or an order shall be entered appointing a receiver or trustee for such Member's property or approving a petition seeking reorganization or other similar relief under the bankruptcy or other similar laws of the United States or any state or any other competent jurisdiction, or a Member shall file a petition, answer or other document seeking or consenting to any of the foregoing or otherwise seeking to take advantage of any debtor's act, or a Member shall make a general assignment for the benefit of his, her or its creditors; or (v) an order of a court of competent jurisdiction ordering the transfer of any Membership Interests of a Member to any third party including, but not limited to, a Member's spouse pursuant to a divorce decree or property settlement. The purchase price for a Member's Membership Interests upon exercise of such option by the Company will be the unreturned capital contribution of the Member plus any accrued but unpaid Operating Preferred Return due to the Member.

The Company has the option by delivering written notice to the Member at any time (the "Redemption Notice") to force the redemption of his or her Membership Interests at a price equal to the Member's capital contribution plus any accrued but unpaid Operating Preferred Return on the date of redemption. The Company shall fix a date for the redemption which shall not be more than sixty days after the date of such notice (the "Redemption Date"). At any time subsequent to the second anniversary of the date on which a Class B Member makes its capital contribution to purchase a Class B Membership Interest, any Class B Member, at their own option, shall have the right to have the Company redeem the Class B Membership Interest by delivering a Redemption Notice to the Company. The Company shall fix a Redemption Date which shall not be more than ninety days after the date of such notice. On the Redemption Date, the Company shall pay

the Class B Member the amount of its accrued but unpaid Operating Preferred Return plus the amount of its unreturned capital contributions as of the Redemption Date.

**Indemnification**

The Company shall indemnify the Manager and any and all officers of the Company and any other person designated by the Manager against any liability incurred in connection with any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Company, its Members or otherwise in which such person may be involved as a party or otherwise by reason of the fact that the person is or was serving in such capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence or act giving rise to strict or products liability. Such indemnification will not be available if it is expressly prohibited by applicable law, where the conduct of the indemnified party has been finally determined to constitute willful misconduct or recklessness or to be based upon or attributable to the receipt by the indemnified party from the Company of a personal benefit to which the indemnified party is not legally entitled.

**Financial Statements and Tax Returns**

The Manager shall provide the Members with quarterly financial statements of the Company within thirty (30) days after the end of each quarter. The financial statements of the Company shall be unaudited, unless the Manager determines otherwise. The Manager shall cause to be prepared at least annually, information necessary for the preparation of the Members' federal and state income tax and information returns. The Manager shall send or cause to be sent to each Member within ninety (90) days after the end of each taxable year, or as soon as practicable thereafter, such information as is necessary to complete such Member's federal and state income tax or information returns, and a copy of the Company's federal, state, and local income tax or information returns for that year. The Manager shall cause the income tax and information returns for the Company to be timely filed with the appropriate authorities. Subject to such standards as may be established by the Manager, Members shall have limited rights to inspect the books and record of the Company.

**Termination of the Company**

The Company will continue perpetually unless its existence is terminated sooner in the event of (i) the affirmative vote of the Class A Members holding at least 50% of the aggregate Class A Membership Interests; (ii) the entry of an order of judicial dissolution of the Company; (iii) the merger or consolidation of the Company with and into another entity where the other entity is the surviving company; or (iv) the sale of substantially all assets of the Company.

## INCOME TAX ASPECTS

The following is a brief summary of some of the federal income tax consequences associated with the purchase of Interests. This summary applies only to individuals who hold their investment in the Company as a capital asset. Other investors could be subject to different rules and should consult their own tax advisers. The rules pertaining to federal income taxation are constantly under review by the Internal Revenue Service ("IRS"), the Treasury Department, Congress and the courts. This Income Tax Aspects section is based upon the law as it exists on the date of this Memorandum, and such tax consequences may be affected by future legislation, regulations, administrative rulings or court decisions. No prediction can be made as to the likelihood of passage of any new tax legislation or other provisions either directly or indirectly affecting the Company or any Member of the Company. YOU SHOULD INDEPENDENTLY CONSULT WITH YOUR TAX COUNSEL REGARDING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY.

