

OPERATION

The LLC Manager anticipates that the Company will own and operate its Interest for approximately three to five years and, after that time, depending on the market, the Property will be offered for sale, subject to unanimous approval of the Tenants in Common, including the Company. Upon a proposed sale of the Property, all investors (including Members of the Company) will be contacted for a proxy vote regarding the sale. All of the Tenants in Common must approve any future sale, exchange, lease, transfer or refinancing of the Property. In the event a Dissenting Tenant in Common fails to pay certain Property expenses as required under the Tenants in Common Agreement or does not consent to a sale, lease, or refinancing of the Property, or any other action requiring the unanimous consent of the Tenants in Common or to take action to prevent or cure an event of default under any loan secured by the Property when Consenting Tenants in Common owning 80% or more of the Property do consent to such a sale, lease, refinancing or action, or to take action to prevent or cure an event of default under any loan secured by the Property, the other Tenants in Common, as defined in the Call Agreement, and East Coast Realty Ventures, LLC and its Affiliates have a right to purchase the Interest of the Dissenting Tenants in Common under conditions specified in the Call Agreement, a copy of which is attached hereto as Exhibit D.

The Company and Purchasers will enter into, or assume, the Tenants in Common Agreement and Call Agreement regarding the ownership and operation of the Property, both of which are attached hereto as exhibits. The Tenants in Common, including the Company, will also enter into, or take subject to, the Property Management Agreement with the Property Manager to provide for property management of the Property, a copy of which is attached hereto as Exhibit E. The Property Manager currently does not expect to make any significant improvements, other than deferred maintenance, normal tenant improvement work, and any immediate repairs or capital improvements as recommended in the Property Condition Letter and reflected in the amounts projected to be set aside for tenant improvement, leasing commissions, and capital reserves, as listed above in “Estimated Use of Proceeds” and in the Projections attached as Exhibit G. Likewise, the LLC Manager expects the Property to generate positive cash flow after payment of all expenses, including debt service and payment of management and other fees, so that no additional borrowings will be required after the acquisition of the Property. If the Property does not generate positive cash flow and additional funds are required to meet Company expenses, the LLC Manager may seek to borrow such funds from third parties at commercially competitive rates. It is currently anticipated, however, that the Loan documents will not allow the Company to incur any debt other than the Loan without the Lender’s consent. There can be no assurance that the LLC Manager will be able to obtain such additional funds if needed or that the Lender will allow the Company to do so.

After reasonable inquiry, the Company is not aware of any material factors relating to the Property other than those discussed in this Memorandum that would cause the financial information provided herein not to be necessarily indicative of future operations. If additional material information becomes available to the Company before the Offering Termination Date, the LLC Manager will supplement this Memorandum.

ACQUISITION TERMS AND FINANCING

Acquisition. The Property will be acquired from the Seller for an Acquisition Price of approximately \$16,500,000. The Property will be purchased with an estimated cash down payment of \$4,125,000 and a \$12,375,000 Loan secured by the Property and a perfected first security interest in all leases, rents, income, and profits, and all other personal property, from the Lender. The Company has been in negotiations with the Lender regarding the terms of the Loan and has received and executed a Loan application from the Lender but does not have a firm commitment. As a result, the Loan may or may not be obtained from the Lender, and may be obtained from another Lender, or the Loan may be obtained on terms substantially different from those described in this Memorandum. The Company will sell Interests to the Purchasers. The Company will buy its Interest, if any, from the Seller at the same price (determined on a pro rata basis) that will be paid by the Purchasers. See “Estimated Use of Proceeds” and “Risk Factors” above. The Company and the Purchasers will assume their pro rata portion of the Loan. The Property will be acquired “as-is” except as otherwise set forth in the respective purchase agreements. Conveyance of title will be by special warranty deeds.

The Loan. It is currently anticipated that the Property will be purchased with a cash down payment of \$4,125,000 and a Loan in the original principal amount of \$12,375,000 from the Lender. The Company has been in negotiations with the Lender regarding the terms of the Loan and has received and executed a Loan application from the Lender but does not have a firm commitment. As a result, the Loan may or may not be obtained from the Lender, and may be obtained from another lender, or the Loan may be obtained on terms substantially different from those described in this Memorandum. The Property will be leveraged with a Loan-to-Acquisition Price ratio of 75.0%, and a Loan-to-Total Acquisition Cost ratio of approximately 68.8%. The Company anticipates that the Loan will bear interest at a rate equal to the sum of 125 basis points (1.25%) plus the 10 year swap mid-vote, as determined by the Lender. The Loan is expected to have a term 10 years and an amortization period of 30 years. The Company anticipates that the Loan will require monthly payments of principal and interest during its term and that the entire principal balance along with accrued but unpaid interest will be due and payable in full upon maturity. The Loan will be secured by the Property and a perfected security interest in all leases, rents, income, and profits, and all other personal property. While the Loan generally will be nonrecourse, the Company, each Tenant in Common and each principal of the Tenants in Common may be liable for “bad boy” carve-outs to the nonrecourse liability on the Loan and for environmental liabilities. In addition, the Loan may contain provisions that would cause the Loan to be fully recourse to all borrowers thereunder in the event of a breach of certain nonrecourse carve-outs. See “Risk Factors – Real Estate Risks – The Company, the Tenants in Common and each principal of the Tenants in Common may be liable for “bad boy” carve-outs to the nonrecourse liability on the Loan.”

The LLC Manager will receive a loan placement fee of \$120,947 payable from the Gross Proceeds for obtaining financing for the acquisition of the Property.

The Company anticipates that approximately \$165,000 of the Loan proceeds will be held back from the Loan proceeds and allocated to a Lender-required reserve to fund tenant improvements and leasing commissions. In addition, the Tenants in Common will make monthly contributions of approximately \$0.23/square foot/year for years 3 through 5 and \$1.20/square foot/year for the remainder of the loan term to such reserve, subject to a cap of \$220,000. A reserve will be established from the Gross Proceeds to fund the foregoing monthly contributions and the Maximum Offering Amount has been increased by \$165,000 to make up for the Lender hold back from Loan proceeds. The Company anticipates that the Tenants in Common will also be required to make monthly contributions to a Lender-required replacement/capital expenditure reserve (\$0.10/square foot/year for years 1 and 2, \$0.15/square foot/year and \$0.20/square foot/year for the remainder of the Loan term.

The Company has not received a Loan commitment from the Lender, and negotiations regarding the terms of the Loan are not complete. Accordingly, the actual terms of the Loan could be materially different from those described herein. Copies of relevant Loan documents will be provided to investors when they become available and the Company will supplement this Memorandum and the Addendum to disclose any material variations in the Loan terms.

BUSINESS PLAN

Main Goals

The main goals of the Company will be to: (i) preserve the Members’ capital investment; (ii) realize income through the acquisition and operation of the Property; (iii) make monthly distributions to Members from cash generated by operations in an amount estimated to equal an approximate 7.5% annual return on the Members’ investment, which will be passive income and may be partially sheltered as a result of depreciation and amortization expenses; and (iv) within approximately three to five years, realize income taxable in part at capital gains tax rates on the sale of the Property. There is no assurance that the Company will be able to meet any of these goals.

Operation

The Company and the other Tenants in Common will enter into, or acquire their Interests subject to, the Property Management Agreement with the Property Manager to manage the Property. Consistent with the terms of the Property Management Agreement, the Property Manager will endeavor to operate the Property so as to retain the tenants. There is no assurance that the Property Manager will be successful in doing so.

The LLC Manager anticipates that the Company and other Tenants in Common will own and operate the Property for approximately three to five years, and after that time, depending on the market, offer the Property for sale. All Tenants in Common must agree to sell the Property before the entire Property may be sold. Any sale must satisfy the requirements for an assumption of the then outstanding loan and transfer of the Property.

Call Agreement

The Tenants in Common will enter into a Call Agreement with the Asset Manager in the form set forth as Exhibit D. Pursuant to this Call Agreement, certain Tenants in Common or the Asset Manager will have the right to buy certain Interests at the greater of appraised fair market value or (if applicable) the value set forth in an offer to purchase the Property. Payment under the Call Agreement will be the earlier of the date of sale of the Property or 180 days from exercise of the right to buy. The purpose of the Call Agreement is to provide a contractual mechanism to allow the Tenants in Common to sell, lease or refinance the Property, to take other actions that require unanimous consent of the Tenants in Common or to take action to avoid a default under the Loan when Tenants in Common owning 80% or more of the Property (but not all Tenants in Common) agree upon such sale, lease, refinancing or other action requiring the unanimous consent of the Tenants in Common, or when a Tenant in Common fails to pay its share of expenses under the Tenant in Common Agreement. The Call Agreement grants a limited power of attorney to the Asset Manager with respect to the Property, which is effective immediately upon providing written notice of exercise to the Dissenting Tenants in Common or Defaulting Tenants in Common. See “Summary of the Call Agreement” and “Summary of the Tenants in Common Agreement” below.

Distribution of Cash Flow

Beginning in the second month after the acquisition of the Property, the Manager plans to begin and maintain, during the term of the Company, monthly distributions of Cash from Operations of the Company. However, there can be no assurance that the Manager will be able to do so. The Company’s Cash from Operations generally will consist of its portion of the net cash flow from the Property, if any, based on its Interest, and certain other items as described in the LLC Agreement. If Cash from Operations is not sufficient to meet the Company’s goal of providing an approximate 7.0% return, distributions may be paid from reserves or may be accrued and paid in subsequent months in the sole discretion of the Manager. Of course, there is no assurance that the Company will be able to make any such distributions. See “Risk Factors – Operation and Company Risks” above.

THE LLC MANAGER

East Coast Realty Ventures, LLC, a Nevada limited liability company wholly owned by Frederic S. Richardson, will be the manager of the Company. While the LLC Manager has no prior operating experience and no substantial assets, its principals have substantial experience in the real estate industry.

East Coast Realty Ventures, LLC (ECRV) offers 1031 exchange services for real estate investors interested in Tenant-in-Common ownership of institutional quality multi-tenanted office and multifamily properties. The principal objective of East Coast Realty Ventures, LLC is to make core acquisitions of multifamily and office properties. Asset requirements include stabilized occupancy in the acquisition range of \$7,000,000 to \$20,000,000. Properties are delivered free and clear of existing debt, and are up to 15 years in age with a “B” or better asset quality rating. Along with Tenant-in-Common co-owners, our strategy is to invest in quality properties in strong markets and submarkets to achieve high-level economies of scale within a diversified range of quality commercial properties. Investments are efficiently managed and held from 3 to 5 years until the property value matures. ECRV targets attractive risk adjusted cash-on-cash investment returns of 7.5% on initial cash flows and in excess of 8.5% over the hold-period. Moreover, ECRV recognizes that professional property management is important to a successful long-term real estate investment, and only uses property management firms that are familiar with the markets wherein the properties are located. Complete operating results are provided that produce investor confidence. Investing in 1031 tax-deferred exchanges offers potential tax benefits with expectations of excellent profits upon resale. East Coast Realty Ventures, LLC benefits from a currently dynamic and very liquid market, and offers investors and exchangers quick turnover opportunity with a stable, liquid, and reliable company.

The executive officers are Frederic S. Richardson, Chairman/President; and Terry Burka, Chief Financial Officer.

Frederic S. Richardson, President/Chairman

- Investment Banking since 1985.
- Raising equity and debt financing for public and private projects in excess of \$1.5 Billion.
- Funded several national NASD broker dealers.
- Chairman and majority shareholder of seven publicly traded companies over the past ten years.
- Owned and operated two national FHA, VA, Full Eagle Mortgage companies, took one public in 1999.
- Controlling shareholder of three life/health insurance companies.
- Board member of two not-for-profit organizations, The Center for Independent Living (dealing with senior issues) and the Urban Agriculture Net-Work (dealing with world hunger issues).
- BA, Economics, University of Maryland, College Park, MD; MBA, Finance, American University, Washington, DC; Chartered Life Underwriter (CLU), The American College, Bryn Mawr, PA.

Real Estate Overview

- Acquired three multi-family properties from HUD over the past 5 years, approximately 1,000 units.
- Owned over 1,000,000 square feet in New York City.
- Owned eleven commercial properties in the Southwest in excess of 2.5 million square feet; managed by CB Richard Ellis.
- Rehabilitated 1,000 residential units from Atlanta to Boston
- East St. Louis, Missouri: Owned, rehabilitated and managed over 1,500 units.
- Owned and managed over 5,000 multi family units over the past 15 years.
- Member of Building Owners and Managers Association International (BOMA) and Apartment and Office Building Association (AOBA)

Terry Burka, Chief Financial Officer/Director

- Real Estate Investment and Management since 1980.
- Investment analysis, acquisition due diligence, construction operations, and asset management.
- Founder and Past Co-Chair, Telecommunications Committee, DC Apartment and Office Building Association (AOBA); Member of Building Owners Management Association (BOMA).
- Past Appellate Policy Board Commissioner and Representative, Virginia State Building Code Technical Review Board, and Building Owners and Managers Association (BOMA).
- Property Manager License, District of Columbia. Career management of 3,000 multifamily units and 2 million square feet of commercial space.
- MS, Real Estate, Institutional Investment Analysis, The Johns Hopkins University, Baltimore, MD; BS, Business Management, University Of Maryland, University College, College Park, MD.

Real Estate Overview

- Financial and investment forecast modeling, stochastic risk assessment, property and leasing management, construction project and engineering management, contract and regulatory condition analysis, and technology-integration.
- Property management for Charles E. Smith Realty, a multifamily REIT (~\$3B market cap) and private commercial office portfolio (~\$6B market cap), Washington, DC region.
- Construction management for one of the largest construction companies in the Mid-Atlantic, Charles H. Tompkins, a subsidiary of J. A. Jones Construction.
- Telecommunications and Internet services deployment for institutional multifamily and commercial office properties.

- Founder and President of Leizear Burka, Inc., institutional investment-grade commercial and multifamily real estate consultant-advisor.
- Land sales and commercial real estate development in Prince George's County, MD.
- Member of Building Owners and Managers Association International (BOMA) and Apartment and Office Building Association (AOBA)

Additional Information

In 1990, Mr. Richardson acquired controlling interest in a Pennsylvania life insurance company, Corporate Life Insurance Company ("CILC"). In 1994, the Pennsylvania Insurance Department forced CILC into liquidation and initiated litigation against Mr. Richardson and others. In 1997, the litigation instituted against Mr. Richardson was settled. The settlement did not result in any penalties, fines, judgments, findings or other punitive actions against Mr. Richardson, nor is Mr. Richardson prohibited from owning or operating any type of financial services company. In fact, as indicated above, Mr. Richardson has served as the chairman and president of several publicly traded companies and mortgage operations, both prior to and since resolution of the litigation instituted by the Pennsylvania Insurance Department.

THE PROPERTY MANAGER

Mid-Atlantic Realty Group, LLC, a Nevada limited liability company and an Affiliate of the LLC Manager, will be the Property Manager for the Property. East Coast Realty Ventures, LLC, a Nevada limited liability company, is the manager and sole member of the Property Manager.

While the Property Manager has no prior operating experience and no substantial assets, the Property Manager is managed by East Coast Realty Ventures, LLC, whose principals have substantial experience in the real estate industry.

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COMPENSATION OF THE LLC MANAGER AND ITS AFFILIATES

The following is a description of the compensation that the LLC Manager and its Affiliates may receive in connection with this Offering or the operation of the Company. Other than as specified herein, no compensation will be paid to the LLC Manager or its Affiliates, although the LLC Manager will be reimbursed for certain expenses that the Manager has advanced or may advance on behalf of the Company. The compensation arrangements described below have been established by the Manager and such Affiliates and are not the result of arm's-length negotiations.