The IRS has intensified its audit program for partnerships, and a limited liability company is treated as a partnership for federal income tax purposes unless it elects otherwise. As a consequence, IRS audits of partnership information returns are more likely than in the past. An audit of the Company could result in subsequent audits of the Members of the Company and possible adjustments of their individual tax returns to items not related to the Company.

The following summary does not purport to deal with federal income tax consequences applicable to all categories of investors, some of which may be subject to special rules, and is not intended as a substitute for careful tax planning. ACCORDINGLY, IT IS RECOMMENDED THAT EACH INVESTOR INDEPENDENTLY CONSULT HIS OR HER PERSONAL TAX COUNSEL BEFORE INVESTING IN THE COMPANY.

IN CONSIDERING THE INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY, A PROSPECTIVE INVESTOR SHOULD KEEP IN MIND THAT THE COMPANY IS NOT INTENDED TO BE A SO-CALLED "TAX SHELTER." UNLESS OPERATIONS OF THE COMPANY RESULT IN ECONOMIC LOSSES, A RESULT NOT ANTICIPATED, THE OPERATIONS OF THE COMPANY ARE NOT EXPECTED TO GENERATE ANY MATERIAL TAX DEDUCTIONS FOR ALLOCATION TO THE MEMBERS. FURTHERMORE, THE OPERATIONS OF THE COMPANY MAY RESULT IN A MEMBER BEING TAXED ON INCOME, EVEN THOUGH THE MEMBER DID NOT RECEIVE A DISTRIBUTION OF CASH FROM THE COMPANY.

### Partnership Classification

With certain limited exceptions, a limited liability company formed on or after January 1, 1997 that has two or more members will be classified as a partnership for federal income tax purposes unless it makes an election to be treated as an association. The Company will have more than two Members and will not elect to be treated as an association. Therefore, the Company should be treated as a partnership for federal income tax purposes.

**Pass Through of Income**

The Company itself will not be subject to federal income tax. Instead, each Member will be required to report on his, her or its own income tax return his, her or its share of the Company's taxable income or loss.

Substantially all of the Company's taxable income or loss for the foreseeable future will consist of interest income and revenue generated via completion of a successful exit strategy for residential real estate properties and mortgage notes. Principles discussed in more detail below preclude the use of tax losses allocable to a Member until such time as each of those principles has been satisfied. See "Limitations on Availability of Losses."

The amount of a Member's share of taxable income for a year will not necessarily be identical to the amount of his or her share of cash distributions. Accordingly, in a particular year, a Member may be allocated taxable income without receiving a distribution of cash. Cash received by a Member from the Company generally will not cause recognition of taxable income by a Member, but will reduce the Member's basis in his or her Interests. A distribution of cash in excess of a Member's adjusted basis in his or her Interests immediately prior to the distribution will result in the recognition of taxable income to the extent of the excess. Any such taxable income generally will be treated as capital gain.

Taxable income allocated to a Member generally will be ordinary income, to the extent attributable to sale proceeds from real estate or interest on the mortgages or "accrued market discount," discussed below. Income attributable to sale or disposition of the real property mortgages generally will be capital gain, to the extent not attributable to "accrued market discount." Whether that capital gain is short- or long-term will depend on whether the Company holds the applicable mortgage for more than one year. In addition, we anticipate that all taxable income allocated to Class B Members, and gain from sales of interests in the Company or distributions in excess of tax basis, will be "net investment income" subject to an additional 3.8% federal tax, in addition to ordinary income or capital gains tax.

**Market Discount**

The Company intends to buy residential real estate and non-performing residential real estate mortgages at a significant discount from their stated principal amounts. As a result, the residential real estate and mortgages will be treated as having "market discount" equal to the difference between the purchase price for the property or mortgages and their stated principal amounts owed on these properties or mortgages. This "market discount" will accrue ratably over the remaining life of the mortgages, and any accrued market discount with respect to a mortgage will be taxed as ordinary income when that mortgage is sold. Thus, a significant portion of a Member's taxable income from the sale of mortgages, as well as from mortgage interest payments, may be taxed as ordinary income, rather than capital gains.