Form of Compensation	Description	Estimated Amount of Compensation
Offering and Organization Stage:		
Reimbursement of Offering and Organization Expenses:	The LLC Manager and its Affiliates will be reimbursed by the Tenants in Common, including the Company, for the Offering and Organization Expenses.	The actual amount will depend, in part, on the size of the Offering and the expenses actually incurred. The Offering and Organization Expenses are estimated to be approximately 3.0% of the Maximum Offering Amount or \$168,300.
Closing and Carrying Expenses:	The LLC Manager and its Affiliates will be reimbursed by the Tenants in Common for certain closing costs, including escrow fees, attorneys' fees, prorations, document preparation fees and miscellaneous recording fees and charges related to the analysis and acquisition of the Property, as well as carrying costs for any funds advanced by the LLC Manager or an Affiliate.	The closing costs and carrying costs are anticipated to be \$165,000.
Promotional Fee:	The LLC Manager or its Affiliates will receive a Promotional Fee from the Gross Proceeds of the Offering.	The Promotional Fee will be \$205,803.
Loan Placement Fee:	The LLC Manager will receive a loan placement fee for obtaining acquisition financing for the Property. It may engage the services of a third-party loan broker or loan correspondent to place the loan in which case the fee paid to said third party will be paid from the fee paid to the LLC Manager, although any correspondent or broker hired by the Lender may be separately compensated by Lender and recovery by Lender of such compensation may be reflected in the interest rate paid by the Tenants in Common.	The real estate loan placement fee in connection with the Loan will be \$120,947.

Operating Stage:

Reimbursement of LLC Manager's Expenses:

Reimbursement of reasonable and necessary expenses paid or incurred by the LLC Manager in connection with the operation of the Company, including any legal and accounting costs (which may include an allocation of salary) and any costs incurred in connection with the acquisition of the Property, including travel, surveys, environmental and other studies and interest expense incurred on deposits or expenses, to be paid from operating revenue. Accounting and legal costs are unknown.

The amount cannot be determined at this time.

Property Management Fee; Asset Management Fee:

The Property Manager will receive an annual Property Management Fee from the Tenants in Common of up to 5.0% of the gross revenue from the Property. If the Property Manager subcontract its property management functions to a third-party, it will use the Property Management Fee to compensate such third-party property managers.

The total Property Management Fee and Asset Management Fee cannot be determined at this time.

The Property Manager will also receive an Asset Management Fee equal to 2.0% of the annual gross revenues from the Property.

LLC Manager's Interest in Cash Flow (Units Only):

The Company will receive a portion of the Company's Cash from Operations. Cash from Operations will be distributed to the LLC Manager and the Members as follows: (i) Cash from Operations in an amount up to 105% of the Annual Revenue Target shall be allocated and distributed 100% to the Members in proportion to their Units; (ii) Cash from Operations greater than 105% of the Annual Revenue Target but less than 115% of the Annual Revenue Target shall be allocated and distributed 5% to the LLC Manager and 95% to the Members in proportion to their Units; (iii) Cash from Operations greater than 115% of the Annual Revenue Target but less than 125% of the Annual Revenue Target shall be allocated and distributed 10% to the LLC Manager and 90% to the Members in proportion to their Units; (iv) Cash from Operations

The total of the LLC Manager's interest in the Company's Cash from Operations cannot be determined at this time.

greater than 125% of the Annual Revenue Target but less than 150% of the Annual Revenue Target shall be allocated and distributed 15% to the LLC Manager and 85% to the Members in proportion to their Units; and (v) Cash from Operations in excess of 150% of the Annual Revenue Target shall be allocated and distributed 20% to the LLC Manager and 80% to the Members in proportion to their Units.

Liquidation Stage:

LLC Manager's Interest in Liquidating Distributions (Units Only):

The LLC Manager will receive a share of the liquidating distributions of the Company as follows: Any cash remaining upon the dissolution and termination of the Company will be distributed 15% to the LLC Manager and 85% to the Members in proportion to their positive Capital Account balances.

The total of the LLC Manager's interest in the Company's liquidating distributions cannot be determined at this time.

Property Disposition Fee:

Mid Atlantic Realty Group, LLC, or an Affiliate, will be entitled to a fee equal to 4.5% of the price of the Property upon a sale thereof. To the extent that a sellers broker is involved in the sale of the Property, its fee will be paid from the Property Disposition Fee payable to the Property Manager.

The Property Disposition Fee cannot be determined at this time.

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CONFLICTS OF INTEREST

The LLC Manager and its Affiliates may act, and are acting, as the manager of other limited liability companies, and/or as the general partner of limited partnerships, and may form other business entities. East Coast Realty Ventures, LLC will act as the LLC Manager of the Company and the sponsor of the Offering of the Interests, which in some cases can create a conflict of interest between the two roles it must fulfill in the Offerings of the Units and Interests. The managing member and Affiliates of the LLC Manager have existing responsibilities and, in the future, may have additional responsibilities to provide management and services to a number of other entities in addition to the Company and the other Tenants in Common. In addition, the Property Manager, an Affiliate of the LLC Manager, will provide property management services with respect to the Property. The LLC Manager and its Affiliates may also buy Units and Interests. As a result, conflicts of interest between the Company and the various roles, activities and duties of the Property Manager and its Affiliates may occur from time to time. The principal areas in which conflicts may be anticipated to occur are described below.

Purchases of Units and Interests by the LLC Manager or its Affiliates

The LLC Manager and/or its Affiliates may, in their sole discretion, buy Units for any reason deemed appropriate by them. The acquisition of Units by the LLC Manager and/or its Affiliates may create a conflict of interest between the Company and the LLC Manager or any Affiliate who buys Units because (i) the LLC Manager or such Affiliate may have an interest in selling or otherwise disposing of Company assets at an earlier date than would other investors so that the LLC Manager or such Affiliate may receive its investment in the Units, and (ii) the LLC Manager or such Affiliate may obtain voting power over matters subject to a vote of the Members (although the LLC Manager and Affiliates controlled by the LLC Manager have agreed to vote any Units held by the LLC Manager in proportion to the votes of the other Members).

The LLC Manager and/or its Affiliates may also buy Interests. Should the LLC Manager or any Affiliate acquire an Interest, the LLC Manager or the Affiliate will have the same rights as other Tenants in Common with respect to the Interest owned by it, but has agreed to vote as the other Tenants in Common vote on all matters that are subject to a vote by the Tenants in Common. See “Risk Factors – Operation and Company Risks” above.

Receipt of Compensation by the LLC Manager and its Affiliates

The payments to the LLC Manager and its Affiliates set forth under “Compensation of the LLC Manager and Its Affiliates” above have not been determined by arm’s-length negotiations. In addition, the Company will reimburse the LLC Manager for all direct costs the LLC Manager incurs when performing services on behalf of the Company, for certain expenses incurred with respect to the acquisition of the Property (including interest on any funds advanced) and for certain indirect costs allocable to the Company. The Tenants in Common, including the Company, will reimburse the Property Manager for all costs the Property Manager incurs when performing services on behalf of the Tenants in Common and the Property. See “Risk Factors - Operation and Company Risks” above.

Interests in Other Activities

The LLC Manager and its Affiliates may engage for their own account, or for the account of others, in other business ventures. These ventures may or may not be related to the business of the Company and may include properties that compete with the Property. None of the Company, any Member or the other Tenants in Common will be entitled to any interest in such ventures solely by reason of any relationship with the LLC Manager or to each other arising from the Company or from entering into the Tenants in Common Agreement.

Legal Representation

Counsel to the Company, the LLC Manager, and its Affiliates with respect to certain matters related to this Offering and the offering of Interests is the same, and it is anticipated that such multiple representation will continue in the future. Counsel has also represented other entities, and will also represent future entities, formed by the managing member of the LLC Manager and its Affiliates. As a result, conflicts may arise in the future and, if those conflicts cannot be resolved or the consent of the respective parties to the continuation of the multiple representation

cannot be obtained after full disclosure of any such conflict, Counsel will withdraw from representing one or more of the conflicting interests with respect to the specific matter involved. In such event, additional counsel may be retained by one or more of the parties to assure their interests are adequately protected.

Obligations to Other Entities

Conflicts of interest will occur with respect to the obligations of the members and manager of LLC Manager and its Affiliates to the Company and the other Tenants in Common and similar obligations to other entities. Moreover, neither the Company, the other Tenants in Common nor the Property will have independent management, as they will each rely on the LLC Manager or its Affiliates for their management decisions. The LLC Manager is East Coast Realty Ventures, LLC, a Nevada limited liability company whose sole member and manager is Frederic S. Richardson. Other investment projects in which the LLC Manager's Affiliates participate may compete with the Company and the other Tenants in Common for the time and resources of such Affiliates. Affiliates of the LLC Manager will, therefore, have conflicts of interest in allocating management time, services and functions among the Company, the other Tenants in Common and the Property and other existing companies and businesses, as well as any future companies or business entities. The LLC Manager and its Affiliates believe, however, that they have the capacity to discharge their responsibilities to the Company, the other Tenants in Common and the Property, notwithstanding their participation in other present and future investment programs and projects.

LLC Manager's Representation of the Company in Tax Audit Proceedings

Situations may arise in which the LLC Manager may act as Tax Matters Partner (as defined in the LLC Agreement) on behalf of the Company in administrative and judicial proceedings involving the IRS or other enforcement authorities. These proceedings may involve or affect other entities for which the managing member or Affiliates of the LLC Manager may act as manager or general partner, or decisions made regarding other entities could adversely affect the Company. In such situations, the positions taken by the LLC Manager may have differing effects on the Company and such other entities. Any decisions made by the LLC Manager with respect to such matters will be made in good faith consistent with the LLC Manager's fiduciary duties to the Company. Any Member who does not want to be bound by any settlement reached by the LLC Manager may file a statement within the period prescribed by applicable tax regulations stating that the Manager does not have authority to enter into a settlement on his or her behalf.

Resolution of Conflicts of Interest

The LLC Manager and its Affiliates have not developed, and do not expect to develop, any formal process for resolving conflicts of interest. While the foregoing conflicts could materially and adversely affect the Members and the Tenants in Common, the LLC Manager and its Affiliates, in their sole judgment and discretion, will try to mitigate such potential adversity by the exercise of their business judgment in an attempt to fulfill any fiduciary obligations. There can be no assurance that such an attempt will prevent adverse consequences resulting from the numerous potential conflicts of interest.

THE LLC MANAGER'S FIDUCIARY DUTIES

The LLC Manager is responsible for the control and management of the Company and must exercise good faith and integrity when handling the Company's affairs. It is unclear under current Delaware law the extent, if any, to which a manager will have a fiduciary duty to members of a limited liability company. This area of law is developing and changing. If you have questions about the fiduciary duties of the LLC Manager, you should consult your own legal counsel.

The LLC Manager has a fiduciary responsibility for the safekeeping and use of all of the Company's funds and assets, whether or not they are in the LLC Manager's immediate possession and control. The LLC Manager may not use or allow others to use Company funds or assets in any manner except for the exclusive benefit of the Company. The funds of the Company will not be commingled with the funds of any other person or entity, except for operating revenues from the Property. The LLC Manager may employ persons or firms to carry out all or any

portion of the business of the Company and has the authority to employ contractors, architects, attorneys, accountants, engineers, appraisers or other persons or entities to assist in the management and operation of the Company. Some or all of such persons or entities employed may be Affiliates of the LLC Manager.

Under the terms of the LLC Agreement, the LLC Manager will be indemnified from any act or omission performed or omitted by it in good faith and not as a result of its gross negligence or willful misconduct. Members and other holders of Units may, accordingly, have a more limited right of action against the Manager than they would have absent such indemnification provisions in the LLC Agreement.

The LLC Agreement also generally provides for indemnification of the LLC Manager (and its Members, affiliates, officers, employees, agents and assigns) by the Company, to the extent of Company assets, for any claims, liabilities and other losses that the LLC Manager may suffer in dealings with third parties on behalf of the Company not arising out of gross negligence or willful misconduct. In the case of liability arising from an alleged violation of securities laws, the LLC Manager may obtain indemnification only if: (i) the LLC Manager is successful in defending the action; (ii) the action is settled and the court specifically approves the settlement and the indemnification of such settlement; or (iii) in the opinion of Counsel, the right to indemnification has been settled by controlling precedent. It is the opinion of the SEC that indemnification for liabilities arising under the Securities Act is contrary to public policy and, therefore, unenforceable.

DESCRIPTION OF THE UNITS

General Description

The Units represent equity interests in the Company and entitle the holder to participate in certain Company allocations and distributions. Investors who subscribe for Units from the Company, if accepted by the Company, will become Members in the Company and be entitled to vote on certain Company matters.

The Company is offering up to 100 Units at \$56,100 per Unit. The purchase price of \$56,100 per Unit has been arbitrarily determined and is not the result of arm's-length negotiations. The minimum purchase is one 0.4456 Units (\$25,000), although the Company may waive or lower the minimum purchase requirement for certain investors in the sole discretion of the LLC Manager.

Restrictions on Transferability

There are substantial restrictions on the transferability of the Units in the LLC Agreement and under federal and state securities laws. It is anticipated that the Loan documents will contain restrictions on transferability. Before you sell or transfer your Units, you must first obtain the written consent of the LLC Manager and, in certain cases, probably the Lender, and comply with applicable requirements of federal and state securities laws and regulations, including the financial and other suitability requirements of such laws or regulations. It is highly unlikely that any public market for the Units will develop and you should view an investment in Units as a long-term investment.

In addition, under the terms of the LLC Agreement, an assignee of Units may not become a Substitute Member (as that term is defined in the LLC Agreement) without meeting certain conditions and without the consent of the LLC Manager, which consent is in the LLC Manager's sole and absolute discretion. If an assignee of Units is not admitted to the Company as a Substitute Member, the assignee will have no right to vote on Company matters or to receive information about the Company's business, and will have only restricted access to other rights enjoyed by the Members. Further, no transfer will be allowed unless the Manager determines that the transfer will not cause the Company to be "publicly traded." See "Federal Income Tax Consequences – Publicly Traded Partnership" below.

The Units have not been registered under the Securities Act or the securities laws of any state, and it is not anticipated the Units will ever be registered. The Units may not be transferred or resold unless they are registered under the Securities Act and registered or qualified under applicable state securities laws or unless exemptions from such registration and qualification are available. The LLC Manager anticipates that the Units will not be registered. See "Risk Factors - Private Offering and Liquidity Risks" above.

DISTRIBUTION PLAN

Capitalization

The Offering is for a maximum of 100 Units (\$5,610,000). The Company intends to continue to offer Units until the Offering Termination Date, unless sooner terminated by the LLC Manager, and the net proceeds from the sale of each Unit will be added to the Company's capital and used for the purposes described in this Memorandum. The capitalization of the Company, reflecting issuance and sale of the Units, and assuming no Interests are sold to Purchasers, will be as follows:

	<u>Maximum</u>
Units	100
Total	\$5,610,000

The Company will be capitalized and proceeds released to the Company from the Depository Account upon closing on the acquisition of the Property from the Seller. The total amount reflects cash contributions of investors as of the date of capitalization of the Company in the amount of \$56,100 per Unit. The amount does not include the initial Member's contribution, which will be returned to the initial Member. The amount shown represents the anticipated gross proceeds of the Offering before deducting Offering and Organization Expenses and Selling Commissions and Expenses. If any Interests are sold to Purchasers, the foregoing will need to be adjusted to reflect such sales.