**Limitations on Availability of Losses**

Although the Company is not intended to provide material tax benefits to the Members, if the Company incurs a net taxable loss in any year, a Member will only be able to deduct a portion of the taxable loss on his or her individual tax return to the extent (a) such loss may properly be allocated to such Member (as discussed above), (b) such Member has a sufficient tax basis to deduct such loss, (c) such Member has a sufficient amount "at risk" with respect to the Company, and (d) such loss is not suspended under the passive activity rules. The "at risk" and "passive activity" rules are discussed in more detail below.

A Member's tax basis for his or her Interests generally will be equal to the amount of cash and the adjusted basis of other property contributed by him, her or it to the Company, increased by the Member's share of any Company liabilities and by taxable income allocated to the Member, and decreased by the amount of losses allocated to him and cash distributed to him. Subject to the limitations discussed below, each Member may deduct on his, her or its federal income tax return his, her or its share of the Company's taxable losses, if any, to the extent that he, she or it has basis in his, her or its Interests. Any tax loss in excess of a Member's tax basis may be carried over indefinitely and may be deducted in future years to the extent that the Member's basis has increased above zero.

A Member who is an individual, an S Corporation, or a closely-held C Corporation (*i.e.*, in which five or fewer shareholders directly or indirectly own more than 50% of the stock) must be "at risk" with respect to its investment in the Company in order to deduct the losses and deductions generated by the Company. A Member generally will be considered "at risk" to the extent of the cash and adjusted basis of other property contributed to the Company, as well as any borrowed amounts contributed to the Company with respect to which such Member has personal liability for payment from his or her own assets.

The passive activity rules are designed to prevent taxpayers from using losses from "passive" activities to offset income from certain other sources, including "active" business

income. Whether a particular Member's share of the income or loss of the Company will be characterized as "passive" will depend on his or her personal circumstances. Assuming a Member's interest in the Company is treated as an interest in a passive activity, that Member's allocable share of losses from the Company would only be deductible against the Members' passive income from other investments, and would not be deductible against such Member's income from other non-passive sources, including salary income, income from an active trade or business and income from a portfolio of individual assets. Losses suspended under the passive activity rules may be carried forward indefinitely, and used to offset passive income earned in future years or deducted when such Member disposes of his or her interest in the Company. It is expected that an investment in the Company by a Class B Member will be subject to the passive activity loss limitations.

**Organization and Offering Expenses**

The Company will incur expenses in connection with its organization and this Offering. The Code requires that certain of these organization expenses be capitalized. The Company intends to elect to amortize over one hundred and eighty months as much of these expenditures as qualify as "organizational expenses" as defined in the Code. Offering expenses, including attorneys' fees allocable to the preparation of this Memorandum, and any expenses incurred in connection with the Offering of Interests to the Members, will be capitalized permanently, and no deduction will be obtained by the Company with respect to such expenses. The IRS may challenge the amount of expenses that the Company treats as "organizational expenses," and/or attempt to re-characterize other payments as non-deductible offering or syndication expenses.

**Profit Motive**

Certain expenses (other than real estate taxes and interest) from activities not engaged in for profit are disallowed as deductions from other income. Although one of the objectives of the Company is to provide investors with cash distributions, there can be no assurance that the Company will be deemed to be engaged in an activity for profit, since the applicable test is based on all the facts and circumstances from time to time. Furthermore, the applicable rules also may require a profit motive to be present at the Member (as opposed to the Company) level, regardless of any "profit objective" which the Company may be deemed to have.

**No IRS Ruling**

The Company has not received, nor does it intend to seek, any rulings from the IRS with respect to any tax issue.

**Alternative Minimum Tax**

Non-corporate taxpayers are subject to an alternative minimum tax to the extent the tentative minimum tax ("TMT") exceeds the regular income tax otherwise payable. The rate of tax imposed on alternative minimum taxable income ("AMTI") in computing TMT is 26% and 28%. AMTI consists of the taxpayer's taxable income, as adjusted under Sections 56 and 58 of the Code, plus the taxpayer's items of tax preference, reduced by the applicable exemption amount for such taxpayer. The Company will not be subject to the alternative minimum tax, but each Member is required to take into account on that Member's own tax return his or her share of the Company's tax preference items and adjustments in order to compute alternative minimum taxable income. Since the impact of this tax depends on each Member's particular situation, Members are urged to consult their own tax advisors as to the applicability of the alternative minimum tax with respect to an investment in the Company.

THE AMOUNT OF ANY ALTERNATIVE MINIMUM TAX DEPENDS UPON THE TOTAL INCOME LIABILITY OF THE TAXPAYER. EACH MEMBER SHOULD CONSULT HIS OR HER OWN TAX ADVISOR TO DETERMINE THE EFFECT OF THE ALTERNATIVE MINIMUM TAX ON HIS OR HER INVESTMENT IN THE COMPANY.

**Company Tax Audits**

There is a possibility that, either in the normal course or pursuant to its audit guidelines, the IRS will audit the information returns filed by the Company. An audit could result in the disallowance of certain deductions taken by the investors. In addition, an audit of the Company could lead to an audit of an investor's personal tax return with respect to non-Company items.

The expense of any audit of the Company by the IRS (and by any other taxing authority) will be borne by the Company and not by the Members. All costs of any audit of any Member's return, including any subsequent administrative or court proceedings as well as the costs of any Member's participation in an audit of the Company's information returns, will be borne by the Member individually. If a tax deficiency is determined with respect to the return of a Member for any year, the Member will be liable for interest on such deficiency from the due date of the return at the rate set by the IRS on a quarterly basis in accordance with Section 6621 of the Code.

The Code imposes detailed procedures for the auditing of partnerships for federal income tax purposes. These provisions require that the proper tax treatment of partnership items of income, gain, loss, deduction, preference item, and credit must be determined at the partnership level in unified administrative and judicial partnership proceedings rather than in separate proceedings conducted by each partner. Under these rules, each Member is generally required to report partnership items consistently with the partnership's return.

For any tax period prior to the effective date of the provisions of Subchapter C of Subtitle A, Chapter 63 of the Code, as amended by the Bipartisan Budget Act of 2015, P.L. 114-74 (together with any subsequent amendments thereto, Treasury Regulations promulgated thereunder, and published administrative interpretations thereof) (the "Partnership Audit Rules"), if the Company is subject to the consolidated audit procedures of Sections 6221 to 6225 of the Code, the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code shall be a Member that is designated as such by the Manager. Any Member who is designated "tax matters partner" shall take such action as may be necessary to cause each other Member to become a "notice partner" within the meaning of Section 6223 of the Code. Any Member who is designated "tax matters partner" shall inform each other Member of all significant matters that may come to his attention in his capacity as "tax matters partner" and shall forward to each other Member copies of all significant written communications he may receive in that capacity.

For any tax period starting on or after the effective date of the Partnership Audit Rules, L2L Investments, LLC DBA GSP REI is hereby designated as the "Partnership Representative" of the Company. In this capacity, the Partnership Representative shall represent the Company in any disputes, controversies or proceedings with the IRS or with any state or local taxing authority and is authorized to take any and all actions that it is permitted to take when acting in that capacity, including making the election under Section 6226 of the Code to have the Members take tax adjustments into account on their own tax returns. The Company shall reimburse the Partnership Representative for all costs and expenses incurred by it in performing its duties as the Partnership Representative (including legal and accounting fees and expenses). The Company may engage an accounting firm or a law firm to assist the Partnership Representative in discharging its duties hereunder. The Manager may replace the Partnership Representative at any time without the approval or consent of the Members of the Company. The Partnership Representative may make special allocations of income, gain, loss, or deduction in order to correct for distortions arising from an audit under the Partnership Audit Rules. Any such allocations shall preserve, to the greatest extent permitted by law, the after-tax economic arrangement of the Members.