Qualifications of Investors

The Units and Interests are being offered and sold in reliance on exemptions from registration under the Securities Act and state securities laws. Accordingly, distribution of this Memorandum and the Addendum has been strictly limited to Accredited Investors who satisfy the investor suitability requirements described under "Who May Invest" above, and the Units and Interests may only be purchased by investors who meet those requirements. Neither this Memorandum nor the Addendum is an offer to sell or a solicitation of an offer to buy with respect to any person not satisfying those requirements.

How to Buy Units

If, after carefully reading this entire Memorandum, you would like to purchase Units, please complete and sign the enclosed Subscription Agreement. The full purchase price of \$56,100 for each Unit must be paid by check, when you provide your Subscription Agreement for the Units. The minimum purchase amount is 0.4456 Units (\$25,000), although the Company may waive or lower the minimum purchase requirement for certain investors in its sole discretion.

Please make your check payable to "Bank of America, N.A. as Escrow Agent for ECRV Eagle Pinnacle Medical, LLC" and send your check with your completed and signed Subscription Agreement:

ECRV Eagle Pinnacle Medical, LLC
11710 Old Georgetown Road, #808
Rockville, Maryland 20852
Attn: Frederic S. Richardson

Pending acquisition of the Property from the Seller, all subscription payments received for Units will be deposited in the Depository Account no later than the second business day after receipt and will not earn interest. If the Property has not been acquired from the Seller by the Offering Termination Date, none of the Units will be sold and the amount you paid will be promptly returned to you in full without interest.

Bank of America, N.A. is acting as escrow holder for the proceeds of this Offering. It has not recommended nor provided any advice in connection with a purchase of the Units. If Bank of America, N.A. receives a copy of the estimated closing statement relating to the purchase of the Property and a written instruction from the Company to transfer by wire or other suitable means to the escrow agent handling the Property the closing amount reflected on the estimated closing statement as being due from the Company, or a written instruction from the Company that the escrow be closed, the funds in the Depository Account will be released as instructed by the Company. In such event, any returns on a Member's investment will be calculated from the date the Property is acquired by the Company.

Acceptance of Subscriptions

The LLC Manager may, in its sole discretion, accept or reject any subscription, in whole or in part, for a period of 30 days after receipt of the subscription. Any subscription not accepted within 30 days of receipt shall be deemed rejected. The LLC Manager may terminate this Offering at any time.

Sale of Interests

In addition to the offering of Units by the Company, the Company will simultaneously offer Interests in the Property pursuant to the Addendum. Interests will be offered and sold only to Accredited Investors. The minimum purchase is a 5% Interest in the amount of \$899,250 (which equals \$280,500 of cash and \$618,750 of debt representing the assumption of a pro rata portion of the Loan), unless lowered in the sole discretion of the LLC Manager.

Marketing of Units and Interests

The Units and Interests will be offered and sold to qualified investors on a "best efforts" basis by members of the Selling Group who are members of the National Association of Securities Dealers, Inc.. The Managing Broker-Dealer will supervise and coordinate the efforts of the Selling Group members and will generally be the lead placement agent on behalf of the Company for the Units and the Interests. The Managing Broker-Dealer will receive Selling Commissions of up to 7.0% of the Gross Proceeds, which it will reallow to the Selling Group. The amount of Selling Commissions may be reduced, however, if a lower commission rate is negotiated with a Selling Group member. The Managing Broker-Dealer will also receive 2.0% of the Gross Proceeds as a nonaccountable due diligence and marketing allowance, which it may reallow to the Selling Group in an amount of up to 1.0%. The Managing Broker-Dealer may also sell Units as part of the Selling Group and receive Selling Commissions. The total aggregate amount of commissions, allowances and placement fees paid by the Company will not exceed 9.0% of the Gross Proceeds. The Managing Broker-Dealer may receive other fees and expense reimbursements from an Affiliate of the LLC Manager.

The Company and the Managing Broker-Dealer may, in their discretion, accept purchases of Units net of all or a portion of the Selling Commissions otherwise payable from investors who buy Units through a registered investment advisor, from investors who are Affiliates of the LLC Manager or a member of the Selling Group and certain other persons determined in the sole discretion of the LLC Manager. The Company, in its discretion, may also accept purchases of Interests at a lower price than stated in the Addendum from investors buying through a registered investment advisor or from investors who are Affiliates of the LLC Manager or a member of the Selling Group.

The Managing Broker-Dealer and Selling Group members may be deemed "underwriters" as the term is defined in the Securities Act. The Managing Broker-Dealer Agreement between the Company, the LLC Manager and the Managing Broker-Dealer contains provisions for indemnity of the Managing Broker-Dealer by the Company and/or the LLC Manager with respect to certain liabilities, including certain civil liabilities under the Securities Act, which may arise from the use of this Memorandum and the Addendum in connection with the Offering of the Units and the offering of Interests. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to the officers and controlling persons of the LLC Manager and/or the Company pursuant to the foregoing provisions, or otherwise, the Company and the LLC Manager have been advised that, under applicable SEC rules and regulations, such indemnification is against public policy as expressed in the Securities Act and is, therefore,

unenforceable. Further limitations on indemnification are provided in the Managing Broker-Dealer Agreement, a copy of which may be obtained upon written request of the Company.

Selling Group members will be required to execute a Soliciting Dealer Agreement with the Managing Broker-Dealer either before or after the effective date of this Memorandum. The Soliciting Dealer Agreement contains cross-indemnity provisions with respect to certain liabilities, including liabilities under the Securities Act.

Inquiries about subscriptions should be directed by mail to ECRV Eagle Pinnacle Medical, LLC, 11710 Old Georgetown Road, #808, Rockville, Maryland 20852, Attn: Frederic S. Richardson. Telephone inquiries can be made at (301) 230-9674.

Sales Materials

The LLC Manager and its Affiliates may respond to specific questions from Selling Group members, other broker-dealers and prospective investors. Business reply cards, introductory letters or similar materials may be sent to Selling Group members and other broker-dealers for customer use, and other information relating to the offerings of the Units and Interests may be made available to Selling Group members or other broker-dealers for their internal use. The information in such materials is not complete and should not be considered a part of this Memorandum or the Addendum, incorporated in this Memorandum or the Addendum by reference or as forming the basis of the Offering of the Units or the offering of Interests. The Offering of Units and Interests is made only by means of this Memorandum and the Addendum. Other than this Memorandum, the Addendum, and factual summaries and sales brochures of the Offerings prepared by the Company or the LLC Manager, no other literature will be used in the Offerings of the Units or Interests.

No Selling Group member, broker-dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Memorandum, the Addendum or in any sales brochure or literature issued by the Company or the LLC Manager and referred to in this Memorandum or the Addendum, and, if given or made, such information or representations must not be relied upon.

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FEDERAL INCOME TAX CONSEQUENCES

The following discussion applies only if you buy Units directly from the Company. You should not view the following analysis as a substitute for careful tax planning, particularly since the tax consequences of an investment in a limited liability company such as the Company are often uncertain and complex. Also, the tax consequences will not be the same for all investors. You should be aware that the following discussion necessarily condenses or eliminates many details that might adversely affect some investors significantly and does not address the tax issues that may be important to certain types of investors who are subject to special tax treatment such as foreigners and tax-exempt entities. Except where otherwise noted, this discussion does not discuss aspects of state and local taxation relating to your investment. **You should consult your own tax advisor about the specific tax consequences to you before investing.**

The following discussion of tax consequences is based on laws and regulations presently in effect. Congress is currently reviewing numerous other proposed changes to the federal income tax laws. The extent and effect of such changes, if any, is uncertain. You should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of the Company.

Certain aspects of the following summary of tax consequences to Members are the subject of an opinion of Counsel. This opinion is based on Counsel's interpretation of the Code, Treasury Regulations promulgated thereunder, published IRS rulings and court decisions, as they existed when the opinion was given. An opinion of counsel only represents Counsel's best legal judgment and has no binding effect on the IRS or the courts. You should note that a number of issues discussed in this Memorandum and the Addendum, including issues on which Counsel has expressed an opinion, have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Thus, no assurance can be given that the conclusions expressed herein and in the opinion would be accepted by the IRS, or sustained by a court, if contested, or that legislative or administrative changes or court decisions will not be forthcoming that would significantly modify the statements and opinions expressed in this Memorandum and the Addendum or in the opinion. Any such changes may or may not be retroactive with respect to transactions before the date of such changes. Should the IRS challenge the tax treatment of an investment in the Company, even if the challenge is unsuccessful, you could be faced with substantial legal and accounting costs in resisting the challenge.

You should not buy Units to obtain a tax shelter for income from sources other than the Company. It is unlikely that the Company will provide any such tax shelter. Even if a Member is entitled to deduct his or her share of the Company's losses on his or her personal tax return, any such deductions may be relatively small in relation to the amount invested in the Units. A significant portion of the amount invested may be allocated to the purchase of land, which, unlike buildings and other improvements, is not depreciable for income tax purposes, or to other nondeductible expenses.

Tax Consequences Regarding the Company

Partnership Status. Under Treasury Regulations, the Company will generally be classified as a partnership for federal income tax purposes based on the default entity classification rules found in Treasury Regulation Section 301.7701-3(b) as long as an election is not made to treat the Company as an association taxable as a corporation.

If the Company is treated as a partnership for federal income tax purposes, each Member will be required to include in income his or her distributive share of income, gain, deductions and loss of the Company. Consequently, each Member will be subject to tax on his or her distributive share of Company income, whether or not the Company actually distributes cash in an amount equal to the income.

If for any reason the Company is treated as a corporation for tax purposes, the income and deductions of the Company will be reflected only on the Company's income tax return instead of being passed through to the Members, and the Members will be treated as corporate shareholders for tax purposes. In such event, the Company would be required to pay income tax at corporate tax rates on its taxable income, thereby reducing the amount of cash available for distribution to Members. In addition, any distribution by the Company to Members would be taxable to the Members as dividends, to the extent of current and accumulated earnings and profits, or treated as gain

from the sale of the Member's Units, to the extent such distributions exceed both current and accumulated earnings and profits of the Company and the Member's tax basis in the Units.

Anti-Abuse Rules. Generally, partnerships are not liable for income taxes imposed by the Code. The Treasury Regulations set forth broad "anti-abuse" rules applicable to partnerships. These rules authorize the Commissioner of the IRS to recast transactions involving the use of partnerships either to reflect the underlying economic arrangement or to prevent the use of a partnership to circumvent the intended purpose of any provision of the Code. The Manager is not aware of any facts or circumstances that could cause the Commissioner of the IRS to exercise his authority under these rules. If any of the transactions entered into by the Company were to be recharacterized under these rules, or the Company were to be recast as a taxable entity under these rules, this could have a material adverse effect on the Members.

Publicly Traded Partnership. Certain publicly traded partnerships ("PTP") are taxed as corporations for federal income tax purposes despite its preference or election to be classified as a partnership. PTPs are defined as partnerships whose interests are (i) traded on an established securities market, or (ii) readily tradable on a secondary market or the substantial equivalent thereof. Treasury Regulations provide that the substantial equivalent of a secondary market exists if, based on all of the relevant facts and circumstances, the entity has participated in creating an arrangement under which the partners are considered to have an opportunity to readily buy and sell interests in the entity. According to the Manager, the Company will not engage in a pattern of redeeming Units or any other action in creating a market for the transfer of Units and does not plan to recognize trades on such a market if one ever developed. Also interests in a partnership are not readily tradable on a secondary market or a substantial equivalent thereof if all of the interests are issued pursuant to an offering and there are no more than 100 partners at any time during the taxable year. The Operating Agreement limits the number of Members that may be admitted to the Company to no more than 100. For these reasons, the Company should not be considered a PTP.

However, a partnership, even though "publicly traded," will not be treated as a corporation for tax purposes if 90% or more of its gross income consists of "qualifying income." Qualifying income includes interest, dividends, real property rents, and gain from the disposition of real property. The Company will be engaged in the rental of commercial real estate. The Manager will try to operate the Company so that at least 90% of the Company's income will be from rent from real property (and not personal property), interest and the sale of real property. Accordingly, under the tests set forth above, if the Manager is successful, the Company likely will meet the 90% "qualifying income" test and will not be taxed as a corporation under the provisions governing PTPs.

Taxation of Members. Each Member will be required to report on such Member's federal income tax return the Member's allocable share of Company income, gain, loss or deduction for each year. The character of an item of income or loss (e.g., as capital or ordinary) usually will be the same for the Member as for the Company. Each Member will be liable for individual taxes on the Member's allocable share of Company income regardless of whether the Company has made any distributions to the Members.

The Operating Agreement provides for the manner in which income or loss is to be allocated among the Members. While Counsel believes that if examined, these allocations should be respected, there is no assurance that applicable Treasury Regulations could not be interpreted by the IRS in a manner materially adverse to the Members. The Manager is authorized, without the consent of the Members, to amend the manner in which income and losses are allocated for income tax purposes if necessary to comply with applicable Code provisions. If the allocations provided by the Operating Agreement are not respected by the IRS or otherwise require amendment for federal income tax purposes, the amount of taxable income allocated to any Member for federal income tax purposes may be increased, without any corresponding increase in current distributions to pay the additional tax liability.

Net Income in Excess of Cash Distributions. It is possible that a Member's share of Net Income may exceed cash distributed to the Member with respect to his or her Units and the Member's tax liability on that share of Net Income may exceed the amount of cash distributed. If this occurs, the Member will have to use funds from other sources to satisfy its tax liability.

Adjusted Basis. Each Member's adjusted basis in his or her Units will be equal to the Member's cash Capital Contributions increased by (i) the amount of his or her share of the Company's Net Income, and (ii) his or her share of nonrecourse indebtedness to which the Company property is subject, if any. A Member's share of

nonrecourse liabilities will be the sum of (i) his or her share of Company minimum gain; (ii) the amount of any taxable gain that would be allocated to the Member under Code Section 704(c); and (iii) the Member's share of the excess nonrecourse liabilities. The Operating Agreement specifies that the excess nonrecourse liabilities will be allocated in proportion to the outstanding Units.

A Member's basis in his or her Units will be reduced, but not below zero, by (i) the amount of the Member's share of Net Loss and expenditures that are neither properly deductible nor properly chargeable to his or her Capital Account, and (ii) the amount of cash distributions received by the Member from the Company. For purposes of calculating a Member's adjusted basis in his or her Units, any reduction in the amount of Company nonrecourse indebtedness will be treated as a cash distribution to the Member in accordance with his or her allocable share of such indebtedness and accordingly will reduce the basis in the Member's Units.

The Treasury Regulations employ an economic risk of loss analysis to determine whether a Company liability is a recourse or nonrecourse liability and to determine the Members' shares of any liability of the Company. Under the Treasury Regulations, a Company liability is a recourse liability to the extent any Member or related person bears the economic risk of loss for that liability. A Member's share of any recourse liability of the Company equals the portion, if any, of the economic risk of loss for such liability that is borne by the Member.

A Member bears the economic risk of loss for a Company liability to the extent the Member (or a related person) would bear the economic burden of discharging the obligation represented by that liability if the Company were unable to do so (reduced by any right of reimbursement). In the case of a limited liability company, such as the Company, a Member generally will not bear the economic risk of loss for any Company liability because the Member has no obligation to contribute additional capital to the Company. If no Member bears the economic risk of loss for a Company liability, the liability is a nonrecourse liability of the Company. An exception to this rule applies when a Member (or related person) makes a nonrecourse loan to the Company. In such a case, the lending Member or related person is considered to bear the economic risk of loss for such liability.

The Loan is anticipated to be nonrecourse to the Company and the other Tenants in Common. The Lender's sole recourse will be the property and collateral securing the Loan. Although it is expected that there will be typical nonrecourse carve-outs in the Loan documents for which the Company and the other Tenants in Common will be personally liable, Members should be entitled to include in their tax basis their share of the Loan if the nonrecourse provisions in the Loan documents are as anticipated. If the Loan is recourse, which may occur if the Property Management Agreement is terminated or if a Tenant in Common declares bankruptcy or files a partition action and the other Tenants in Common or the Company or certain Affiliates fail to acquire the interest of such Tenant in Common, unless the Members bear the economic risk of loss (and then only to that extent), Members cannot include the amount of the Loan in their adjusted basis and the deductions attributable to the Loan would be allocated to the Member that bears the economic risk of loss. This could result in a taxable gain to the Members and the Tenants in Common.

To the extent that a Member's share of Company Net Loss exceeds the adjusted basis of such Member's Units at the end of the Company year in which such Net Loss occurs, such excess Net Loss cannot be used in that year by the Member for any purpose, but is allowed as a deduction at the end of the first succeeding Company taxable year, and subsequent Company taxable years, to the extent that the adjusted basis of such Member's Units at the end of any such year exceeds zero (before reduction by such excess Net Loss from a prior year).

Cash Distributions. The Operating Agreement provides for various forms of cash distributions resulting from operations of the Company. Cash distributions (including for federal income tax purposes, a Member's share of any reduction in nonrecourse indebtedness) made to a Member, other than those made in exchange for or in redemption of all or a part of his or her Units, generally will not affect the calculation of a Member's distributive share of Net Income or Net Loss from the Company. Such distributions are generally first applied against and reduce the Member's adjusted basis in his or her Units. To the extent that such distributions are so applied against and reduce the adjusted basis of the Member's Units, they will not give rise to a realization of income, gain or loss by the Member. Cash distributions in excess of a Member's adjusted basis in his or her Units will result in the recognition of gain to the extent of such excess. Ordinarily, any such recognized gain will be treated as gain from the sale or exchange of a Unit.

Deductibility of Interest. Interest will accrue and be payable on loans used to acquire, and that are secured by, the Property. The deduction of such interest is limited by the various rules in the Code including the rules limiting the deductibility of passive losses, discussed below.

Limitations on Losses and Credits from Passive Activities. Losses from passive trade or business activities generally may not be used to offset “portfolio income,” i.e., interest, dividends and royalties, or salary or other active business income. Deductions from passive activities may generally be used to offset income from passive activities. Interest deductions attributable to passive activities are treated as passive activity deductions, and not as investment interest. Thus, such interest deductions are subject to limitation under the passive activity loss rule and not under the investment interest limitation. Credits from passive activities generally are limited to the tax attributable to the income from passive activities. Passive activities include (1) trade or business activities in which the taxpayer does not materially participate and (2) rental activities. The Property is a rental activity. Thus, a Member’s share of the Company’s Net Income and Net Loss will, in all likelihood, constitute income and loss from passive activities and will be subject to such limitation.

Losses (or credits that exceed the regular tax allocable to passive activities) from passive activities that exceed passive activity income are disallowed and can be carried forward and treated as deductions and credits from passive activities in subsequent taxable years. Disallowed losses from an activity, except for certain dispositions to related parties, are allowed in full when the taxpayer disposes of his or her entire interest in the activity in a taxable transaction.

Certain taxpayers who are “real estate professionals” can deduct losses and credits from rental real estate activities against other income, such as salaries, interest, dividends, etc. A taxpayer qualifies for this exception to the passive loss rules described above if: (1) more than half of the personal services performed by the taxpayer in trades or businesses during a year are performed in real property trades or businesses in which the taxpayer materially participates; and (2) the taxpayer performs more than 750 hours of services during the year in real property trades or businesses in which the taxpayer materially participates. In the case of a joint return, one spouse must satisfy both requirements. A real property trade or business is any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing or brokerage trade or business. In determining whether a taxpayer performs more than half of his or her personal services in real property trades or businesses, services performed as an employee are disregarded unless the employee owns more than 5% of the employer. Members should consult with their own tax advisors to determine if this rule applies to them.

Dissolution. A dissolution of the Company pursuant to state law before expiration of its term should not by itself create tax consequences for the Members unless the dissolution is followed by a liquidation of the Company. Such a dissolution and liquidation might create adverse tax and economic consequences for the Company. For example, if, as a result of a dissolution, the Company were required to liquidate the Property during a limited period of time, the Company might sustain substantial economic losses based on the original cost of the Property. Nevertheless, the Company might realize substantial taxable gain on such disposition as a result of the use of borrowing in connection with the acquisition of the Company property. See “Risk Factors – Operation and Company Risks” above.

Sale or Other Disposition of Company Property. In general, if the Company’s Interest constitutes a capital asset in the hands of the Company, any profit or loss realized by the Company on its sale or exchange (except to the extent that such profit represents depreciation recapture taxable as ordinary income) will be treated as capital gain or loss under the Code. If, however, it is determined that the Company is a “dealer” in real estate for federal income tax purposes or that the assets sold constitute “Section 1231 assets” (such assets are capital assets involuntarily converted and depreciable business property held for more than 12 months), the gain or loss will not be capital gain or loss.

If the Company is deemed a “dealer” and its Interest is not considered a capital asset or Section 1231 asset, any gain or loss on its sale or other disposition would be treated as ordinary income or loss. As a general rule, the holding of parcels of real property for investment is not the type of activity that would cause a person or entity to be considered a “dealer” in real property. The Company will only hold and operate its Interest. It is unlikely, therefore, that the Company will be viewed as a “dealer” in real property. However, the question of “dealer” status is a question of fact to be determined at the time of the sale of the asset. Consequently, Counsel has expressed no opinion on this issue.

If assets sold or involuntarily converted are Section 1231 assets, a Member would combine his or her distributive share of Company gains or losses attributable to such assets with any other Section 1231 gains or losses realized by such Member in that year, and the resulting net Section 1231 gains or losses would be taxed as capital gains or be ordinary losses, as the case may be. This treatment may be altered depending on each Member’s disposition of Section 1231 property over several years. In general, net Section 1231 gains are recaptured as ordinary income to the extent of net Section 1231 losses in the five preceding taxable years.

In determining the amount realized on the sale, exchange or other disposition of the Property, the Company must include, among other things, the amount of any liability to which the Property is subject. Furthermore, the Company may take back purchase money obligations as part of the consideration for the sale of the Property. The Company may try to structure such a sale to qualify as an “installment sale” for federal income tax purposes, but there can be no assurance that the sale could or would so qualify. Unless the sale qualifies as an “installment sale,” the Company would generally be deemed to have received the fair market value of the purchase money obligations as proceeds of the sale.

Thus, the Company’s gain on the disposition of any such property may exceed the cash proceeds, if any, of such disposition, and in some cases the income taxes payable by the Members with respect to such gain may exceed the cash proceeds, if any.

Foreclosure. In the event of a foreclosure of a mortgage or deed of trust on the Property, the Company would realize gain, if any, in an amount equal to its allocable share of the outstanding Loan or any other mortgage encumbering the Property over its adjusted tax basis in its Interest, even though the Company might realize an economic loss on the foreclosure. In addition, the Members could be required to pay income taxes with respect to any gain even though they receive no cash distributions as a result of the foreclosure.

Termination for Tax Purposes. The Company will terminate for tax purposes if, within a 12-month period, 50% or more of the capital and profits interests in the Company are sold or exchanged. Termination of the Company for tax purposes should generally not cause a Member to recognize gain or loss although it could adversely affect (by lengthening) the depreciable life of the Company property.

Liquidating Distributions. Generally, upon liquidation or termination of the Company, gain will be recognized by a Member only to the extent that cash is distributed (including his or her share of any reduction in Company nonrecourse liabilities) in excess of such Member’s adjusted basis in his or her Units at the time of distribution.

Pre-Opening Expenses. The IRS takes the position that, with the exception of costs relating to deductions under Code Sections 163 (interest), 164 (taxes), and 165 (losses), all costs incurred by the Company before its facilities are finished and operating should be capitalized under Code Section 263. Thus, expenses otherwise deductible by the Company (for example, some reimbursements of costs and administrative expenses of the Manager) may be attributable to a pre-opening period and must be capitalized.

Code Section 195 provides taxpayers with an election to amortize start-up expenditures ratably over a period of at least 60 months beginning with the month in which the new business begins. A start-up expenditure eligible for such amortization must be paid or incurred in connection with investigating the creation or acquisition of an active trade or business or paid or incurred in connection with creating an active trade or business. Such amounts must also be of a type that, if paid or incurred in connection with the expansion to an existing trade or business in the same field, would be allowable as a current deduction in the year paid or incurred. In the case of the Company,

the eligibility for the new election to amortize is made at the Company level. Because the tax treatment of pre-operating expenses is inherently factual, Counsel cannot render an opinion regarding their deductibility.

Tax Elections. The Company may make certain elections for federal income tax reporting purposes that could result in various items of Company income, gain, loss, deduction and credit being treated differently for tax and Company purposes than for accounting purposes.

The Code provides for optional adjustments to the basis of Company property for purposes of measuring both depreciation and gain upon distributions of Company property (Code Section 734) and transfers of Units (Code Section 743) if a Company election has been made pursuant to Code Section 754. The general effect of such an election is that transferees of Units are treated, for purposes of computing depreciation and gain, as though they had acquired a direct interest in the Company assets, and the Company is treated for such purposes, upon certain distributions to Members, as though it had newly acquired an interest in the Company assets and therefore acquired a new cost basis for such assets. Any such election, once made, is irrevocable without the consent of the IRS.

As a result of the complexities and added expense of the tax accounting required to implement such an election, the Manager does not presently intend to make such an election, although the Manager is empowered to do so by the Operating Agreement. Therefore, any benefits that might be available to the Members by reason of such an adjustment to basis will be foreclosed. In addition, a Member may have greater difficulty selling Units since the buyer will obtain no current tax benefits from the investment to the extent that such investment exceeds his or her allocable share of the Company's basis in its assets and may be required to recognize taxable income to the extent of such excess, even though the buyer does not realize any economic profit.

Transfers of Units. For federal income tax purposes, items of income, gain, loss, deduction or credit of the Company may be allocated to a Member only if they are received, paid or incurred by the Company during that portion of the year in which the Member is treated as a Member of the Company for tax purposes.

If any Member's interest in the Company changes at any time during the Company's taxable year, each Member's share of each item of Company income, gain, loss, deduction and credit is to be determined by using any method prescribed by Treasury Regulations that takes into account the varying interests of the Members in the Company during the taxable year.

Gain or Loss on Disposition of Units. Any gain or loss realized by a Member on the sale or exchange of Units will generally be treated as capital gain or loss, provided that the Member is not deemed a "dealer" in the Units. However, any portion of the gain that is attributable to unrealized receivables (which includes, for these purposes, depreciation recapture attributable to the Property) or inventory items will generally be treated as ordinary income. If the Member's holding period for the Units sold or exchanged is more than one year, the portion of any gain realized that is capital gain will be treated as long-term capital gain.

A transferor Member must notify the Company of a sale or exchange of his or her Units involving unrealized receivables or inventory. Once the Company is so notified, it must report to the IRS the transferor and the transferee on the sale or exchange. Penalties will apply to the failure by the transferor Member to report to the Company, and the failure by the Company to report to the IRS the transferor and the transferee.

In determining the amount realized upon the sale or exchange of Units, a Member must include, among other things, his or her share of Company indebtedness. Therefore, it is possible that the gain realized on a Member's sale of Units may exceed the cash proceeds of the sale. In some cases, the income taxes payable with respect to the gain realized on the sale may also exceed such cash proceeds. In such an instance, a Member will have to use funds from other sources to satisfy its tax liability.

Treatment of Gifts of Units. Generally, no gain or loss is recognized for federal income tax purposes as a result of a gift of property. However, if a gift (including a charitable contribution) of a Unit is made at a time when a Member's share of the Company's indebtedness exceeds the adjusted basis of his or her Units, such Member may recognize gain for income tax purposes upon the transfer. Such gain, if any, will generally be treated as capital gain except for the portion of any such gain attributable to any unrealized receivables (which includes, for these purposes,

depreciation recapture attributable to the Company property) or inventory items of the Company that will generally be treated as ordinary income. Gifts of Units may also be subject to a gift tax imposed pursuant to the rules generally applicable to all gifts of property.

Tax Returns. The Company's federal income tax returns may be audited by the IRS and such an audit may result in adjustments to the various items reported by the Company. For example, various deductions claimed by the Company on its returns of income could be disallowed in whole or in part, thereby resulting in an increase in the Net Income or a reduction in the Net Loss of the Company. The disallowance of such deductions in whole or in part could increase a Member's taxable income without the receipt of any additional cash distributions from the Company. Members may be bound by actions taken by the Manager at the Company level during the course of an audit.

An audit of the Company's information returns may also result in an audit of the income tax returns of Members, which could result in adjustments to non-Company items of income, deduction or credit. Final disallowance of such deductions could adversely affect Members. In addition, state tax authorities may audit the Company's tax returns, which could result in unfavorable adjustments for Members.

Tax Counsel will not prepare or review the Company's income tax information return, which will be prepared by the Company's management and independent accountants. The Company will make a number of decisions on tax matters, such as the expensing or capitalizing of particular items, the proper period over which capital costs may be depreciated or amortized, and the allocation of acquisition costs between real property improvements and personal property. These matters will be handled by the Company, often with the advice of independent accountants retained by the Company, and will not usually be reviewed with Tax Counsel.

Tenants in Common Agreement

The Company will enter into the Tenants in Common Agreement. The determination of whether a tenants in common relationship is treated as an interest in real estate or as a partnership for tax purposes is based on the facts and circumstances and actions taken by the Tenants in Common. If the tenants in common relationship is treated as a partnership, in addition to not qualifying as real property for purposes of completing a Section 1031 Exchange, certain additional tax issues relating to the Company may be different. These potential changes include, among others, (i) the calculation of depreciation applicable to the Property, which may occur because of tax-exempt investors or otherwise, (ii) whether certain elections relating to the Property would have to be made by the Tenants in Common and not the Company, and (iii) not qualifying as real property held by the Tenants in Common upon a subsequent sale. Counsel has opined that the tenancy-in-common relationship between the Company and the Tenants in Common should not be treated as a partnership for Federal income tax purpose.

Accuracy-Related Penalties and Interest

All penalties relating to the accuracy of tax returns are now consolidated into a single accuracy-related penalty equal to 20% of the portion of the underpayment to which the penalty applies. The penalty applies to any portion of any understatement that is attributable to: (i) negligence or disregard of rules or regulations; (ii) any substantial understatement of income tax; or (iii) any substantial valuation misstatement. In addition to these provisions, the Jobs Act of 2004 imposes a 20% accuracy related penalty for (i) listed or (ii) reportable transactions having a significant tax avoidance purpose. This penalty is increased to 30% if the transaction is not properly disclosed on the taxpayer's federal income tax return. Failure to disclose such a transaction can also prevent the applicable statute of limitations from tolling in certain circumstances and can subject the taxpayer to additional disclosure penalties ranging from \$10,000 to \$200,000, depending on the facts of the transaction. Similarly, any interest attributable to unpaid taxes associated with a non-disclosed reportable transaction may not be deductible for federal income tax purposes.

Negligence is generally any failure to make a reasonable attempt to comply with the provisions of the Code and the term "disregard" includes careless, reckless or intentional disregard.

A substantial understatement of income tax generally occurs if the amount of the understatement for the taxable year exceeds the greater of (i) 10% of the tax required to be shown on the return for the taxable year or (ii) \$5,000. In the case of a C corporation, the amount is \$10,000.

A substantial valuation misstatement occurs if the value of any property (or the adjusted basis) is 200% or more of the amount determined to be the correct valuation or adjusted basis. The penalty doubles if the property's valuation is misstated by 400% or more. No penalty will be imposed unless the underpayment attributable to the substantial valuation misstatement exceeds \$5,000 (\$10,000 in the case of a C corporation).

The term reportable transaction means any transaction with respect to which information is required to be included with a return or statement because, as determined under regulations prescribed under Code Section 6011, such transaction is of a type which the IRS determines as having a potential for tax avoidance or evasion.

The term listed transaction means a transaction which is the same as, or substantially similar to, a transaction specifically identified by the IRS as a tax avoidance transaction for purposes of Code Section 6011.

Except with respect to "tax shelters," an accuracy-related penalty will not be imposed on an underpayment attributable to negligence, a substantial understatement of income tax or a substantial valuation misstatement if it is shown that there was a reasonable cause for the underpayment and that the taxpayer acted in good faith. A "tax shelter" includes a partnership if a significant purpose of the partnership is the avoidance or evasion of tax. In addition, an accuracy related penalty will not be imposed on a reportable transaction or a listed transaction if it is shown that (i) there is reasonable cause for the position, (ii) the taxpayer acted in good faith, (iii) the relevant facts of the transaction are adequately disclosed in accordance with the regulations prescribed under Code Section 6011, (iv) there is or was substantial authority for such treatment, and (v) the taxpayer reasonably believed that such treatment was more likely than not correct.

Depreciation and Cost Recovery

Current federal income tax law permits the Company, as an owner of improved real property, to take depreciation deductions based on the entire cost of the depreciable improvements, even though such improvements are financed in part with borrowed funds. If, however, the purchase price of the Property and the nonrecourse liabilities to which the Property is subject are in excess of the fair market value of the Property, the Company will not be entitled to take depreciation deductions to the extent that deductions are derived from such excess. Depreciation deductions can only be claimed for that portion of real property that is depreciable. The allocation of purchase price between depreciable and nondepreciable items is a question of fact, and if the amount allocated by the Company to depreciable items is decreased and the amount allocated to nondepreciable items such as land is increased, Company losses for federal income tax purposes will be decreased. Because the allocation of purchase price between depreciable and nondepreciable items is a question of fact, Counsel is unable to express an opinion regarding the Company's allocation of purchase price among land and buildings constituting the Property.

Payments to the LLC Manager and its Affiliates

The LLC Manager and its Affiliates will receive various fees described elsewhere in this Memorandum. The LLC Manager will treat Offering and Organization Expenses and Selling Commissions as nonamortizable syndication costs, and these costs will be capitalized.

The Company will reimburse the LLC Manager for actual costs incurred in furnishing certain administrative services and facilities to the Company, including accounting, data processing, duplication, transfer agent expenses, professional fees, recording, communication expenses and certain acquisition expenses of the Property. The allocation of such costs between deductible expenses and nondeductible expenses will depend on a determination to be made when such costs are actually incurred, and Counsel has expressed no opinion on the deductibility of such costs.

There are additional limits on the deductibility of payments between related parties. No deduction is allowed for a payment by an accrual basis taxpayer to a related cash basis recipient until such time as the recipient includes the payment in income. The definition of related party for purposes of this provision includes a partnership and any partner in the partnership. The Company will be on the accrual method of accounting. Therefore, if the Company accrues liabilities to related parties that are on the cash basis, no deduction will be allowed until payment to the related party is actually made.

State and Local Taxes

In addition to the federal income tax consequences described herein, you should consider the state tax consequences of an investment in the Company. A Member's distributive share of the Company's taxable income or loss generally will be included in determining his or her reportable income for state and local tax purposes. Potential investors should consult with their own tax advisors to determine the state and local income tax implications of purchasing Units in the Company.

This Memorandum does not summarize the state and local tax consequences to you in those states in which the Company may own properties or carry on activities. An investment in the Company may impose an obligation on a Member to file annual tax returns in a number of different states or localities, as well as the obligation to pay taxes to a number of different states or localities. You should consider the additional costs incurred in having to prepare various state and local tax returns, as well as the additional state and local tax that may be payable, when deciding whether to invest. You are urged to consult your own tax advisor on all matters relating to state and local taxation, including but not limited to, whether: (i) the state in which you reside will impose a tax on your share of the taxable income of the Company; (ii) an income tax or other return must also be filed in those states where the Company will own properties; and (iii) you will be subject to state income tax withholding in states where the Company will own properties.

Tax-Exempt Use Property

Both tax-exempt entities and entities not exempt from taxation may buy Units. Code Section 168(h)(6) provides that in certain instances where a partnership has as partners both tax-exempt entities and persons or entities not exempt from taxation, a portion of the property owned by the partnership will be deemed tax-exempt use property and will be required to be depreciated over the greater of 40 years or 125% of any long-term lease. Under Code Section 168(h)(6), unless the Company's allocation of Company tax items is determined to be a qualified allocation, any property owned by the Company will be deemed to be tax-exempt use property to the extent of the tax-exempt entities' proportionate share of the Company. One of the requirements to have a qualified allocation is that the allocations of Company items in the Company must have substantial economic effect under Code Section 704(b)(2). Tax Counsel has expressed no opinion as to whether a portion of Company property must be depreciated over 40 years. If a portion of Company property is required to be depreciated over 40 years, depreciation deductions to all Members will be decreased accordingly.

Tax Shelter Registration; List Maintenance; Disclosure

The organizer of a "tax shelter" must register the tax shelter with the IRS. For this purpose, an investment will generally constitute a tax shelter if the ratio of anticipated tax deductions and 350% of the anticipated tax credits to capital contributions as of the end of any of the first five years (calculated as provided in the Treasury Regulations) exceeds 2 to 1. The Manager has represented that based on the intended operations of the Company, the Company will not satisfy the definitional requirements for a "tax shelter" and will not be registered with the IRS. Consequently, the Manager may be subject to penalty if the IRS determines that the Company was required to register as a tax shelter.

The Jobs Act of 2004 limits a taxpayer's ability to claim privilege on any communication with a federally authorized tax preparer involving a tax shelter. In addition, it requires taxpayers and material advisors to comply with disclosure and list maintenance requirements for reportable transactions. These reportable transactions include transactions that generate losses under Code Section 165 and certain large like-kind exchanges entered into by corporations. The Manager and Tax Counsel have concluded that the sale of a Unit and the purchase of an Interest by the Company should not constitute reportable transactions, so that no disclosure will be made by the Company,

and no lists will be maintained by Tax Counsel, with respect to these transactions undertaken by the Company. There can be no assurances that the IRS will agree with this determination by the Manager and Tax Counsel. Significant penalties would apply if a party fails to comply with these rules, and such rules are ultimately determined to be applicable.

United States Income Tax Considerations For Foreign Investors

The federal income tax treatment applicable to a nonresident alien or foreign corporation investing in Units is highly complex and will vary depending on the particular circumstances of such investor and the effect of any applicable income tax treaties. Each foreign investor should consult his or her own tax advisor as to the advisability of investing in Units.

Investment By Qualified Plans and IRAs - Unrelated Business Taxable Income

Qualified plans (i.e., any pension, profit sharing or stock bonus plan that is qualified under Code Section 401(a), but excluding IRAs) (“Qualified Plans”), IRAs and certain other tax-exempt entities (“Tax-Exempt Entities”), although generally exempt from federal income taxation under Code Section 501(a), nevertheless are generally subject to tax to the extent that their unrelated business taxable income (“UBTI”) exceeds \$1,000 during any tax year. The UBTI of a tax-exempt entity derived from an equity investment in a partnership is determined by reference to the type(s) of income realized by the partnership. If a partnership has a mixture of income, some of which is UBTI, a tax-exempt partner is liable to pay tax only on that portion of its share which constitutes UBTI.

Generally, income from the rent of real property does not constitute UBTI. However, to the extent that such property is subject to acquisition debt, a portion of such income will be considered UBTI unless an exempt investor qualifies for an exclusion from such UBTI. Qualified Plans (but not IRAs or Tax-Exempt Entities) may, under a special rule set forth in Code Section 514(c)(9), avoid the characterization of their distributive share of income from debt-financed property of a partnership as UBTI unless any of the following factors apply: (i) the price for the acquisition or improvement of the real property is not a fixed amount determined as of the date of the acquisition or the completion of the improvements; (ii) the amount of indebtedness or any other amount payable with respect to such indebtedness, or the time for making any payments of any such amount, is dependent, in whole or in part, upon any revenue, income, or profits derived from such real property; (iii) the real property is at any time after its acquisition leased to the person selling such property or certain persons related to seller; (iv) the real property is acquired from, or is at any time after the acquisition leased to, certain related persons; (v) any person described in clause (iii) or (iv) provides financing in connection with the acquisition or improvements; or (vi) none of the following is true: (a) all of the partners are “qualified organizations;” (b) each allocation to a partner that is a qualified organization is a “qualified allocation;” or (c) the “fractions rule” in Code Section 514(c)(9)(E) is met. Counsel has expressed no opinion as to whether, and the extent to which, Company income will be considered UBTI. Investment in the Company is not recommended for qualified plans if UBTI is a concern for such an investor.

Debt to Finance Purchase of Interest. A tax-exempt entity’s share of income from the Company also will constitute UBTI if such investor incurs debt to acquire an Interest.

Interest Income and Dividends. Interest income and dividends and gain from the sale of investment property is not deemed to be UBTI unless the investment property was debt financed.

Summary. UBTI of a tax-exempt entity generally has no effect on its status or on the exemption from tax of its other income. However, for certain types of tax-exempt entities, any UBTI may have extremely adverse consequences. For example, the receipt of any taxable income from an unrelated business by a charitable remainder trust (defined under Code Section 664) during a taxable year will result in the taxation of all of the trust’s income from all sources for such year. Accordingly, each prospective tax-exempt investor is urged to consult its own tax advisors concerning the possible results of an investment in the Company.

FOR CERTAIN TAX-EXEMPT ENTITIES - SUCH AS CHARITABLE REMAINDER TRUSTS AND CHARITABLE REMAINDER UNITRUSTS (AS DEFINED IN CODE SECTION 664) - THE RECEIPT OF ANY UBTI MAY HAVE EXTREMELY ADVERSE TAX CONSEQUENCES. FOR EXAMPLE, IF SUCH A TRUST OR UNITRUST RECEIVED ANY UBTI DURING A TAXABLE YEAR, ALL OF ITS TAXABLE INCOME FROM ALL SOURCES WILL BE TAXABLE. THEREFORE, CHARITABLE REMAINDER TRUSTS AND CHARITABLE REMAINDER UNITRUSTS MAY NOT PURCHASE INTERESTS.

In considering an investment in the Company of a portion of the assets of a qualified plan, a fiduciary should consider the factors discussed in “Investments by Qualified Plans and Individual Retirement Accounts.”

General Considerations

Activities Not Engaged in for Profit. Under Code Section 183, certain losses from activities not engaged in for profit are not allowed as deductions from other income. The determination of whether an activity is engaged in for profit is based on all the facts and circumstances, and no one factor is determinative, although the Treasury Regulations indicate that an expectation of profit from the disposition of property will qualify as a profit motive. Code Section 183 has a presumption that an activity is engaged in for profit if income exceeds deductions in at least three out of five consecutive years. Although it is reasonable for you to conclude that you can realize a profit from an investment in the Company as a result of cash flow and appreciation of the Company’s Property, there can be no assurance that the Company will be found to be engaged in an activity for profit because the applicable test is based on the facts and circumstances existing from time to time.

The IRS is paying increased attention to the application of Code Section 183 to partnerships. Moreover, the Tax Court has accepted the argument by the IRS that Code Section 183 applies to the activities of a partnership (rather than the partner) and that the provisions of Code Section 183 are applied at the partnership level. The Company intends to conduct all operations in a businesslike manner to generate a profit from operations and the sale of Property. If Code Section 183 were applied with respect to the Units, certain tax benefits, if any, associated with this Offering could be affected.

Alternative Minimum Tax. Taxpayers may be subject to the alternative minimum tax in addition to the regular income tax. The alternative minimum tax applies to designated items of tax preference. For information about tax preferences and the alternative minimum tax, you should consult your individual tax advisor.

At Risk Rules. A Member that is an individual or closely held corporation may not deduct his or her distributive share of Net Loss, if any, to the extent such Net Loss exceeds the amount the Member has “at risk.” A Member’s initial amount at risk will equal the sum of (i) the amount of money invested by the Member in Units, (ii) the basis of any property contributed by the Member to the Company, and (iii) the amount of borrowed funds used in Company activities to the extent that the Member is personally liable for such indebtedness.

A Member can include in the amount at risk his or her share of qualified nonrecourse financing if the Company holds real property. A Member’s amount at risk will be reduced by the amount of any cash distributed to the Member and the amount of Net Loss allocated to the Member, and will be increased by the amount of Net Income allocated to the Member. Net Loss not allowed under the “at risk” provisions may be carried forward to subsequent taxable years and used when the amount at risk increases. Tax Counsel cannot render an opinion as to whether the Members will be subject to the at risk rules because of the possibility that (i) the Loan may not be qualified nonrecourse indebtedness, and (ii) any debt refinancing of the Loan might not be qualified nonrecourse indebtedness.

General Limitations on the Deductibility of Interest. In addition to the limitations on the deductibility of interest incurred in connection with passive activities and the “at risk” rules, the following are additional restrictions on the deduction of interest:

Capitalized Interest. Interest on debt incurred to finance construction of real property is not currently deductible and must be capitalized as part of the cost of the real property. Interest incurred on other debts of the Company will be limited by the rules concerning the deductibility of passive losses.

Interest Incurred to Carry Tax-Exempt Securities. Code Section 265(a)(2) disallows any deductions for interest paid by a taxpayer on indebtedness incurred or continued for the purpose of buying or carrying tax-exempt obligations. The IRS announced in Revenue Procedure 72-18, 1972-1 C.B. 740, that the prescribed purpose will be deemed to exist with respect to indebtedness incurred to finance a “portfolio investment.” The Revenue Procedure further states that while a Company’s purpose in incurring indebtedness will be attributed to its Manager, a Company interest will be considered a “portfolio investment.” Therefore, in the case of a Member owning tax-exempt obligations, the IRS might take the position that his or her allocable portion of the interest incurred by the Company on its borrowings or of any interest incurred by the Member to buy his or her Units, should be viewed as incurred to enable the Member to continue to carry tax-exempt obligations, and that the Member should not be allowed to deduct his or her full allocable share of such interest.

The application of Code Section 265(a)(2) turns on each individual Member’s purpose for acquiring an interest in the Company. Thus, Code Section 265(a)(2) might be applied to a Member whose purpose for investing in Units rather than in a nonleveraged investment is to enable the Member to continue to carry tax-exempt obligations or such shares of stock. It should be noted that Code Section 7701(f) directs the IRS to prescribe regulations as may be necessary or appropriate to prevent the avoidance of provisions of the Code which deal with the linking of borrowings to investments through the use of related persons, pass-through entities or other intermediaries. Therefore, the provisions of Code Section 265(a)(2) may be applied to a Member if the Member does not own tax-exempt obligations or stock of a regulated Investment Company which distributes exempt interest dividends but rather such obligations or stock is owned by a person, entity or other intermediary related to the Member.

Prepaid Interest. The Company does not anticipate prepaying any interest, but does anticipate that it will pay certain amounts commonly referred to as “points,” which may be considered prepayments of interest for federal income tax purposes. Interest prepayments (including “points”) must be capitalized and amortized over the life of the loan or note with respect to which they are paid.

Under Circular 230, which governs practice before the IRS, Counsel is required to consider in connection with the issuance of an opinion for this Offering whether the material tax benefits described in the Memorandum will, more likely than not, in the aggregate be realized by Members. Counsel has so considered and will so state in its opinion.

Prospective investors should note that a number of issues discussed in this Memorandum have not been definitively resolved by statutes, regulations, rulings or judicial opinions. Accordingly, no assurances can be given that the conclusions expressed herein will be accepted by the IRS, or, if contested, would be sustained by a court, or that legislative changes or administrative pronouncements or court decisions may not be forthcoming that would significantly alter or modify the conclusions expressed herein. Each prospective investor must consult its own tax counsel about the tax consequences of an investment in a Unit.

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INVESTMENT BY PLANS

The following description is general in nature, is not intended to be all-inclusive, and is based on the law and practice in force at the date of this document and is subject to any subsequent changes therein. In view of the individual nature of ERISA, the Code and any provision of federal, state or local law that is substantially similar to the fiduciary responsibility provisions of Title I of ERISA or Code Section 4975 (“Similar Law”), each potential investor that is a Plan (as described below) is advised to consult its own legal advisor with respect to the specific ERISA, Code and Similar Law consequences of investing in the Units and to make its own independent decision. The following is merely a summary and should not be construed as legal advice.

In General

A fiduciary or any other person responsible for investment of the assets of any retirement plan or other employee benefit plan or arrangement, including individual retirement accounts and annuities, Keogh plans and collective investment funds and separate accounts in which those plans, annuities, accounts or arrangements are invested, including insurance company general accounts, that is subject to the fiduciary responsibility provisions of ERISA or Code Section 4975 (an “ERISA Plan”) or which is a governmental plan, as defined in Section 3(32) of ERISA, or a church plan as defined in Section 3(33) of ERISA and for which no election has been made under Code Section 410(d), subject to any Similar Law (collectively, with an ERISA Plan, a “Plan”) should review with its legal advisors whether the purchase, holding or disposition of Units could give rise to a transaction that is prohibited or is not otherwise permitted under ERISA, the Code or Similar Law or whether there exists any statutory, regulatory or administrative exemption applicable thereto. Moreover, each Plan fiduciary or any other person responsible for investment of the assets of a Plan should determine whether an investment in Units is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan’s investment portfolio. Title I of ERISA also requires that fiduciaries of a Plan subject to ERISA make investments that are prudent, diversified (except if prudent not to do so) and in accordance with governing Plan documents.

Potential ERISA Plan investors should also consider the limited liquidity of the Units as it relates to applicable minimum distribution requirements of the Code. If Units are held in an ERISA Plan at the time mandatory distributions are required to begin to the ERISA Plan participant, applicable law may require the in-kind distribution of Units. Such distribution must be included in the participant’s taxable income for the year in which the Units were received (at the then-current fair market value). Because it is an in-kind distribution, the participant will not receive any cash with which to pay the tax liability.

A Plan that is subject to the fiduciary responsibility provisions of ERISA may not buy Units if the Company, the Manager, the Property Manager or any of their Affiliates is a fiduciary or party in interest (as defined in Sections 3(21) and 3(14) of ERISA) to the Plan, unless the purchase, holding and disposition of the Units is exempt from the prohibited transaction provisions of Section 406 of ERISA. It is the fiduciary’s duty not to engage in such transactions.

Code Section 4975 has similar restrictions applicable to transactions between disqualified persons and an ERISA Plan or IRA, which could result in the imposition of excise taxes on the Company, the Manager, the Property Manager or any of their Affiliates who engaged in the transaction or, with respect to an IRA, could result in the loss of tax-exempt status of the IRA.

Plan Asset Regulations

An investment in Units by an ERISA Plan could also violate ERISA or the Code if, under applicable Department of Labor (“DOL”) regulations, the Company assets are considered assets of the ERISA Plan. The DOL has promulgated final regulations that define “plan assets” in a situation in which an ERISA Plan invests in a limited liability company, or similar entity. If the Company assets are classified as “plan assets,” the significant penalties discussed below could be imposed under certain circumstances.

Under the DOL regulations, if an ERISA Plan invests in an equity interest of an entity that is neither a publicly offered security nor a security issued by an investment company registered under the Investment Company Act of 1940, its assets include both the equity interest and an undivided interest in each of the underlying assets of

the entity, unless it is established that the entity is an “operating company,” or equity participation in the entity by benefit plan investors is not “significant.”

The Units will not qualify as publicly offered securities nor will they be issued by an investment company registered under the Investment Company Act of 1940. Nonetheless, if one of the exceptions described below is satisfied, Company assets may avoid being classified as “plan assets.” Company assets may be excluded from the definition of plan assets under the DOL regulations if the Company is an “operating company.” The term “operating company” includes an entity that is a “real estate operating company,” as defined in the DOL regulations. Under the DOL regulations, an entity is a “real estate operating company” if:

(i) on the initial valuation date (that is, the first date on which the entity makes an investment that is not a short-term investment of funds pending long-term commitment), or on any day during a 90-day annual valuation period at least 50% of its assets, valued at cost (other than short-term investments pending long-term commitment or distribution to investors), are invested in real estate which is managed or developed by such entity and with respect to which such entity has the right to substantially participate directly in the management or development activities, and

(ii) the entity, in the ordinary course of its business, is engaged directly in real estate management or development activities. Example (8) in the DOL regulations indicates that an entity may still qualify as a “real estate operating company” when management of the entity’s real estate may be done by independent contractors if the entity retains certain control over the independent contractor and frequently consults with and advises the independent contractor.

The LLC Manager believes that the Company should satisfy the definition of an operating company. However, because this determination involves questions of fact regarding future activities, complete assurance on this issue cannot be provided. It also should be noted that it is possible the Company would not qualify as a real estate operating company in each year of its existence. That is, the fact that the Company satisfies the real estate operating company rules in one year has no bearing on its ability to satisfy such rules in later years.

If the Company is classified as a “real estate operating company,” an investment in Units by an ERISA Plan should be treated only as an investment in an equity interest in the Company and not as an investment in an undivided interest in each of the Company’s assets.

If the Company does not qualify as a “real estate operating company” under the DOL regulations, an ERISA Plan investment in Units will be treated as an investment in an equity interest in the Company, and not as an investment in an undivided interest in each of the underlying assets, only if equity participation in the Company by “benefit plan investors” is not “significant.” “Benefit plan investors” includes any employee benefit plan (as defined in Section 3(3) of ERISA), whether or not subject to Title I of ERISA, any plan described in Code Section 4975(e)(1), and any entity whose underlying assets include plan assets by reason of the plan’s investment in the entity. Under the DOL regulations, equity participation in the Company by benefit plan investors would be “significant” on any date if, immediately after the most recent acquisition of any equity interest in the Company, 25% or more of the total value of the Units is held by benefit plan investors. When determining if the 25% benefit plan investors’ ownership is met, the ownership of any person with discretionary authority or control with respect to Company assets or any person who provides investment advice for a fee (direct or indirect) with respect to Company assets, or any affiliate of such a person, is disregarded. The Operating Agreement prohibits benefit plan investors from acquiring 25% or more of the total value of the Units. As a result of this prohibition, the Company should qualify for the exemption from the DOL regulations offered to entities in which benefit plan participation is not “significant.” If, however, the 25% limitation is not met for any reason, then the issues described below will arise (unless the Company is an operating company).

Impact of Holding Plan Assets

If the Company is deemed to hold “plan assets,” additional issues relating to the plan assets, as well as to “prohibited transaction” concepts under ERISA and the Code, arise. Anyone with discretionary authority with respect to Company assets could become a “fiduciary” of the ERISA Plans within the meaning of ERISA. As a fiduciary of an ERISA Plan subject to ERISA, such person would be required to meet the terms of the ERISA Plan

regarding asset investment and would be subject to prudent investment and diversification standards. Any such fiduciary could be a defendant in an ERISA lawsuit brought by the DOL, an ERISA Plan participant or another fiduciary to require that Company assets and the investment and stewardship thereof meet these and other ERISA standards.

In addition, if the Company is deemed to hold “plan assets,” investment in the Units might be an improper delegation of fiduciary responsibility to the LLC Manager and the Property Manager and expose the fiduciary of an ERISA Plan investor to co-fiduciary liability under ERISA for any breach by the LLC Manager or the Property Manager of its ERISA fiduciary duties.

Section 406 of ERISA and Code Section 4975(c) also prohibit ERISA Plans from engaging in certain transactions with specified parties involving “plan assets.” One of the transactions prohibited is the furnishing of services between a ERISA Plan and a “party in interest” or a “disqualified person.” Included in the definition of “party in interest” under Section 3(14) of ERISA and the definition of “disqualified person” in Code Section 4975(e)(2) is “a person providing services to the plan.” If the LLC Manager, the Property Manager or certain entities and individuals related to the LLC Manager or the Property Manager have previously provided services to an ERISA Plan investor, then the LLC Manager or the Property Manager could be characterized as a “party in interest” under ERISA and/or a “disqualified person” under the Code with respect to such ERISA Plan investor.

If such a relationship exists and the LLC Manager is a “party in interest” and/or a “disqualified person”, it could be argued that, because the LLC Manager shares in certain Company distributions and tax allocations in a manner disproportionate to its capital contributions to the Company, the LLC Manager is being compensated directly out of “plan assets” for the provision of services, i.e., establishment of the Company and making it available as an investment to the ERISA Plan. If this were the case, absent a specific exemption applicable to the transaction, a prohibited transaction could be determined to have occurred between the ERISA Plan and the LLC Manager. Similarly, if such a relationship exists and the Property Manager is a “party in interest” and/or a “disqualified person”, since the Property Manager will receive Property Management Fees and other fees from the Tenants in Common, including the Company, it will be compensated directly out of “plan assets” for its services, and a prohibited transaction would occur between the ERISA Plan and the Property Manager absent a specific exemption.

If the Company’s assets are treated as “plan assets,” a prohibited transaction would also occur if a party with whom the Company enters into a transaction is a “party in interest” or “disqualified person” with respect to an ERISA Plan.

Another type of transaction prohibited by ERISA and the Code is one in which fiduciaries of an ERISA Plan (including the person who establishes an IRA) engage in self-dealing. Accordingly, Affiliates of the LLC Manager, the Property Manager or any of their Affiliates are not allowed to buy Units with assets of any ERISA Plan investor if they (i) have investment discretion with respect to such assets, (ii) regularly give individualized investment advice that serves as the primary basis for the investment decisions made with respect to such assets, or (iii) are the plan sponsor (within the meaning of Section 3(16)(B) of ERISA) such ERISA Plan.

If the Company’s assets are treated as “plan assets” and if it is determined that the acquisition, holding or disposition of a Unit by an ERISA Plan (or another transaction of the Company) constitutes a prohibited transaction, then any party in interest, which may include a fiduciary or sponsor of an ERISA Plan, that has engaged in any such prohibited transaction could be required to: (i) restore to the ERISA Plan any profit realized on the transaction; (ii) make good to the ERISA Plan any losses suffered by the ERISA Plan as a result of such transaction; (iii) pay an excise tax equal to 15% of the amount involved (i.e., the amount invested in the Company) for each year during which the investment is in place; and (iv) eliminate the prohibited transaction by reversing the transaction and making good to the Company any losses resulting from the prohibited transaction. Moreover, if any fiduciary or other party in interest is ordered to correct the transaction by either the IRS or the DOL and such transaction is not timely corrected, the party in interest could also be liable for an additional excise tax in an amount equal to 100% of the amount involved (i.e., the amount invested in the Company). Also, the DOL could assert additional civil penalties against a fiduciary or any other person who knowingly participates in any such breach.

With respect to IRA investors, the tax-exempt status of the IRA could be lost if the person who establishes the IRA or his beneficiary engages in a prohibited transaction with the IRA in connection with the investment (or another transaction of the Company). If the IRA were to lose its tax-exempt status, the entire value of the IRA would be considered distributed and taxable to the person who established the IRA. If any person other than the person who established the IRA or his beneficiary engages in a prohibited transaction with the IRA in connection with the investment (or another transaction of the Company), then such person would be subject to the excise taxes described above.

Annual Valuation

A fiduciary of a Plan subject to ERISA is required to determine annually the fair market value of each asset of the Plan as of the end of the Plan's fiscal year and to file an Annual Return/Report on Form 5500 reflecting that value. When no fair market value of an asset is available, the fiduciary must make a good faith determination of that asset's "fair market value" assuming an orderly liquidation at the time the determination is made. In addition, a trustee or custodian of an IRA must provide the person who established the IRA with a statement of the value of the IRA each year. In discharging its obligation to value assets of a Plan, a fiduciary subject to ERISA must act consistently with the relevant provisions of the Plan and the general fiduciary standards of ERISA.

To assist fiduciaries (and IRA trustees and custodians) in fulfilling their valuation and annual reporting responsibilities, the Company will provide reports of the Company's annual determination of the current value of Units to those fiduciaries (and IRA trustees and custodians) that identify themselves to the Company as such and request the reports. The Company's valuation may be, but is not required to be, performed by independent appraisers.

There can be no assurance that (i) the value established by the Company could or will actually be realized by the Company or an investor upon liquidation (in part because appraisal or estimated values do not necessarily indicate the price at which assets could be sold and because no attempt will be made to estimate the expenses of selling any assets of the Company); (ii) investors could realize such value if they were to try to sell their Units; or (iii) the valuation complies with the requirements of ERISA or the Code.

Further Considerations

Plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA or to the prohibited transaction rules of Code Section 4975; however, such Plans may be subject to comparable restrictions under Similar Law. Any such Plan which is qualified and exempt from taxation under Code Sections 401(a) and 501(a), however, is subject to the prohibited transaction rules set forth in Code Section 503.

Any fiduciary or other person responsible for investment of the assets of a Plan that is considering the purchase of Units should consult with its legal advisor with respect to the potential applicability of ERISA, the Code or similar law to such investment. Moreover, each such fiduciary or other person should determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in Units is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. The sale of Units to a Plan is in no respect a representation by the Company or the LLC Manager that this investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that this investment is appropriate for Plans generally or any particular Plan.

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SUMMARY OF THE LIMITED LIABILITY COMPANY AGREEMENT

The rights and obligations of the Members will be governed by the LLC Agreement. Each investor should carefully review the entire LLC Agreement before making an investment. The following is a summary of some of the significant provisions of the LLC Agreement. It is qualified in its entirety by the full text of the LLC Agreement.

General

The Company was formed under the Delaware Limited Liability Company Act. East Coast Realty Ventures, LLC, a Nevada limited liability company, is the LLC Manager. The LLC Manager's sole member and manager is Frederic S. Richardson. Investors in Units will become Members of the Company. The LLC Manager became the initial Member in order to form the Company and will withdraw upon the admission of additional Members.

The character and general nature of the business of the Company will be to acquire and operate an Interest. The principal place of business of the Company and the LLC Manager is 11710 Old Georgetown Road, #808, Rockville, Maryland 20852, Attention: Mr. Frederic S. Richardson. The telephone number is (301) 230-9674.

Term and Dissolution

The term of the Company will continue until the earliest to occur of the following: (i) upon the happening of any event of dissolution specified in the Certificate of Formation of the Company; (ii) a determination by the Manager, with a Majority Vote, to terminate the Company; (iii) upon the entry of a decree of judicial dissolution; (iv) the sale of the last portion of the undivided interest in the Property held by the Company, or the receipt of the final payment on any seller financing provided by the Company on the sale of the last undivided interest in the Property, if later; or (v) the occurrence of a Dissolution Event (as defined in the LLC Agreement) unless the business of the Company is continued by the consent of the remaining Members within ninety (90) days following the occurrence of the event.

Initial Capital Contributions

Investors in the Units will contribute all of the capital for the Company. The initial Member will contribute \$100, which will be returned to it when additional Members are admitted to the Company.

Additional Capital Contributions

If the Company is required to contribute additional funds under Section 4.2 of the Tenants in Common Agreement, each Member shall make such additional capital contributions to the Company as the LLC Manager may reasonably require from time to time, on a pro rata basis in proportion to their ownership of Units. The LLC Manager shall give written notice to the Members concerning any additional capital contribution requirements, which shall set forth (a) the total amount required, and (b) such Member's proportionate share thereof. The Members shall have ten (10) business days from the date such notice is given to deliver their additional capital contributions to the LLC Manager.

If any Member fails to contribute his share of an additional capital contribution requested by the LLC Manager, the remaining Members shall have the option, but not the obligation, to contribute to the Company the total amount of additional capital that the non-contributing Member(s) were to contribute ("Additional Capital Shortfall"). Any such contribution of an Additional Capital Shortfall would be funded *pari passu* by each contributing Member in proportion to the Unit ownership percentages of the contributing Members.

Following the contributing Member(s)' contribution of additional capital required to fund their share of the requested additional capital contribution plus the Additional Capital Shortfall, each Member's capital account shall be adjusted such that the non-contributing Members' capital accounts shall be reduced by \$1.50 for each \$1.00 of Additional Capital Shortfall contributed by the contributing Member(s) and the contributing Member(s) shall have their capital accounts increased accordingly. Corresponding Unit totals and voting rights shall be recalculated

accordingly. This shall represent the sole remedy available to the Company or any Member against a Member that fails to contribute its share of any requested additional capital contribution.

Allocation of Net Income and Net Loss

Net Income and Net Loss shall, subject to certain limitations, be allocated to the Members in proportion to their outstanding Units.

Distributions of Cash from Operations

The Company's Cash from Operations will be distributed to the LLC Manager and the Members as follows: (i) Cash from Operations in an amount up to 105% of the Annual Revenue Target shall be allocated and distributed 100% to the Members in proportion to their Units; (ii) Cash from Operations greater than 105% of the Annual Revenue Target but less than 115% of the Annual Revenue Target shall be allocated and distributed 5% to the LLC Manager and 95% to the Members in proportion to their Units; (iii) Cash from Operations greater than 115% of the Annual Revenue Target but less than 125% of the Annual Revenue Target shall be allocated and distributed 10% to the LLC Manager and 90% to the Members in proportion to their Units; (iv) Cash from Operations greater than 125% of the Annual Revenue Target but less than 150% of the Annual Revenue Target shall be allocated and distributed 15% to the LLC Manager and 85% to the Members in proportion to their Units; and (v) Cash from Operations in excess of 150% of the Annual Revenue Target shall be allocated and distributed 20% to the LLC Manager and 80% to the Members in proportion to their Units.

Distributions Upon Liquidation of the Company

Any cash remaining upon the dissolution and termination of the Company will be distributed 15% to the LLC Manager and 85% to the Members in proportion to their positive Capital Account balances.

LLC Manager's Authority

The LLC Manager has the exclusive authority to manage and control all aspects of the Company's business. The LLC Manager may, in its sole discretion, employ such persons, including, under certain circumstances, Affiliates of the LLC Manager, as it deems necessary for the efficient operation of the Company. The Members, however, may remove the LLC Manager for any reason by Majority Vote.

Voting Rights of Members

Although they may not take part in the management or control of the Company's business, the Members have the right, by a Majority Vote, to:

- Remove the LLC Manager as provided in the LLC Agreement;
- Admit a LLC Manager or elect to continue the Company's business after the LLC Manager ceases to be the Manager when there is no remaining Manager;
- Amend the LLC Agreement;
- Merge, combine, or roll-up the Company;
- Dissolve and wind up the Company;
- Sell all or substantially all of the Company's assets;
- Determine the Company's vote with respect to a sale, exchange or refinancing of the Property pursuant to the Tenants in Common Agreement;

- Determine the Company's vote with respect to terminating the Property Manager under the Property Management Agreement; and
- Elect to continue the Company in the event of a "Dissolution Event," as defined in the LLC Agreement.

The LLC Manager may at any time call a meeting of the Members, or may call for a vote of the Members without a meeting on matters on which the Members are entitled to vote. In addition, the LLC Manager will call a meeting of the Members if requested in writing by Members holding more than 10% of the outstanding Units.

Special Voting Provisions

The Tenants in Common Agreement provides that the major business decisions regarding the Property must be made by the unanimous agreement of the Tenants in Common, except that the Property Management Agreement can be terminated for any reason by the Tenants in Common holding more than 80% of the undivided interests in the Property. The Company will be one of the Tenants in Common. With respect to certain issues requiring approval by the Tenants in Common, including any sale, exchange, transfer or refinancing of the Property or the removal of the Property Manager, but not including any lease of the Property, Members will be entitled to vote on such issues and the Manager will vote the Company's interest in a manner consistent with the Members' vote. On other matters, the Manager will vote the Company's interest, without input or vote of the Members, in accordance with the votes of the other Tenants in Common.

Liabilities of Members

A Member's capital is subject to the risks of the Company's business. Members may not take part in the management or control of the Company's business. Assuming the Company is managed in accordance with the terms of the LLC Agreement, a Member generally will not be liable for the liabilities of the Company in excess of his or her total Capital Contributions and share of undistributed profits. Notwithstanding the foregoing, a Member must return any Distributions made to such Member if the Member knew at the time of distribution that, after such Distribution, the remaining assets of the Company would not be sufficient to pay the Company's then outstanding liabilities, exclusive of liabilities to Members on account of their contributions. The LLC Agreement provides that the Members shall not be bound by, or personally liable for, the expenses, liabilities or obligations of the Company.

Amendments

The LLC Agreement may be amended by the LLC Manager with the consent, by Majority Vote, of the Members. The LLC Manager, however, may amend the LLC Agreement without action by the Members to: (i) modify the allocation provisions of the LLC Agreement to comply with Code Section 704(b); (ii) add to the representations, duties, services or obligations of the LLC Manager or any Affiliates for the benefit of the Members; (iii) cure any ambiguity or mistake, correct or supplement any provision in the LLC Agreement that may be inconsistent with any other provision, or make any other provision with respect to matters or questions arising under the LLC Agreement that will not be inconsistent with the provisions of the LLC Agreement; (iv) delete or add any provision of the LLC Agreement required to be so deleted or added by the staff of the SEC or by a state "blue sky" commissioner or similar official, which addition or deletion is deemed by the SEC or such official to be for the benefit or protection of the Members; (v) amend the LLC Agreement to reflect the addition or substitution of Members or the reduction of the Capital Accounts upon the return of capital to the Members; (vi) minimize the adverse impact of, or comply with, any "plan assets" regulations; (vii) reconstitute the Company under the laws of another state if beneficial to the Company; (viii) execute, acknowledge and deliver any and all instruments to effectuate the foregoing, including the execution, acknowledgment and delivery of any such instrument by the attorney-in-fact for the LLC Manager under a special or limited power of attorney and to take all such actions in connection therewith as the LLC Manager shall deem necessary or appropriate with the signature of the LLC Manager acting alone; (ix) change the name and/or principal place of business of the Company; (x) decrease the rights and powers of the LLC Manager (so long as such decrease does not impair the ability of the LLC Manager to manage the Company and conduct its business affairs); or (xi) modify the LLC Agreement to make any changes that may be requested by a lender or other party to obtain additional financing or refinancing, including any

modifications to comply with any lender requirement that the Company be a special purpose entity, or to add or delete any such provisions after repayment of any such loans. No amendment shall be adopted pursuant to (ix) or (x) above without the consent of the Members unless the adoption thereof: (a) is for the benefit of, and not adverse to the interests of, the Members; (b) is not inconsistent with the sections of the LLC Agreement pertaining to the management and administration of the Company by the LLC Manager; and (c) does not affect the limited liability of the Members or the status of the Company as a partnership for federal income tax purposes.

Prohibitions

The LLC Agreement provides that the LLC Manager may not receive any rebate, kick-back or give-up in connection with the operation of the Company, nor may the LLC Manager participate in any reciprocal business arrangements that would circumvent the restrictions in the LLC Agreement prohibiting certain types of dealings between the LLC Manager, its Affiliates and the Company. Neither the LLC Manager nor any member of the Selling Group shall directly or indirectly pay or award any finders' fees, commissions or other compensation to any person engaged by a potential investor for investment advice as an inducement to such person to advise the investor to buy Units.

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SUMMARY OF THE TENANTS IN COMMON AGREEMENT

General

The Tenants in Common, including the Company, will be required to enter into, or assume, the Tenants in Common Agreement with respect to the Property. The rights and obligations of the Tenants in Common will be governed by the Tenants in Common Agreement. You should review the entire Tenants in Common Agreement before investing. The following is a summary of some of the significant provisions of the Tenants in Common Agreement. It is qualified in its entirety by reference to the full text of the agreement.

Tenants in Common

The Tenants in Common will be the Company and the Purchasers of Interests.

Term

The Tenants in Common Agreement shall remain in effect until such time as the Tenants in Common or their successors-in-interest no longer own the Property as tenants in common. In no event shall the Tenants in Common Agreement continue beyond December 31, 2036.

Appointment of the Property Manager

The Tenants in Common will enter into the Property Management Agreement and hire the Property Manager to act as the Tenants in Common's agent with respect to the management, operation, maintenance and leasing of the Property. Accordingly, the Tenants in Common will not manage the day-to-day operations of the Property. The Property Manager may delegate the day-to-day management responsibilities to a local property manager. The Property Manager is Mid Atlantic Realty Group, LLC. If the Property Management Agreement is terminated, any new or replacement property management agreement must be unanimously approved by the Tenants in Common (and may require the consent of the Lender as well). See "Summary of Property Management Agreement" and "Acquisition Terms and Financing."

Cash Advances

The Tenants in Common will each be obligated to pay their pro rata share of any future cash advances required in connection with the ownership, operation, management and maintenance of the Property as determined by the Property Manager. If any Tenant in Common fails to pay any required cash advances, any other Tenant in Common may pay such amount. The nonpaying Tenant in Common will be required to reimburse the paying Tenant(s) in Common upon demand, together with interest at 10% per annum. The Property Manager may also withhold payments of net cash flow to the nonpaying Tenant in Common and pay such payments of net cash flow to the paying Tenants in Common until such reimbursement is paid in full. In addition, the paying Tenant(s) in Common may be able to obtain a lien against the undivided interest in the Property of the nonpaying Tenant in Common and exercise other legal remedies. Each Tenant in Common also will be required to indemnify the other Tenants in Common, including the Company, and Affiliates of the Company, to the extent such other Tenants in Common or Affiliates of the Company pay for a liability of such Tenant in Common or if a Tenant in Common causes a liability as a result of such Tenant in Common's actions or inactions. Finally, if the delinquent Tenant in Common fails, after being provided written notice, to cure such delinquency, then the Other Tenants in Common, as defined in the Call Agreement, may be entitled to acquire the Interests held by such delinquent Tenant in Common pursuant to the Call Agreement. These call rights will be available if such delinquent Tenant in Common fails to remit such funds within two business days after receipt of an additional written notice of such delinquency, and 80% or more of the Tenants in Common have elected or agreed to undertake payment of such expenses.

Property Decisions

All of the Tenants in Common must approve any future sale, exchange, lease, transfer or refinancing of the Property. In the event Tenants in Common owning 80% or more of the Property agree to sell, lease or refinance the Property, or to take any other action requiring the unanimous consent of the Tenants in Common, or to take an

action to prevent or cure a Loan default, the Interests of Tenants in Common not in agreement are subject to the Call Agreement. See “Summary of the Call Agreement.” Under the Tenants in Common Agreement, if a Tenant in Common fails to disapprove a matter within time periods specified in the Tenants in Common Agreement, the Tenants in Common will be deemed to have approved the matter.

Transfer Rights

Each Tenant in Common may sell, transfer, convey, pledge, encumber or hypothecate his or her undivided fractional interest in the Property, provided that any transferee shall take such interest subject to the Tenants in Common Agreement, Call Agreement, and the Property Management Agreement (to the extent such agreement are then in effect). Any such transfer is subject to any required consents or other requirements of the Lender. Each Tenant in Common shall be responsible for compliance with applicable securities laws with respect to any sale of his or her interest in the Property.

Income, Expenses, and Cash Flow

All income, expense, loss, liabilities, and cash flow from the Property, and all cash proceeds from any sale, exchange or refinancing of the Property, and all liabilities of the Property (except for items separately determined such as real estate taxes and management fees), will be allocated to the Tenants in Common in proportion to their undivided interests in the Property.

Property Rights

The Tenants in Common have no right to possession of the Property. However, subject to the terms of the Loan, any Tenant in Common may partition the Property subject to the right of the other Tenants in Common to buy a Tenant in Common’s undivided interest in the Property at fair market value (as defined in the Tenants in Common Agreement) upon the filing of an action for partition. To the extent, however, that no Tenant in Common elects to buy all or a portion of the Interest, then the Property Manager or its Affiliates shall be entitled to buy the Interest on the same terms and conditions. Subject to certain conditions and limitations in the Tenants in Common Agreement and to applicable bankruptcy or other laws, the Company may acquire the Interest of any Tenant in Common that is Bankrupt (as that term is defined in the Tenants in Common Agreement).

Tax Election

The Tenants in Common Agreement provides that each Tenant in Common elects to be excluded from the provisions of Subchapter K of Chapter 1 of the Code with respect to joint ownership of the Property.

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SUMMARY OF THE PROPERTY MANAGEMENT AGREEMENT

The Property Manager and the Tenants in Common will enter into a Property Management Agreement. The rights and obligations regarding the management of the Property and the compensation to be paid to the Property Manager will be governed by the Property Management Agreement. The following is a summary of some of the significant provisions of the Property Management Agreement. It is qualified in its entirety by reference to the full text of the agreement.

Term

Subject to annual renewal by all Tenants in Common, the Property Management Agreement shall remain in effect until the earlier to occur of (i) the sale of the Property or any portion thereof, as to such portion of the Property sold only (other than any sale of an undivided interest held by a Tenant in Common to a party that will acquire such interest subject to the Tenants in Common Agreement, Call Agreement, the Asset Management Agreement and the Property Management Agreement), or (ii) December 31, 2021. In addition, the Property Management Agreement may be terminated by the Property Manager if the Tenants in Common are in default in the performance of any of their obligations under the Property Management Agreement and such default remains uncured for thirty (30) days following written notice from the Property Manager to the Tenants in Common of such default. Tenants in Common holding more than 80% of the undivided interests in the Property have the right at any time to terminate the Property Management Agreement without cause upon thirty (30) days prior written notice; and in addition, such Property Management Agreement is subject to annual renewal by all Tenants in Common so that renewal can be prevented by any Tenant in Common. A Tenant in Common who fails to approve the renewal of the Property Management Agreement is subject to the Call Agreement if less than 20% of the Tenants in Common fail to approve the renewal of the Property Management Agreement. See “Summary of the Call Agreement.”

The Property Manager is approved by the Lender. A failure to have a property manager approved by the Lender will be an event of default under the Loan. In the event the Property Manager does not continue as a result of a failure by the Tenants in Common to renew and an acceptable replacement is not promptly appointed, the Loan can be declared in default.

Rights and Duties of the Property Manager

The Property Manager will have the sole and exclusive right to manage, operate, lease and maintain the Property. However, the Property Manager shall have the authority to negotiate and enter into leases of the Property on behalf of the Tenants in Common only if the Lease has been unanimously approved by the Tenants in Common.

Compensation

The Property Manager shall receive a Property Management Fee from the Tenants in Common, but it is anticipated that some or all of this fee may be passed through to any local manager hired by the Property Manager. The Property Manager will also be entitled to certain reimbursements for its out-of-pocket costs and expenses.

Expenses

All expenses incurred in connection with the operation and maintenance of the Property will be borne by the Tenants in Common.

Liability

The Tenants in Common will agree to hold the Property Manager, as their agent, harmless from liability, except for willful misconduct or gross negligence of the Property Manager. The Property Manager has agreed to indemnify the Tenants in Common, including the Company, to the extent a Tenant in Common becomes liable as a result of certain actions of the Property Manager.

SUMMARY OF THE CALL AGREEMENT

The Company and the Purchasers will be required to enter into the Call Agreement, the form of which is attached to hereto as Exhibit D. The Call Agreement provides that if a Dissenting Tenant in Common does not (i) pay Property Expenses (as that term is defined in the Tenants in Common Agreement), or (ii) consent to (A) a sale, lease or refinancing of the Property or (B) any other matter requiring the unanimous consent of the Tenants in Common, or (C) to take action to prevent or cure an event of default under secured loan documents relating to the Property, and Consenting Tenants in Common owning 80% or more of the Property do consent to such a sale, lease or refinancing or other matter requiring the unanimous consent of the Tenants in Common, or to take action to prevent or cure an event of default under secured loan documents relating to the Property, the Property Manager and the other Tenants in Common, as defined in the Call Agreement, have the right, but not the obligation, to purchase any Interests of Tenants in Common who do not pay the Property Expenses or who do not so consent, as applicable (the "Call Rights"). Any prospective purchaser of Units or Interests should review the entire Call Agreement before subscribing.

The following is merely a summary of some of the significant provisions of the Call Agreement and is qualified in its entirety by reference to the full text thereof.

Grant of Call Rights

Each Tenant in Common who is a Dissenting Tenant in Common grants to the Property Manager, its Affiliates, successors or assigns, and any of their affiliates and to each other Tenant in Common, as defined in the Call Agreement, the Call Rights when (i) written notice of delinquency in the payment of Property Expenses has been given by the Property Manager to the Dissenting Tenant in Common pursuant to Section 4.2 of the Tenants in Common Agreement and the Dissenting Tenant in Common fails to pay all such delinquent Property Expenses, together with any late fees, additional interest and other charges resulting from the delinquency within two (2) business days from the date such notice is given to the Dissenting Tenant in Common, or (ii) there is a bona fide offer to purchase, lease or refinance the Property or a proposal to take action requiring unanimous consent of the Tenants in Common Agreement or an imminent or actual default under any loan secured by the Property, but there is not unanimous consent by the Tenants in Common to accept such offer or take such action. The Call Rights shall be applicable to the Interest held by the Dissenting Tenant in Common without regard to whether the triggering event applied to one or both of the properties.

Exercise of Call Rights

The Call Rights may be exercised only by the Property Manager, but the other Tenants in Common may purchase the Interests of the Dissenting Tenants in Common. The Call Rights can be exercised by providing written notice of exercise at any time during the term of the Call Agreement to the Dissenting Tenants in Common. A copy of this notice will also be provided by the Property Manager to the other Tenants in Common. Under the Call Agreement, the Property Manager is granted a limited power of attorney to act on behalf of the Dissenting Tenants in Common. This power of attorney is effective immediately upon the Property Managers' providing the Dissenting Tenants in Common written notice of exercise. The term of the Call Agreement shall commence as of the date entered into and shall terminate at such time as the Tenants in Common or their successors-in-interest no longer own the Property. The bankruptcy, death, dissolution, liquidation, termination, incapacity or incompetency of a Tenant in Common shall not cause the termination of the Call Agreement.

The Consenting Tenants in Common may purchase the Interests purchased under the Call Agreement by giving the Property Manager written notice within 30 days of the exercise of the Call Rights. The Interests to be purchased under the Call Agreement will be offered to the Consenting Tenants in Common by the Property Manager on a pro rata basis according to their Interests.

Any of the Interests not purchased by the Consenting Tenants in Common may be purchased by the Property Manager.

Determination of Value and Payment

The Purchase Price will be the greater of (i) the appraised fair market value of the Property (without any discounts) as determined by an independent third party appraiser selected by the Property Manager or (ii) the value of the Property determined by any written offer to buy the Property in existence at the time of exercise, in each case multiplied by the percentage of the Property represented by such Interest and reduced by the same percentage of any debt encumbering the Property.

Proceeds from the Purchase Price, net of any loans encumbering title to the Property and all outstanding costs and expenses of the Property, shall be paid to the Dissenting Tenants in Common in proportion to their Interests.

Payment of the Purchase Price to Dissenting Tenants in Common will occur as provided in the Call Agreement or at the earlier of (i) the closing of the sale or refinancing of the Property by the Consenting Tenants in Common or (ii) 180 days after exercise of the Call Rights.

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REPORTS TO MEMBERS

The LLC Manager will keep proper and complete records and books of account for the Company at the Company's principal place of business. Members (or their duly authorized representatives) may inspect, examine and copy the Company's books and records at any time during reasonable business hours.

The LLC Manager will furnish the Members on a periodic basis with such information as is considered reasonably necessary by the LLC Manager to properly advise the Members regarding the performance of the Company and the Property. The Company, at the Company's expense, shall cause to be prepared income tax returns for the Company and shall further cause such returns to be timely filed with the appropriate authorities. Members will receive all documents required for the filing of federal tax returns by March 31 of each year.

LITIGATION

There are no legal actions pending against the Company or the LLC Manager, nor, to the knowledge of the LLC Manager, are any such actions contemplated which, if determined adversely, would have a material adverse effect on the Company, the LLC Manager, their financial condition or their operations.

LEGAL COUNSEL

The law firm of Hirschler Fleischer, A Professional Corporation, is Counsel to the Company in connection with this Offering, the Offering of Interests and the acquisition of the Property. In the preparation of this Memorandum and the Addendum, Counsel has relied on the representations and statements of the LLC Manager as to facts about the Property, the LLC Manager, the Company and their Affiliates. Counsel does express any opinion on any factual matter in this Memorandum or the Addendum, other than those matters specifically set forth in its opinion attached hereto.

Counsel does not represent the Members, the Purchasers or their interests and the Members and Purchasers have not been represented in connection with the offering of Units and Interests. Investors seeking legal advice should retain their own counsel, consult their own advisors about an investment in Units or Interests and conduct any due diligence they deem appropriate to verify the accuracy of the representations or information in this Memorandum and the Addendum.

ACCESS TO INFORMATION

Investors are invited to ask questions of, and obtain more information from, the LLC Manager about the terms and conditions of this Offering, the Company, the Manager, the Property, the Property Manager, the Interests, the Units, and any other relevant matters, including, but not limited to, additional information necessary or desirable to verify the accuracy of the information in this Memorandum and the Addendum. The LLC Manager will provide the information to the extent the LLC Manager has such information or can obtain it without unreasonable effort or expense.

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GLOSSARY

The following are definitions of certain terms used in this Memorandum:

Accredited Investor. As defined in Rule 501(a) of Regulation D under the Securities Act.

Acquisition Agreement. The certain Agreement for the Purchase and Sale of Real Property dated December 9, 2005 between the Seller and an Affiliate of East Coast Realty Ventures, LLC.

Acquisition Price. \$16,500,000.

Addendum. The Tenant in Common Interests in Addendum to this Memorandum dated January 30, 2006, including all exhibits attached thereto.

Affiliate(s). The term “Affiliate” shall mean (i) any person directly or indirectly controlling, controlled by or under common control with another person; (ii) a person owning or controlling 10% or more of the outstanding voting securities of such other person; (iii) any officer, director or partner of such other person; and (iv) if such other person is an officer, director or partner, any entity for which such person acts in any capacity. The term “person” shall include any natural person, corporation, partnership, trust, unincorporated association or other legal entity.

Annual Revenue Target. The Company’s pro rata share of the Effective Gross Revenue as described in the Projections.

Asset Management Fee. 2% of annual gross revenues from the Property payable to the Property Manager pursuant to the Property Management Agreement.

Call Agreement. The Call Agreement between the Tenants in Common and the Property Manager in the form attached hereto as Exhibit D.

Capital Account. This term shall have the meaning set forth in the LLC Agreement.

Capital Contribution(s). This term shall have the meaning set forth in the LLC Agreement.

Cash from Operations. This term shall have the meaning set forth in the LLC Agreement.

Code. The Internal Revenue Code of 1986, as amended.

Company. ECRV Eagle Pinnacle Medical, LLC, a Delaware limited liability company.

Consenting Tenants in Common. This term shall have the meaning set forth in the Call Agreement.

Counsel. Hirschler Fleischer, A Professional Corporation, legal counsel to the Company in connection with this Offering and the offering of Interests, other than with regard to certain tax matters.

Depository Account. The non-interest bearing escrow account in which subscription payments for Units will be held in escrow by Bank of America, N.A., pending acquisition of the Property from the Seller.

Dissenting Tenants in Common. This term shall have the meaning set forth in the Call Agreement.

Distributions. This term shall have the meaning set forth in the LLC Agreement.

DOL. United States Department of Labor.

ERISA. The Employee Retirement Income Security Act of 1974, as amended.

Escrow Agent. Bank of America, N.A.

Gross Proceeds. The total equity raised by the Company from the sale of Units pursuant to this Memorandum and the sale of Interests pursuant to the Addendum.

Interests. Undivided tenant in common interests in the Property sold to the Company and Purchasers pursuant to this Memorandum and the Addendum.

Investment Company Act. The Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder.

IRAs. Individual Retirement Accounts.

IRS. Internal Revenue Service.

Lender. SunTrust Bank, or such lender as may be selected by the Company in its sole discretion.

LLC Agreement: The Limited Liability Company Agreement of the Company, a copy of which is attached hereto as Exhibit A.

LLC Manager. East Coast Realty Ventures, LLC, a Nevada limited liability company and the manager of the Company.

Loan. The loan in the principal amount of approximately \$12,375,000 to be obtained from the Lender to acquire the Property.

Loan Parties. The Company and the other Tenants in Common, and Mr. Richardson.

Loan Placement Fee. The sum of \$120,947 payable to the LLC Manager for obtaining and negotiating the Loan.

Majority Vote. This term shall have the meaning set forth in the LLC Agreement.

Managing Broker-Dealer. Capwest Securities, Inc., a member of the NASD/SIPC.

Maximum Offering Amount. \$5,610,000.

Members: The investors in the Units, who will become the Members of the Company.

Memorandum. This Private Placement Memorandum dated January 30, 2006, including all exhibits attached hereto.

Minimum Purchase. 0.4456 Units (\$25,000).

NASD. National Association of Securities Dealers, Inc.

Net Income and Net Loss. These terms shall have the meaning set forth in the LLC Agreement.

Nonaccountable Due Diligence Allowance. Commissions of up to 0.5% of the gross proceeds of the Offering payable to the Selling Group for a nonaccountable due diligence allowance.

Offering. The offering of up to 100 Units pursuant to this Memorandum.

Offering Amount. \$5,610,000 (100 Units at \$56,100 per Unit).

Offering and Organization Expenses. Expenses incurred by the LLC Manager and its Affiliates in connection with this Offering and the organization of the Company, such as legal and accounting fees, printing costs, marketing expenses and other costs and expenses directly related to the Offering.

Offering Termination Date. The earlier of the date a combined \$5,610,000 of Units and Interests are sold or June 30, 2006, which date may be extended until December 31, 2006 in the sole and absolute discretion of the Manager.

Owners. This term shall have the meaning set forth in the LLC Agreement.

Projections. The Projection of Income and Cash Flow for the Property attached hereto as Exhibit G.

Promotional Fee. The sum of \$205,803 payable to the LLC Manager for underwriting and structuring the investment in the Property.

Property. Eagle Medical Complex and Pinnacle 200, two contiguous medical office buildings containing in the aggregate approximately 79,387 square feet of leaseable space, located at 1040 and 1050 Eagles Landing Parkway, Stockbridge, Georgia 30281.

Property Management Agreement. The Property Management Agreement between the Tenants in Common and the Property Manager, a form of which is attached hereto as Exhibit D.

Property Manager. Mid Atlantic Realty Group, LLC, a Nevada limited liability company which is wholly owned by East Coast Realty Ventures, LLC.

Purchase Agreement. The Purchase Agreement and Escrow Instructions pursuant to which Purchasers will subscribe for Interests, the form of which is attached to the Addendum as Exhibit B.

Purchasers. The additional purchasers who may acquire undivided interests as tenants in common in the Property pursuant to this Memorandum and the Addendum.

Qualified Plans. Any pension, profit sharing or stock bonus plan that is intended to be qualified under Code Section 401(a).

SEC. United States Securities and Exchange Commission.

Securities Act. The Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Seller. Shailendra Group, LLC, a Georgia limited liability company.

Selling Commissions. Commissions of up to 7.0% of the Gross Proceeds paid to the Selling Group.

Selling Commissions and Expenses. The total aggregate amount of commissions, allowances and placement fees paid to the Managing Broker-Dealer by East Coast Realty Ventures, LLC and the Company, which amount will not exceed 9.0% of the Gross Proceeds of this Offering.

Selling Group. The broker-dealers who will offer and sell the Units and Interests.

Subscription Agreement. The agreement, in the form attached hereto as Exhibit B, by which each investor shall evidence (i) the number of Units the investor wishes to acquire, (ii) the investor's agreement to become a party to, and be bound by the provisions of, the LLC Agreement, and (iii) certain representations regarding the investor's financial position and investment intent.

Tenants in Common. The Company together with the Purchasers of Interests in their capacity as the owners of undivided interests in the Property.

Total Investment Cost. \$17,985,000, which includes the Acquisition Price and the fees, costs and expenses described in this Memorandum and the Addendum.

UBTI. Unrelated business taxable income.

Units. The limited liability company interests in the Company offered hereby.

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For Exhibits to the ECRV Eagle Pinnacle Medical, LLC Private Placement Memorandum, please return to the Broker/Dealer Login to access all of the exhibits and supporting materials.

EXHIBIT A

LIMITED LIABILITY COMPANY AGREEMENT

EXHIBIT B

INSTRUCTIONS TO INVESTORS AND SUBSCRIPTION AGREEMENT

EXHIBIT C

TENANTS IN COMMON AGREEMENT

EXHIBIT D

CALL AGREEMENT

EXHIBIT E

PROPERTY MANAGEMENT AGREEMENT

EXHIBIT F

THE COMPANY'S BALANCE SHEET (UNAUDITED)

EXHIBIT G

PROJECTION OF INCOME AND CASH FLOW FOR THE PROPERTY

EXHIBIT H

HENRY COUNTY ZONING VERIFICATION

**EAST COAST
REALTY VENTURES, LLC**

301-230-9674