**State and Local Taxes**

In addition to the federal income tax aspects described above, Members should consider potential state and local tax consequences of an investment in the Company. Each potential Member is advised to consult with his or her own tax advisor to determine if the state or locality in which he or she is a resident imposes a tax upon his or her share of the income or loss of the Company. To the extent that a non-resident investor pays tax to a state or locality by virtue of operations within that state or locality, the investor may be entitled to a deduction or credit against tax owed to the investor's state or locality of residence with respect to the same income, and should

consult with his or her tax advisor in this regard. The Company may be required to withhold state taxes from distributions to the Members in some instances.

## INVESTOR SUITABILITY STANDARDS

A purchase of Interests in the Offering involves a high degree of risk and is not a suitable investment for all potential accredited investors. See "Risk Factors." The offer and sale of Interests are exempt from registration under the Securities Act and applicable state securities laws pursuant to exemptions therein. Accordingly, the Interests are being offered by the Company to accredited investors who meet the suitability standards set forth below and in the Subscription Agreement. An investment in the Interests is suitable only for persons who have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in an investment of this type. In order to satisfy the suitability standards, each prospective purchaser will be required to represent to the Company, among other things, that he or she meets each of the following requirements: (a) he, she or it is an accredited investor as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, and he, she or it has the requisite knowledge or has relied upon the advice of his or her own professional adviser with regard to the financial, business, tax and other considerations involved in making such an investment, and (b) he, she or it is acquiring the Interests for investment only and not with a view to resale or distribution thereof. Sales of Interests will be made only to persons who the Company has reasonable grounds to believe immediately prior to sale, and upon making reasonable inquiry, by reason of their business or financial experience, have the capacity to protect their own interest in connection with the Offering. The Company has the unconditional right to reject any subscription.

IF THE COMPANY IS INCORRECT IN ITS ASSUMPTION AS TO THE CIRCUMSTANCES OF A PARTICULAR PROSPECTIVE INVESTOR, THEN THE DELIVERY OF THIS MEMORANDUM TO THAT PROSPECTIVE INVESTOR SHALL NOT BE DEEMED TO BE AN OFFER, AND THIS MEMORANDUM SHALL BE RETURNED TO THE COMPANY IMMEDIATELY.

THE SUITABILITY STANDARDS DISCUSSED ABOVE REPRESENT MINIMUM SUITABILITY STANDARDS FOR PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD DETERMINE WHETHER AN INVESTMENT IN THE COMPANY IS APPROPRIATE IN THAT INVESTOR'S PARTICULAR CIRCUMSTANCES.

## ADDITIONAL INFORMATION

The summaries of, and references to, various documents in this Memorandum do not purport to be complete and in each instance reference should be made to the copy of such document

which is either an Exhibit to this Memorandum or which will be made available to potential investors and their professional advisers on request. During the course of the Offering, the Company will answer questions from prospective investors and their professional advisers concerning the Company and the terms and conditions of the Offering and will, on request, make available to such persons, any additional information, to the extent the Company possesses such information and it can be provided without substantial expense, which is necessary to verify the accuracy of the information contained in this Memorandum or otherwise furnished by the Company or which a prospective investor or his or her professional advisers desire in evaluating the merits and risks of an investment in the Interests.

Prospective investors should retain their own professional advisers to review and evaluate the economic, tax and other consequences of ownership of the Interests and are not to construe the contents of this Memorandum or any other information furnished by the Company, as investment, legal, accounting or tax advice.

# EXHIBIT A

***SUBSCRIPTION AGREEMENT***

**EXHIBIT B**

***ACCREDITED REPRESENTATION VERIFCATION***

# EXHIBIT C

## *LIMITED LIABILITY COMPANY AGREEMENT OF GSP II, LLC*

**EXHIBIT D**

***FORM W-9***
***REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION***