

COPY NO. \_\_\_\_\_

.....  
Name of Offeree



## **ALTS I LLC**

*A Delaware Limited Liability Company*

### **\$94,510,000 MAXIMUM OFFERING**

**SERIES A-3 NON-VOTING UNITS (“A-3 Unit”);  
SERIES B-3 NON-VOTING UNITS (“B-3 Unit”);  
SERIES C-3 NON-VOTING UNITS (“C-3 Unit”); AND  
SERIES D-3 NON-VOTING UNITS (D-3 Unit”) OFFERED**

**Offering Price: \$9,451 Per A-3 Unit  
\$94,510 Per B-3 Unit  
\$236,275 Per C-3 Unit  
\$945,100 Per D-3 Unit**

**Minimum Subscription: Two A-3 Units (\$18,902)**

#### FOR ACCREDITED INVESTORS ONLY

THIS CONFIDENTIAL OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER COMMISSION OR REGULATORY AUTHORITY, NOR HAS ANY SUCH COMMISSION, AUTHORITY, OR ATTORNEY GENERAL DETERMINED WHETHER IT IS ACCURATE OR COMPLETE OR PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THESE ARE SPECULATIVE SECURITIES AND INVOLVE A HIGH DEGREE OF RISK. SEE “RISK FACTORS” BEGINNING ON PAGE 19.

THE SECURITIES OFFERED ARE FOR SALE ONLY TO A SELECT GROUP OF ACCREDITED INVESTORS (AS DEFINED IN “MEMORANDUM SUMMARY – INVESTOR SUITABILITY REQUIREMENTS” ON PAGE 7).

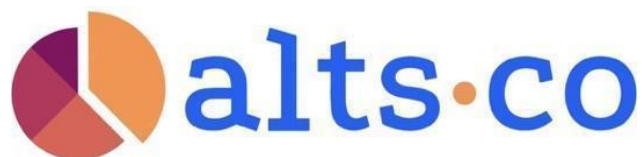
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## Confidential Offering Memorandum - Alts I LLC

In the event you decide not to participate in this Offering, please return the entire Confidential Offering Memorandum to the principal office of the Company as set forth below:

<b><u>Mailing Address</u></b>	<b><u>Registered Delaware Address</u></b>
Alts I LLC 6224 Opal Lane Grand Blanc, Michigan 48439	Alts I LLC 651 N. Broad Street, Suite 206 Middletown, Delaware 19709

The date of this Confidential Offering Memorandum is April 1, 2023.



## ALTS I LLC

*A Delaware Limited Liability Company*

### **\$94,510,000 MAXIMUM OFFERING**

**SERIES A-3 NON-VOTING UNITS (“A-3 Unit”);  
SERIES B-3 NON-VOTING UNITS (“B-3 Unit”);  
SERIES C-3 NON-VOTING UNITS (“C-3 Unit”); AND  
SERIES D-3 NON-VOTING UNITS (D-3 Unit”) OFFERED**

**Offering Price: \$9,451 Per A-3 Unit  
\$94,510 Per B-3 Unit  
\$236,275 Per C-3 Unit  
\$945,100 Per D-3 Unit**

**Minimum Subscription: Two A-3 Units (\$18,902)**

#### FOR ACCREDITED INVESTORS ONLY

This Confidential Offering Memorandum (the “Memorandum”) relates to the offer and sale to a select group of accredited investors of Series A-3 Non-Voting Units (“A-3 Unit”), Series B-3 Non-Voting Units (“B-3 Unit”), Series C-3 Non-Voting Units (“C-3 Unit”), and Series D-3 Non-Voting Units (“D-3 Unit”) (collectively, the “Units”) of the securities of Alts I LLC (the “Company”) at an offering price of \$9,451 per A-3 Unit, \$94,510 per B-3 Unit, \$236,275 per C-3 Unit, and \$945,100 per D-3 Unit at a maximum offering of \$94,510,000 (the “Offering”). Each A-3 Unit will consist of one Series A-3 Non-Voting Membership Interest (the “Series A-3 Interests”). Each B-3 Unit will consist of one Series B-3 Non-Voting Membership Interest (the “Series B-3 Interests”). Each C-3 Unit will consist of one Series C-3 Non-Voting Membership Interest (the “Series C-3 Interests”). Each D-3 Unit will consist of one Series D-3 Non-Voting Membership Interest (the “Series D-3 Interests”). The minimum subscription by an investor is two (2) A-3 Units (\$18,902 minimum investment).

All of the Units will be sold on a “best-efforts” basis which means that net Offering proceeds will be available to the Company upon receipt, acceptance and clearance thereof and

## Confidential Offering Memorandum - Alts I LLC

that no minimum amount of Unit sales will be required in order to complete and close this Offering. There can be no assurance that all of the Units offered will be subscribed for.

The minimum subscription by an investor is two A-3 Units, which is a \$18,902 investment. The Company reserves the right in its sole discretion to sell fractionalized Units and may also accept investments of less than two A-3 Units.

	Price Paid by Investors	Proceeds to the Company <sup>(1)</sup>
<b>Per Two A-3 Units Minimum:</b>	\$18,902.00	\$18,902.00
<b>Maximum Offering:</b>	\$94,510,000.00	\$94,510,000.00

- (1) Before deducting offering expenses payable by the Company, estimated to be up to \$75,000, and, in the event the Company elects to retain a qualified placement agent, excluding potential commissions paid to such placement agent in accordance with federal securities law and the securities law of the various states, including but not limited to the issuance of warrants and/or other securities of the Company as part of such commissions, subject to applicable securities laws and this Memorandum.

The Units will be offered and sold on behalf of the Company by certain officers and/or managers of the Company. The Company may also utilize the services of selected broker-dealers who are members of the Financial Industry Regulatory Authority ("FINRA") in connection with the offer and sale of the Units. None of the managers, officers, and/or employees of the Company will be compensated in any way for offering or selling securities on behalf of the Company.

All of the Units will be sold on a "best efforts" basis up to the maximum offering of \$94,510,000. There can be no assurance that Units will be sold up to the maximum offering of \$94,510,000.

An investment in the Units involves a high degree of risk. Prospective investors in the Units should thoroughly consider this Memorandum and certain special considerations concerning the Company described herein. See "RISK FACTORS" below. An investment in the Units offered hereby is suitable only for, and may be made only by, select investors who have no need for liquidity of investment and understand and can afford the high financial risks of an investment in the Units, including the potential for a complete loss of their investment. There is currently no trading market for any securities of the Company, nor is it expected or assured that such market will develop in the foreseeable future.

The Units and underlying securities have not been approved or disapproved by the Securities and Exchange Commission (the "SEC") or any state securities commission, nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

The Units and underlying securities of the Company are speculative by nature and are intended for a limited number of accredited investors. Each prospective investor should carefully review this Memorandum and the relevant documents referred to herein before deciding to invest in the Company.

THE MEMORANDUM IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN THE SECURITIES OF ALTS I LLC, A DELAWARE LIMITED LIABILITY COMPANY. DUE TO THE CONFIDENTIAL NATURE OF THIS MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE SERIOUS LEGAL CONSEQUENCES. CONSEQUENTLY, THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY OTHER PERSON (OTHER THAN YOUR FINANCIAL ADVISOR) WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY'S MANAGER(S).

## Confidential Offering Memorandum - Alts I LLC

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## Confidential Offering Memorandum - Alts I LLC

### GENERAL NOTICES AND REPRESENTATIONS

This Memorandum is furnished on a confidential basis. This Memorandum constitutes an offer of securities only to the person to whom it is specifically delivered for that purpose (“Offeree”) and is provided solely for the purpose of evaluating an investment in the Company. By accepting delivery of this Memorandum and receiving any other oral or written information provided by the Company in connection with the Offering, each Offeree agrees (a) to keep confidential the contents of this Memorandum and such other information and not to disclose the same to any third party or otherwise use the same for any purpose other than evaluating an investment in the Company, and (b) not to copy, in whole or in part, this Memorandum or any other written information provided by the Company in connection herewith. Each Offeree further agrees to return this Memorandum and any such written information to Alts I LLC, 6224 Opal Lane, Grand Blanc, MI 48439; attention: Brian Jacques, Head of Finance, in the event that (i) the Offeree does not subscribe to purchase any Units, (ii) no portion of the Offeree's subscription is accepted, or (iii) the Offering is terminated or withdrawn.

To the extent applicable, the Units offered hereby have not been registered under the US federal Securities Act of 1933, as amended (the “Securities Act”) or any US state securities laws, in reliance upon exemptions therefrom. If applicable, the Units may not be sold, transferred, pledged or otherwise disposed of in the absence of registration under the Securities Act and under any applicable US state securities or blue sky laws unless pursuant to exemptions therefrom. This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Units offered hereby to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person. This Memorandum does not constitute an Offer if the prospective investor is not qualified under applicable securities laws.

In determining whether to invest in the Units, each person must rely upon his, her or its own examination of the Company and the terms of the Offering made hereby, including the merits and risks involved. The Company expects that, prior to the closing for the Offering made hereby, it will afford prospective investors in the Units an opportunity to ask questions of representatives of the Company concerning the Company and the terms of the Offering and to obtain additional relevant information to the extent the Company possesses such information or can obtain it without unreasonable effort or expense. Except as aforesaid, no person is authorized in connection with the Offering to give any information or make any representation not contained in this Memorandum, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company. The information contained in this Memorandum also supersedes any information concerning the Company or the terms of any investment therein provided to any prospective investor prior to the date of this Memorandum.

The Company makes no express or implied representation or warranty as to the attainability of any forecasted financial information that may be expressed or implied herein or as to the accuracy or completeness of the assumptions from which that forecasted information is derived. It must be recognized that the projections of the Company's future performance are necessarily subject to a high degree of uncertainty, that actual results can be expected to vary from the results projected and that such variances may be material and adverse. Prospective investors are expected to conduct their own investigation with regard to the Company and its prospects. It is expected that each Offeree will pursue his, her or its own independent investigation with respect to the forecasted financial information included herein. Prospective investors in the Units are not to construe the contents of this Memorandum as legal, business or tax advice. Each prospective investor in the Units should consult his, her or its own attorney, business advisor and tax advisor as to the legal, business, tax and related matters concerning this Offering.

This Memorandum has been prepared solely for the purpose of the proposed offering of the Units. The Company reserves the right to reject any subscription for the Units, in whole or in part, or to allot less than the number or amount of securities as to which any prospective investor in the Units has subscribed.

## Confidential Offering Memorandum - Alts I LLC

THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION OR ANY US STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE SECURITIES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. THERE IS NO TRADING MARKET FOR THE COMPANY'S SECURITIES AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE SECURITIES WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER U.S. FEDERAL OR STATE SECURITIES LAWS THE SECURITIES PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE SECURITIES IS BEING UNDERTAKEN PURSUANT TO CERTAIN EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, WHICH MAY INCLUDE WITHOUT LIMITATION THE APPLICABLE RULES UNDER REGULATION D AND/OR REGULATION S UNDER THE SECURITIES ACT. ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE SECURITIES, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND/OR THE SECURITIES LAWS OF ONE OR MORE FOREIGN COUNTRIES (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE SECURITIES TO WHICH THE MEMORANDUM RELATES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

The management of the Company has provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward-looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

**This Offering is expected to be conducted as an exempt general solicitation offering under Rule 506(c) of Regulation D under the 1933 Securities Act. Notwithstanding the foregoing, no general solicitation or advertising in whatever form will or may be employed in this Offering of the securities unless conducted in accordance with and pursuant to the applicable "general solicitation" provisions of Rule 506(c) under Regulation D of the Securities Act, as amended, and as promulgated pursuant to Section 201(a) of the Jumpstart Our Business Startups Act.**

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. This Offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at

## **Confidential Offering Memorandum - Alts I LLC**

the Company's discretion. Each prospective investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Units.

*[Remainder of Page Intentionally Left Blank]*



## U.S. JURISDICTIONAL (NASAA) LEGENDS

The presence of the following legends for any given state reflects only that a legend may be required by that state and should not be construed to mean an offer or sale is being or may be made in that particular state.

If you are uncertain as to whether or not offers or sales may be lawfully made in your state, you are hereby advised to contact the Company. The securities described in this Memorandum have not been registered under any state securities laws (commonly called "Blue Sky" laws). These securities must be acquired for investment purposes only and may not be sold or transferred in the absence of an effective registration of such securities under such laws, or an opinion of counsel acceptable to the Company that such registration is not required.

The Company intends to offer and sell the Securities only to select investors in accordance with the applicable rules and provisions exempting this Offering from registration under Regulation D of the Securities Act, as amended.

**NOTICE TO ALABAMA RESIDENTS ONLY:** THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A CONFIDENTIAL OFFERING MEMORANDUM RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**NOTICE TO ARIZONA RESIDENTS ONLY:** THESE SECURITIES MAY BE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF ARIZONA. NEITHER THE ARIZONA CORPORATION COMMISSION NOR THE DIRECTOR OF SECURITIES HAVE REVIEWED OR PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM OR OTHER SELLING LITERATURE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**NOTICE TO CALIFORNIA RESIDENTS ONLY:** THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATIONS IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY THE APPLICABLE PROVISIONS OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATIONS BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

**NOTICE TO CONNECTICUT RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE CONNECTICUT UNIFORM SECURITIES ACT AND ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT. THEY CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BANKING COMMISSIONER OF THE STATE OF CONNECTICUT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

**NOTICE TO DELAWARE RESIDENTS ONLY:** IF YOU ARE A DELAWARE RESIDENT, YOU ARE HEREBY ADVISED THAT THESE SECURITIES MAY BE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE DELAWARE SECURITIES ACT. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE

REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

**NOTICE TO FLORIDA RESIDENTS ONLY:** THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION UNDER THE FLORIDA SECURITIES ACT. THE SECURITIES REFERRED TO HEREIN MAY ONLY BE SOLD TO, AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER THE APPLICABLE PROVISIONS OF SAID ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL OFFEREEES WHO ARE FLORIDA RESIDENTS SHOULD BE AWARE THAT SECTION 517.061(11)(a)(5) OF THE ACT PROVIDES, IN RELEVANT PART, AS FOLLOWS: "WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, ANY SALE IN FLORIDA MADE PURSUANT TO THIS SECTION IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER." THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061(11) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON ENTITLED TO EXERCISE THE PRIVILEGE TO AVOID SALES GRANTED BY SECTION 517.061 (11)(A)(5) AND WHO WISHES TO EXERCISE SUCH RIGHT, MUST, WITHIN 3 DAYS AFTER THE TENDER OF ANY AMOUNT TO THE COMPANY OR TO ANY AGENT OF THE COMPANY (INCLUDING THE SELLING AGENT OR ANY OTHER DEALER ACTING ON BEHALF OF THE PARTNERSHIP OR ANY SALESMAN OF SUCH DEALER) OR AN ESCROW AGENT CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THIS MEMORANDUM. SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. SHOULD A PERSON MAKE THIS REQUEST ORALLY, HE MUST ASK FOR WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

**NOTICE TO GEORGIA RESIDENTS ONLY:** THESE SECURITIES MAY BE ISSUED OR SOLD IN RELIANCE ON THE APPLICABLE EXEMPTIONS CONTAINED IN THE GEORGIA SECURITIES ACT OF 1973, AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

**NOTICE TO ILLINOIS RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

**NOTICE TO INDIANA RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE INDIANA BLUE SKY LAW AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

**NOTICE TO KENTUCKY RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS OF KENTUCKY NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**NOTICE TO MARYLAND RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MARYLAND SECURITIES ACT AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT.

THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

**NOTICE TO MASSACHUSETTS RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, IF SUCH REGISTRATION IS REQUIRED, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE COMMONWEALTH OF MASSACHUSETTS NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

**NOTICE TO MICHIGAN RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MICHIGAN SECURITIES ACT AND, IF OFFERED IN MICHIGAN OR TO RESIDENTS OF MICHIGAN, ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SUCH ACT. THESE SECURITIES MAY NOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

**NOTICE TO MINNESOTA RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MINNESOTA BLUE SKY LAW AND MAY ONLY BE SOLD TO MINNESOTA RESIDENTS IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

**NOTICE TO MISSISSIPPI RESIDENTS ONLY:** IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN REGISTERED WITH NOR RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE. INVESTORS SHOULD BE AWARE THAT THEY WOULD BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

**NOTICE TO MISSOURI RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT, AND IF OFFERED IN MISSOURI OR TO RESIDENTS OF MISSOURI, WILL BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF MISSOURI, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

**NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE NEW HAMPSHIRE SECURITIES ACT, AND IF OFFERED IN NEW HAMPSHIRE OR TO RESIDENTS OF NEW HAMPSHIRE, WILL ONLY BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF NEW HAMPSHIRE, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

**NOTICE TO NEW JERSEY RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE NEW JERSEY UNIFORM SECURITIES LAW, AND IF OFFERED IN NEW JERSEY OR TO RESIDENTS OF NEW JERSEY, WILL ONLY BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON THE APPLICABLE EXEMPTIONS THEREFROM. IF YOU ARE A NEW JERSEY RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE BUREAU OF SECURITIES OF THE STATE OF NEW JERSEY. THE BUREAU OF SECURITIES OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

**NOTICE TO NEW YORK RESIDENTS ONLY:** THIS DOCUMENT HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE COMPANY HAS TAKEN NO STEPS TO CREATE AN AFTER MARKET FOR THE SECURITIES OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OR OTHERS TO TRADE OR MAKE A MARKET IN SUCH SECURITIES. AT SOME TIME IN THE FUTURE, THE COMPANY MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WILL EVER BE A MARKET THEREFORE.

**NOTICE TO NEVADA RESIDENTS ONLY:** IF ANY INVESTOR ACCEPTS ANY OFFER TO PURCHASE THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL ONLY BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE APPLICABLE PROVISIONS OF THE NEVADA SECURITIES LAW. THE INVESTOR IS HEREBY ADVISED THAT THE ATTORNEY GENERAL OF THE STATE OF NEVADA HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND THE FILING OF THE OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE, OR SALE THEREOF, BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEVADA. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

**NOTICE TO NORTH CAROLINA RESIDENTS ONLY:** THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE NORTH CAROLINA SECURITIES ACT. THE NORTH CAROLINA SECURITIES ADMINISTRATION NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**NOTICE TO NORTH DAKOTA RESIDENTS ONLY:** THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**NOTICE TO PENNSYLVANIA RESIDENTS ONLY:** EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY THE APPLICABLE PROVISIONS OF THE PENNSYLVANIA SECURITIES ACT, DIRECTLY FROM THE ISSUER OR AFFILIATE OF THIS ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT

FOR THE SECURITIES BEING OFFERED. IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 PS § 1-207(m), YOU MAY ELECT, WITHIN TWO (2) BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A LETTER OR TELEGRAM TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED ON THE FRONT PAGE OF THE PROSPECTUS) INDICATING YOUR INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO EVIDENCE THE TIME WHEN IT WAS MAILED. SHOULD YOU MAKE THIS REQUEST ORALLY, YOU SHOULD ASK WRITTEN CONFIRMATION THAT YOUR REQUEST HAS BEEN RECEIVED. THE SECURITIES HAVE BEEN ISSUED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE PENNSYLVANIA SECURITIES ACT OF 1972. NO SUBSEQUENT RESALE OR OTHER DISPOSITION OF THE SECURITIES MAY BE MADE WITHIN 12 MONTHS FOLLOWING THEIR INITIAL SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION, AND THEREAFTER ONLY PURSUANT TO AN EFFECTIVE REGISTRATION OR EXEMPTION.

**NOTICE TO TEXAS RESIDENTS ONLY:** THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER APPLICABLE TEXAS SECURITIES LAWS AND, THEREFORE, ANY PURCHASER THEREOF MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FURTHER, PURSUANT TO §109.13 UNDER THE TEXAS SECURITIES ACT, THE COMPANY IS REQUIRED TO APPRISE PROSPECTIVE INVESTORS OF THE FOLLOWING: A LEGEND SHALL BE PLACED, UPON ISSUANCE, ON CERTIFICATES REPRESENTING SECURITIES PURCHASED HEREUNDER, AND ANY PURCHASER HEREUNDER SHALL BE REQUIRED TO SIGN A WRITTEN AGREEMENT THAT HE WILL NOT SELL THE SUBJECT SECURITIES WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS, OR EXEMPTIONS THEREFROM.

**NOTICE TO WASHINGTON RESIDENTS ONLY:** THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR THIS MEMORANDUM, AND THE SECURITIES HAVE NOT BEEN REGISTERED IN RELIANCE UPON APPLICABLE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS CONTAINED IN THE SECURITIES ACT OF WASHINGTON, AND THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

**FOR RESIDENTS OF ALL OTHER JURISDICTIONS:** THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL, STATE, OR PROVINCIAL SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

**OFFERS AND SALES MADE OUTSIDE THE UNITED STATES  
WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933**

Our securities may be offered and sold to purchasers outside the United States in accordance with the rules of Regulation S promulgated under the Securities Act and/or such other rules and regulations, as may be applicable under the circumstances. Accordingly, the sale, transfer, or other disposition of any of our securities, which are purchased pursuant hereto, may be restricted by applicable federal securities laws and/or the securities laws of one or more non-U.S. countries (depending on the residency of the investor) and by the provisions of the subscription agreement executed by such purchaser.

In the event that Regulation S applies, each distributor selling securities to a distributor, a dealer, or a person receiving a selling commission, fee or other remuneration, prior to the expiration of a one-year distribution compliance period in the case of equity securities, must send a confirmation or other notice to foreign purchasers stating that such purchasers are subject to the same restrictions on offers and sales that apply to a distributor.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so.

Attempted compliance with any rule in Regulation S does not act as an exclusive election; the Company may also claim the availability of any applicable exemption from the registration requirements of the Securities Act. The availability of the Regulation S safe harbor to offers and sales that occur outside of the United States will not be affected by the subsequent offer and sale of these securities into the United States or to U.S. persons during the distribution compliance period, as long as the subsequent offer and sale are made pursuant to registration or an exemption therefrom under the Securities Act.

During the course of the Offering and prior to any sale, each Offeree of the Units and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein. Such information will be provided to the extent the Company possess such information or can acquire it without unreasonable effort or expense.

**FOREIGN JURISDICTIONAL LEGEND**

**FOR PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES:** THESE SECURITIES HAVE NOT AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND, INsofar AS SUCH SECURITIES ARE OFFERED AND SOLD TO PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES, THEY MAY NOT BE TRANSFERRED OR RESOLD DIRECTLY OR INDIRECTLY IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, RESIDENTS OR ENTITIES NORMALLY RESIDENT THEREIN (OR TO ANY PERSON ACTING FOR THE ACCOUNT OF ANY SUCH NATIONAL, CITIZEN, ENTITY OR RESIDENT). FURTHER RESTRICTIONS ON TRANSFER WILL BE IMPOSED TO PREVENT SUCH SECURITIES FROM BEING HELD BY UNITED STATES PERSONS.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum and the exhibits attached hereto include “*forward-looking statements*” within the meaning of the Securities Act of 1933, as amended. All statements other than statements of historical fact are forward-looking statements.

Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Among those risks, trends and uncertainties are the Company’s ability to raise sufficient working capital to carry out the business plans, the long-term efficacy of the business plans, the ability to protect its intellectual property, general economic conditions, and possible decrease in demand for the Company’s services, and increased competition.

Although we believe that in making such forward-looking statements, expectations are based upon reasonable assumptions; such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. We cannot assure you that the assumptions upon which these statements are based will prove to have been correct.

When used in this Memorandum, the words “*expect,*” “*anticipate,*” “*intend,*” “*plan,*” “*believe,*” “*seek,*” “*estimate*” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Because these forward-looking statements involve risks and uncertainties, actual results could differ materially from those expressed or implied by these forward-looking statements for a number of important reasons, including those discussed under “RISK FACTORS” and elsewhere in this Memorandum.

You should read these statements carefully because they discuss the Company’s expectations about its future performance, contain projections of its future operating results or its future financial condition, or state other “*forward-looking*” information. Before you invest in the Units, you should be aware that the occurrence of any of the contingent factors described under “*Risk Factors*” could substantially harm the business, results of operations and financial condition. Upon the occurrence of any of these events, you could lose all or part of your investment.

We cannot guarantee any future results, levels of activity, performance or achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements in this Memorandum after the date of this Memorandum.

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## ABOUT THIS MEMORANDUM

The terms “the “Company,” “us,” “our” and “we,” as used in this Memorandum, refer to Alts I LLC, a Delaware limited liability company.

You should rely only on the information contained in this Memorandum. The Company has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Company is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Memorandum is accurate as of the date on the front cover of this Memorandum only. The Company’s business, financial condition, results of operations and prospects may have changed since that date.

The following term sheet summarizes the basic terms and conditions on which the Company proposes to sell the Units to certain select investors in an exempt offering, subject to documentation in definitive subscription agreements and to completion of all appropriate due diligence investigations. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum and in the documents relating to this transaction, including, without limitation, the Company’s certificate of formation, limited liability company operating agreement, and the subscription agreement for the Units.

## MEMORANDUM SUMMARY

**The Business:** The Company is a newly organized entity that will operate a private equity hedge fund (the “Fund”). The Fund will seek to provide investors with passive income distributions from the activities of the Fund. The Fund will (a) identify, acquire, hold, market, manage and sell memorabilia and collectible items (the “Memorabilia Assets”), (b) to own, invest in, hedge, mine, stake, build nodes and trade crypto-currency, NFTs and other cryptoassets (“Cryptoassets”), (c) make opportunistic investments in works of art (“Artwork”), (d) make opportunistic investments in real estate and real estate related assets (the “Real Estate Assets”), (e) acquire and manage music and other intellectual property rights (“Intellectual Property Rights”), (f) identify, acquire, hold, market, manage and sell collectible wine and whiskey (“Wine and Whiskey”), (g) identify, acquire, hold, market, manage and sell collectible vintage sneakers (“Vintage Sneakers”), and (h) identify, acquire, hold, market, manage and sell collectible rare books (“Rare Books”).

**The Company:** The Company was organized on January 28, 2022, as a Delaware limited liability company. The Company has generally been involved in limited activities, including organizational activities and fundraising since its formation. Accordingly, we have a limited operating history upon which you may evaluate our business and prospects. The Company’s mailing address is 651 N. Broad Street, Suite 206, Middletown, Delaware 19709, and the registered Delaware address is 651 N. Broad Street, Suite 206, Middletown, Delaware 19709; telephone: (717) 379-7301.

**The Manager:** The Company is a manager-managed limited liability company. The present sole manager of the Company is Alts Management Co LLC (the “Manager”), a Delaware limited liability company formed on January 28, 2022, and which is 100% owned and operated by Alt Assets Inc., a Delaware corporation formed on July 23, 2021 (see “MANAGEMENT” below). The Manager may be removed and a new Manager may be elected in accordance with the Company’s limited liability company operating agreement.



<b>The Offering:</b>	The Company proposes to sell the Units only to certain select investors in an exempt, unregistered offering, through general solicitation, subject to documentation in definitive subscription agreements.
<b>Size of Offering:</b>	The Company is offering Series A-3 Non-Voting Units (“A-3 Unit”), Series B-3 Non-Voting Units (“B-3 Unit”), Series C-3 Non-Voting Units (“C-3 Unit”), and Series D-3 Non-Voting Units (collectively, the “Units”) of the securities of Alts I LLC (the “Company”) at an offering price of \$9,451 per A-3 Unit, \$94,510 per B-3 Unit, \$236,275 per C-3 Unit, and \$945,100 per D-3 Unit at a maximum offering of \$94,510,000 (the “Offering”). Each A-3 Unit will consist of one Series A-3 Non-Voting Membership Interest (the “Series A-3 Interests”). Each B-3 Unit will consist of one Series B-3 Non-Voting Membership Interest (the “Series B-3 Interests”). Each C-3 Unit will consist of one Series C-3 Non-Voting Membership Interest (the “Series C-3 Interests”). Each D-3 Unit will consist of one Series D-3 Non-Voting Membership Interest (the “Series D-3 Interests”) There is no minimum aggregate amount of subscriptions that is required for the initial acceptance of subscriptions and there is no offering escrow.
<b>Price Per A-3 Unit:</b>	\$9,451
<b>Price Per B-3 Unit:</b>	\$94,510
<b>Price Per C-3 Unit:</b>	\$236,275
<b>Price Per D-3 Unit:</b>	\$945,100
<b>Minimum Subscription:</b>	\$18,902 (Two A-3 Units)
<b>Management Fees:</b>	The Manager is entitled to receive (a) a management fee equal to 1% per annum of the invested amount (the “Management Fee”), payable on a quarterly basis and (b) a portion of net profits not allocated to investors. The Manager is also entitled to be reimbursed for expenses associated with this Offering and operating the Company. See "COMPENSATION TO MANAGEMENT" below.
<b>Carried Interest:</b>	<p>Management shall receive twenty percent (20%) carried interest of its pro rata share of net profits not allocated to investors holding A-3 Units and B-3 Units.</p> <p>Management shall receive fifteen percent (15%) carried interest of its pro rata share of net profits not allocated to investors holding C-3 Units.</p> <p>Management shall receive ten percent (10%) carried interest of its pro rata share of net profits not allocated to investors holding D-3 Units.</p>
<b>Investor Returns:</b>	Investors are entitled to their Allocable Share of Net Profits (defined below), if any, based on their Ownership Percentage to be paid out annually commencing at the expiration of the Reinvestment Period. Investor principal is expected to be returned to investors upon the termination of the Fund within ten (10) years unless earlier redeemed. See “RETURNS TO INVESTORS” below.
<b>Allocation of Net Profits:</b>	The “Allocable Share of Net Profits”, if any, to be distributed to holders of the Series A-3 Interests, Series B-3 Interests, Series C-3 Interests, Series D-3 Interests and the Voting Common Membership Interests shall be allocated based on the holder’s Ownership Percentage commencing at the expiration of the Reinvestment Period.

“Ownership Percentage” with respect to each holder of the Units and the Voting Common Membership Interests and shall be calculated for each holder based on the total number of the Units or Voting Common Membership Interests held by such holder and dividing that number by the total aggregate number of all outstanding membership interest units.

After the expiration of the Reinvestment Period, the Company anticipates that Allocable Net Profits, if any, shall be paid promptly following the liquidation of the related assets.

See “RETURNS TO INVESTORS” below.

**Reinvestment Period:** Until 10 years from the commencement of the Fund (the “Reinvestment Period”), the Company will reinvest all amounts received in respect of any Fund asset (net of expenses, accrued and unpaid Management Fees, accrued and unpaid Preferred Return and working capital requirements) will be used to make additional investments in related assets pursuant to the Company’s investment strategy.

**Use of Proceeds:** We intend to generally use the net proceeds from the sale of the Units for investment in accordance with the trading and investment strategies of the Fund, administrative and operating expenses, working capital requirements, and other general corporate purposes, with broad discretion by the management of the Company (see “USE OF PROCEEDS” below).

**Investor Suitability Requirements:** An investment in the Units and the underlying securities involves a high degree of risk and is suitable for accredited investors who are sophisticated and experienced in finance and business matters, have no need for liquidity of investment and understand and can afford the high financial risks of such investment. It is expected that the Company will accept subscriptions for the Units from investors who are “accredited” within the meaning of Regulation D under the Securities Act of 1933, as amended. In the case of individuals, persons who have an income of \$200,000 (or joint income with spouse or spousal equivalent of \$300,000) or more during the last two years and the same is reasonably expected for the current year, as well as persons with a net worth of \$1,000,000, excluding the value of the primary residence, are accredited investors. See “INVESTOR SUITABILITY REQUIREMENTS” below.

**Company Capitalization:** The following table sets forth the consolidated capitalization of the Company as of March 10, 2022, and as adjusted to give retroactive effect to the issuance and sale of the maximum number of Units offered hereby. See “DESCRIPTION OF SECURITIES” section below.

<b>Securities Authorized</b>	<b>Interests Outstanding Prior to Offering</b>	<b>Interests Outstanding After Offering, as Adjusted for Maximum Subscription if A-3 Units are Solely Subscribed</b>
Voting Common Membership Interests	2,500	2,500 <sup>(1)</sup>
Series A-3 Non-Voting Membership Interests	0	9,451

<sup>(1)</sup> Voting Common Memberships Interests shall remain the same regardless of the Units subscribed for in the Offering.

**Ownership in the Company:**

This table sets forth, as of March 10, 2022, the beneficial ownership of the Company’s Voting Common Membership Interests: (a) by managers and officers of the Company, (b) by persons who own 5% or more of such securities, and (c) by the managers and officers as a group. The total number of issued and outstanding Voting Common Membership Interests prior to the Offering is 2,500. The total aggregate number of issued and outstanding interests of all classes of securities (Voting Common Membership Interests and Series A-3 Non-Voting Membership Interests) assuming maximum subscription after the Offering will be 12,500 interests.

	Voting Common Membership Interests	Series A-3, Series B-3, Series C-3, or Series D-3 Non-Voting Membership Interests	Aggregate Percentage of all Membership Interests Prior to Offering	Aggregate Percentage of all Membership Interests After Offering <sup>(1)</sup>
Alts Management Co LLC <sup>(2)</sup>	2,500	0	100%	20%
Stefan von Imhof <sup>(3)</sup>	0	0	0%	0%
Wyatt Cavalier <sup>(3)</sup>	0	0	0%	0%
Brian Jacques <sup>(3)</sup>	0	0	0%	0%
<b>All Managers and Officers as a group</b>	<b>2,500</b>	<b>0</b>	<b>100%</b>	<b>20%</b>

1. Does not account for the possibility that the Manager or the Company’s officers may invest along with investors to purchase Units in this Offering
2. The Manager. The Manager is 100% owned by Alt Assets Inc., which is equally owned and operated by Stefan von Imhof (50%) and Wyatt Cavalier (50%).
3. Officer.

**Proposed Plan of Placement:**

The Offering will be conducted by the Company on a best-efforts basis through its officers, manager(s), and/or employees, none of whom will be entitled to any commission or other special consideration for their selling efforts. The Company may also elect, at its discretion, to engage the services of a qualified broker-dealer(s) or outside salesperson(s) or transfer agent in connection with the Offering, subject to applicable securities laws. Presently, the Company expects to engage and utilize Vertalo as its transfer agent. Founded in 2017, Vertalo is an SEC-registered digital transfer agent that connects and enables the digital asset ecosystem.

**The Manager and Voting Rights:**

The Company is a manager-managed limited liability company. Alts Management Co LLC, a Delaware limited liability company formed on January 28, 2022, is presently the sole manager (the “Manager”) of the Company. The members of the Company, in their capacity as members, have no authority to govern the affairs of the Company. The holders of our voting common membership interests (the “Voting Common Membership Interests”) are members of the Company, but only have the authority to call meetings in order to elect or remove the Manager(s) of the Company in accordance with the provisions of the Company’s limited liability company operating agreement (the “Operating Agreement”). Holders of Series A-3 Interests, Series B-3 Interests, Series C-3 Interests, Series D-3 Interests underlying the Units offered hereby are

members of the Company. Holders of Units have no voting or governance authority whatsoever. Presently, the Manager holds 100% of the issued and outstanding Voting Common Membership Interests in the Company. The Manager is expected to continue to hold 100% of the issued and outstanding Voting Common Membership Interests of the Company after the Offering, assuming maximum subscription. See "MANAGEMENT" below.

**Subscription Agreement:**

The Units investment will be made pursuant to a Subscription Agreement between the Company and each investor, which agreement will contain, among other things, certain representations, warranties and covenants of the investor.

**Risks:**

See "RISK FACTORS" and the other information included in this Memorandum for a discussion of factors you should carefully consider before deciding to invest in the Units.

**Depository Account:**

All subscriptions received from subscribing investors will be held in the Company's depository account, pending receipt and acceptance by the Company.

**Available Information:**

Brian Jacques, Head of Finance, will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. Mr. Jacques can be reached by telephone at (717) 379-7301 or by e-mail at [brian@alts.com](mailto:brian@alts.com).

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## TERMS OF THE OFFERING

### Offering of Units

The Units are being offered to a limited number of select investors who meet the suitability requirements set forth below. See “INVESTOR SUITABILITY REQUIREMENTS” below. We are offering Series A-3 Non-Voting Units (“A-3 Unit”), Series B-3 Non-Voting Units (“B-3 Unit”), Series C-3 Non-Voting Units (“C-3 Unit”), and Series D-3 Non-Voting Units (“D-3 Unit”) (collectively, the “Units”) of the securities of Alts I LLC (the “Company”) at an offering price of \$9,451 per A-3 Unit, \$94,510 per B-3 Unit, \$236,275 per C-3 Unit, and \$945,100 per D-3 Unit at a maximum offering of \$94,510,000 (the “Offering”). Each A-3 Unit will consist of one Series A-3 Non-Voting Membership Interest (the “Series A-3 Interests”). Each B-3 Unit will consist of one Series B-3 Non-Voting Membership Interest (the “Series B-3 Interests”). Each C-3 Unit will consist of one Series C-3 Non-Voting Membership Interest (the “Series C-3 Interests”). Each D-3 Unit will consist of one Series D-3 Non-Voting Membership Interest (the “Series D-3 Interests”). The minimum subscription by an investor is two A-3 Units (\$18,902 minimum investment).

There is no minimum aggregate amount of subscriptions that is required for the initial acceptance of subscriptions and there is no offering escrow. The Offering will commence promptly after the date of this Memorandum and will terminate on the earlier of (a) 12 months from the date of this Memorandum, or (b) upon the sale of all 9,451 Units being offered hereby. The Company reserves the right to terminate or extend this Offering at any time without notice as deemed necessary in the sole discretion of the Company's management.

### Subscription Funds

Commencing on the date of this Memorandum all funds received by the Company in full payment of subscriptions for Units will be deposited into one or more Company accounts. All proceeds of this Offering will be available to the Company upon acceptance of such subscription(s). Subscriptions for Units are subject to rejection by the Company at any time.

### Plan of Distribution

General. The Units will be offered and sold on behalf of the Company by certain managers, officers, and/or other employees of the Company.

Units will be issued to investors upon our acceptance of an investor's subscription. We shall have the sole discretion to accept or reject individual subscriptions. Neither our managers, officers, nor employees are entitled to compensation for their services in offering and selling the Units.

Possible Sales Charge. In the event the Company elects to retain a qualified placement agent, the Company may pay potential commissions to such placement agent in accordance with federal securities law and the securities law of the various states up to the highest amount permitted by such laws, not including the issuance of warrants and/or other securities of the Company as part of such commissions, subject to applicable securities laws and this Memorandum

No Federal Registration. The Units are not being registered for sale as securities under the Securities Act of 1933, as amended (the “Securities Act”) in reliance upon all available and applicable exemptions from registration under the Securities Act, including, but not limited to, Rule 506(c) of Regulation D (as may be amended from time to time) under the Securities Act.

Method of Subscription. Investors may subscribe to purchase the Units by (a) completing, dating and signing the Subscription Agreement accompanying this Memorandum, and (b) delivering the signed documents to the Company or the fund administrator (or placement agent, if

any) and making payment in accordance with the Subscription Agreement accompanying this Memorandum. We reserve the right to accept or reject any subscription in whole or in part. If accepted in part, the rejected portion of the investor's subscription will be refunded to the investor (together with accrued interest thereon, if any). No offer and sale of our Units shall be considered to have been made until a fully completed set of subscription documents has been received and approved by our management.

## **INVESTOR SUITABILITY REQUIREMENTS**

### **General**

An investment in the Company involves risk and is suitable only for persons of adequate financial means who do not have liquidity requirements with respect to this investment and who can bear the economic risk of investment losses up through a complete loss of the investment made hereby. This offering is made in reliance on exemptions from the registration requirements of the Securities Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that our securities are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether the investment is appropriate.

In the form of a subscription agreement, we will require each investor to represent in writing, among other things, that (a) by reason of the investor's business or financial experience or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Company and of protecting its own interests in connection with the transaction, (b) the investor is acquiring the Units in the Company for their own account, for investment only and not with a view toward the resale or distribution thereof, (c) the investor is aware that neither the Units, nor the underlying securities, have been registered under the Securities Act or any state securities laws and that transfer thereof is restricted by the Securities Act and applicable state securities laws, (d) the investor is aware of the absence of a market for the Units and underlying securities, and (e) such investor meets the suitability requirements set forth below.

### **Suitability**

Our securities may be sold to an unlimited number of natural persons who have a net worth in excess of \$1,000,000, excluding value of primary residence; a net income of \$200,000 per year; or a net income with their spouse or spousal equivalent of \$300,000 per year; or who are otherwise "accredited investors" as defined in Regulation D under the Securities Act.

### **Accredited Investors**

To be an accredited investor, an investor must fall within ANY of the following categories at the time of the sale of a Unit(s) to that investor:

(1) A natural person whose individual net worth, or joint net worth with that person's spouse or spousal equivalent, at the time of such person's purchase of our securities, exceeds \$1,000,000, excluding value of primary residence; or a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse or spousal equivalent in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(2) A trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered hereby, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D;

(3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, partnership, or limited liability company, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;

(4) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any investment adviser registered pursuant to section 203 of the Investment Advisers Act of 1940 or registered pursuant to the laws of a state; any investment adviser relying on the exemption from registering with the Commission under section 203(l) or (m) of the Investment Advisers Act of 1940; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(5) A private business development company as defined in Section 202(22) of the Investment Advisers Act of 1940;

(6) An executive officer or other person otherwise deemed an insider of the Company;

(7) An entity in which all of the equity owners are accredited investors (as defined above);

(8) Any entity of a type not listed in paragraph (a)(1), (2), (3), (7), or (8) of the definition of "accredited investor" set forth in Rule 501 of Regulation D;

(9) Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status. As of December 8, 2020, the SEC has designated Series 7, 65 or 82 securities license holders;

(10) Any natural person who is a "knowledgeable employee," as defined in rule 3c-5(a)(4) under the Investment Company Act (17 CFR 270.3c-5(a)(4)), of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in section 3 of such act, but for the exclusion provided by either Section 3(c)(1) or Section 3(c)(7) of such act;

(11) Any "family office," as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1): (a) with assets under management in excess of \$5,000,000, (b) That is not formed for the specific purpose of acquiring the securities offered, and (c) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; and

(12) Any “family client,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940 (17 CFR 275.202(a)(11)(G)-1)), of a family office meeting the requirements in paragraph (a)(12) of this section and whose prospective investment in the issuer is directed by such family office pursuant to paragraph (a)(12)(iii).

As used in this Memorandum, the term “net worth” means the excess of total assets over total liabilities, excluding value of primary residence. In determining income, an investor should add to the investor’s adjusted gross income any amounts attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or KEOGH retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

In order to meet the conditions for exemption from the registration requirements under the securities laws of certain jurisdictions, investors who are residents of such jurisdictions may be required to meet additional suitability requirements.

### **PROCEDURE TO PURCHASE SECURITIES**

The suitability standards discussed under “INVESTOR SUITABILITY REQUIREMENTS” above represent minimum suitability standards for prospective investors. Each prospective investor, together with his, her or its investment, tax, legal, accounting and other advisors, should determine whether this investment is appropriate for such investor.

Each investor who wishes to subscribe for Units must provide the Company with the following documents:

(1) A completed and executed Subscription Agreement, and complete the accredited investor verification process through InvestReady (<https://www.investready.com/>), an online accredited investor verification service, or complete and return the Company’s Investor Questionnaire/Third Part Verification Letter (which accompany this Memorandum); and

(2) Please contact the Company directly for wire transfer information.

### **THE COMPANY**

The Company is a newly organized, manager-managed, Delaware limited liability company organized on January 28, 2022. The Company’s mailing address is 651 N. Broad Street, Suite 206, Middletown, DE 19709, and the registered Delaware address is 651 N. Broad Street, Suite 206, Middletown, Delaware 19709. The Company’s telephone number is (717) 379-7301. The Company’s sole Manager is Alts Management Co LLC, a Delaware limited liability company. The Manager is owned by Alt Assets Inc. Alt Assets Inc. is equally owned by Stefan von Imhof and Wyatt Cavalier. See “MANAGEMENT” below.

The Fund will seek to provide investors with passive income distributions from the activities of the Fund. The Fund will (a) identify, acquire, hold, market, manage and sell memorabilia and collectible items (the “Memorabilia Assets”), (b) to own, invest in, hedge, mine, stake, build nodes and trade crypto-currency, NFTs and other cryptoassets (“Cryptoassets”), (c) make opportunistic investments in works of art (“Artwork”), (d) make opportunistic investments in real estate and real estate related assets (the “Real Estate Assets”), (e) acquire and manage music and other intellectual property rights (“Intellectual Property Rights”), (f) identify, acquire, hold, market, manage and sell collectible wine and whiskey (“Wine and Whiskey”), (g) identify, acquire, hold, market, manage and sell collectible vintage sneakers (“Vintage Sneakers”), and (h) identify, acquire, hold, market, manage and sell collectible rare books (“Rare Books”).



## RISK FACTORS

An investment in the Company's securities involves substantial risk. Prospective investors should consider carefully the factors referred to below as well as others associated with their investment. In addition, this Memorandum contains forward-looking statements regarding future events and the future financial performance of the Company that involve significant risks and uncertainties. Investors are cautioned that such statements are predictions and beliefs of the Company, and the Company's actual results may differ materially from those discussed herein. The discussion below includes some of the material risk factors that could cause future results to differ from those described or implied in the forward-looking statements and other information appearing elsewhere in this Memorandum. If any of the following risks, or any additional risks and uncertainties not listed below and not presently known to us, actually occur, our business could be harmed or fail. In such case, you may lose all or part of your investment.

Additionally, the risks and uncertainties described in this Memorandum are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. Furthermore, the on-going global pandemic related to COVID-39 may amplify many of the risks discussed below to which we are subject and, given the unpredictable, unprecedented and fluid nature of the pandemic, it may materially and adversely affect us in ways that are not anticipated by or known to us or that we do not consider to present significant risk. Therefore, we are unable to estimate the extent to which the pandemic and its related impacts will adversely affect our business, financial condition and results of operations.

The following risk factors, in addition to those discussed elsewhere in this Memorandum, should be carefully considered when evaluating the Company as an investment opportunity.

### **General Risks Associated with an Early Stage Company**

**We have a limited operating history upon which you may evaluate us.** The Company was formed on January 28, 2022, as a Delaware limited liability company. The Company has a limited operating history upon which you may evaluate our business and prospects. Our business and prospects must be considered in light of the risk, expense, and difficulties frequently encountered by companies in early stages of development, particularly companies in highly competitive and evolving markets. If we are unable to effectively allocate our resources our business operating results and financial condition would be adversely affected and we may be unable to execute our business plan, and our business could fail.

**Our success is dependent on our management and key personnel.** We believe that our success will depend on the continued expertise of Stefan von Imhof (CEO), Wyatt Cavalier (CIO) and Brian Jacques (Head of Finance) (see "MANAGEMENT" below). The success of the Company is therefore expected to be significantly dependent upon the expertise and efforts of these individuals. Our success may also depend on the assistance of advisors, if any. If any of our senior management, or any of our advisors, if any, were unable or unwilling to continue in their positions, our business and operations could be disrupted or fail.

**We may change its business plan, financing strategy or leverage policies without notice to or consent of investors.** The Company may change its business plan and any of its strategies, policies, or procedures at any time without notice to or the consent of investors, which could result in our acquiring assets that are different from, and possibly riskier than, the types of assets and related investments described in this Memorandum. These changes could adversely affect the Company and its financial condition.

**Management has broad discretion as to the use of proceeds.** The net proceeds from this Offering will be used for the purposes described under "USE OF PROCEEDS." The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated, which it deems to be in the best interests of the Company

and its stakeholders in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of management with respect to application and allocation of the net proceeds of this Offering. Investors for the Units offered hereby will be entrusting their funds to the Company's management, upon whose judgment and discretion the investors must depend.

**Management has voting control of the Company.** The Company is a manager-managed limited liability company. The members of the Company, in their capacity as members, have no authority to govern the affairs of the Company, and only limited voting rights to elect and remove the Manager in accordance with the provisions of the Company's Operating Agreement. The Manager of the Company is already in place, and he presently holds all of the membership securities in the Company and expects to continue to hold such interests after the Offering. Investors in this Offering are not being offered membership interests and accordingly are not members of the Company and have no governance or voting authority or rights.

**Actual results of operations will vary from the Company's projections.** Management has prepared projections regarding the Company's anticipated financial performance. The Company's projections are hypothetical and based upon a presumed financial performance of the Company's business and other factors influencing our business. The projections are based on management's best estimate of the probable results of operations of the Company, based on present circumstances, and have not been reviewed by any independent accountants. Any projected financial results prepared by or on behalf of the Company have not been independently reviewed, analyzed, or otherwise passed upon. Such "forward-looking" statements are based on various assumptions, which assumptions may prove to be incorrect. Such assumptions include but are not limited to (i) anticipated demand for our services, (ii) anticipated costs associated with operations, (iii) anticipated results from our trading activities, and (iv) the overall national and global economy. Some assumptions upon which the projections are based, however, invariably will not materialize due the inevitable occurrence of unanticipated events and circumstances beyond our control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature. In addition, projections do not and cannot take into account such factors as general economic conditions, unforeseen regulatory changes, the entry of additional competitors into our target market, the terms and conditions of future capitalization, and other risks inherent to our business. Accordingly, there can be no assurance that such projections, assumptions, and statements will accurately predict future events or actual performance. Any projections of cash flow should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. Investors are advised to consult with their own independent tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. No representations or warranties whatsoever are made by the Company, its affiliates or any other person or entity as to the future profitability of the Company or the results of making an investment in the Units.

**We may not effectively manage growth.** The anticipated growth of the Company's business will result in a corresponding growth in the demands on the Company's management and its operating infrastructure and internal controls. While we are planning for managed growth, any future growth may strain management resources and operational, financial, human and management information systems, which may not be adequate to support the Company's operations and will require the Company to develop further management systems and procedures. There can be no guarantee that the Company will be able to develop such systems or procedures effectively on a timely basis. The failure to do so could have a material adverse effect upon the Company's business, operating results and financial condition.

**Our efficiency may be limited while our current employees and future employees are being integrated into our operations.** In addition, we may be unable to find and hire additional qualified management and professional personnel to help lead us. There is intense competition for qualified personnel in the area of the Company's activities, and there can be no assurance that the Company will be able to attract and retain qualified personnel necessary for the development of our business.

In addition, there is a risk of a conflict of interest between the interests of our management and key technical personnel, and the interests of the Company, as well as their interests in other potential unrelated activities. If such conflicts arise, this could have a material adverse impact on the Company's business.

**We face substantial competition.** Many of our current and potential competitors have longer operating histories and financial and other resources substantially greater than those we possess. As a result, our competitors may be able to more efficiently locate opportunities or more effectively analyze them, or to devote greater resources than we can. Such competitors could also attempt to increase their presence in our markets by forming strategic alliances with other competitors. Such competition could adversely affect our gross profits, margins and results of operations. There can be no assurance that we will be able to compete successfully with existing or new competitors.

**Increased IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions and services.** Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. While we intend to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, solutions and services remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, improper use of our systems and networks, manipulation and destruction of data, downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

**We may become subject to litigation.** There are many risks incident to acquiring and selling securities on behalf of others that may give rise to litigation. For example, the Company may be named as a defendant in a lawsuit or regulatory action. The Company may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited to, employment liability and business loss claims. There is no assurance that the Company's members will not lose their entire investment in the Company as a result of unforeseen litigation.

**There may be unanticipated obstacles to the execution of the Company's business plan.** The Company's business plans may change significantly. Our business plan is capital intensive. We believe that our chosen activities and strategies are achievable in light of current economic and legal conditions with the skills, background, and knowledge of our principals and advisors. Our management reserves the right to make significant modifications to its stated strategies depending on future events.

### **Risks Associated with Cryptocurrencies and Digital Assets**

**The value digital assets held by the Fund may be highly volatile and subject to fluctuations due to a number of factors.** The value of the digital assets then held by the Fund and fluctuations in the price of any of such digital assets could adversely affect the value of the Fund's investment(s). The market price of a digital asset held by the Fund may be highly volatile, and subject to a number of factors, including:

- An increase in the global supply of such digital asset;
- Manipulative trading activity on Digital Asset Exchanges, which are largely unregulated;
- The adoption of such digital asset as a medium of exchange, store of value or other consumptive asset and the maintenance and development of the open-source software protocol of the applicable Digital Asset Network;
- Forks in the applicable Digital Asset Network;

- Investors' expectations with respect to interest rates, the rates of inflation of fiat currencies or such digital asset, and digital asset exchange rates;
- Consumer preferences and perceptions of such digital asset specifically and digital assets generally;
- Fiat currency withdrawal and deposit policies on Digital Asset Exchanges;
- The liquidity of Digital Asset Markets and any increase or decrease in trading volume on Digital Asset Markets;
- Investment and trading activities of large investors that invest directly or indirectly in such digital asset;
- A "short squeeze" resulting from speculation on the price of such digital asset, if aggregate short exposure exceeds the number of Shares available for purchase;
- An active derivatives market for such digital asset or for digital assets generally;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations and regulatory measures or enforcement actions, if any, that restrict the use of such digital asset as a form of payment or the purchase of such digital asset in the Digital Asset Markets;
- Global or regional political, economic or financial conditions, events and situations, such as the novel coronavirus outbreak;
- Fees associated with processing a transaction of such digital asset and the speed at which such transactions are settled;
- Interruptions in service from or closures or failures of major Digital Asset Exchanges;
- Decreased confidence in Digital Asset Exchanges due to the unregulated nature and lack of transparency surrounding the operations of Digital Asset Exchanges;
- Increased competition from other forms of digital assets or payment services; and
- The Fund's own acquisitions or dispositions of such digital asset, since there is no limit on the number of tokens of any particular digital asset held by the Fund that it may acquire.

In addition, there is no assurance that any particular digital asset held by the Fund will maintain its value in the long or intermediate term.

**The trading prices of many digital assets have experienced extreme volatility in recent periods and may continue to do so. Extreme volatility in the future, including further declines in the trading prices of digital assets could have a material adverse effect on the profitability of the Fund and could lose all or substantially all of their value.** The trading prices of many digital assets have experienced extreme volatility in recent periods and may continue to do so. For instance, there were steep increases in the value of certain digital assets, over the course of 2017, and multiple market observers asserted that digital assets were experiencing a "bubble." These increases were followed by steep drawdowns throughout 2018 in digital asset trading prices. These drawdowns notwithstanding, digital asset prices increased significantly again during 2019, decreased significantly again in the first quarter of 2020 amidst broader market declines as a result of the novel coronavirus outbreak and increased significantly again over the remainder of 2020 and the first quarter of 2021. Subsequently, in the second quarter of 2021, digital asset prices decreased and increased suddenly and significantly. Extreme volatility may persist and the value of the Fund's investment(s) may significantly decline in the future without recovery. The Digital Asset Markets may still be experiencing a bubble or may experience a bubble again in the future. Extreme volatility in the future, including further declines in the trading prices of digital assets, could have a material adverse effect on the profitability of the Company.

**Digital assets were only introduced within the past decade, and their medium-to-long term value is subject to a number of factors relating to the capabilities**

**and development of blockchain technologies and to the fundamental investment characteristics of digital assets.** Digital assets were only introduced within the past decade, and the medium- to long-term value of the Fund's investment(s) is subject to a number of factors relating to the capabilities and development of blockchain technologies, such as the recentness of their development, their dependence on the internet and other technologies, their dependence on the role played by users, developers and miners and the potential for malicious activity. For example, the realization of one or more of the following risks could materially adversely affect the value of the Company's investment in digital assets:

- Digital Asset Networks and the software used to operate them are in the early stages of development. Given the recentness of the development of Digital Asset Networks, digital assets may not function as intended and parties may be unwilling to use digital assets, which would dampen the growth, if any, of Digital Asset Networks.
- The loss or destruction of a private key required to access a digital asset may be irreversible. If a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the owner would be unable to access the digital assets held in the Digital Asset Account corresponding to that private key and the private key will not be capable of being restored by the network of such digital asset.
- Digital asset mining operations can consume significant amounts of electricity, which may have a negative environmental impact and give rise to public opinion against allowing, or government regulations restricting, the use of electricity for mining operations. Additionally, miners may be forced to cease operations during an electricity shortage or power outage.
- The open-source nature of many Digital Asset Network protocols means that developers and other contributors are generally not directly compensated for their contributions in maintaining and developing such protocols. As a result, the developers and other contributors of a particular digital asset may lack a financial incentive to maintain or develop the network, or may lack the resources to adequately address emerging issues. Alternatively, some developers may be funded by companies whose interests are at odds with other participants in a particular Digital Asset Network. If any Digital Asset Network does not successfully develop its policies on supply and issuance, or does so in a manner that is not attractive to network participants, there may not be sufficient network level support for such network, which could lead to a decline in the support and price of such digital asset.
- Many Digital Asset Networks are in the process of implementing software upgrades and other changes to their protocols. In addition, the acceptance of software patches or upgrades by a significant, but not overwhelming, percentage of the users and miners in a Digital Asset Network could result in a "fork" in such network's blockchain, resulting in the operation of multiple separate networks. A temporary or permanent "fork" could adversely affect the value of the Company's investment in such digital assets.
- Many Digital Asset Networks are in the process of developing and making significant decisions that will affect policies that govern the supply and issuance of such network's digital assets as well as such network's other protocols.
- In the past, flaws in the source code for digital assets have been exposed and exploited, including flaws that disabled some functionality for users, exposed users' personal information and/or resulted in the theft of users' digital assets. The cryptography underlying the Fund Components could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take such Fund Component, which would adversely affect the value of the Company's investment in digital assets. Moreover, functionality of the Digital Asset Network of a Fund Component may be negatively affected such that it is no longer attractive to users, thereby

dampening demand for such Fund Component. In addition, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets which would negatively impact the value of any Fund investments in digital assets.

- Moreover, because digital assets have been in existence for a short period of time and are continuing to develop, there may be additional risks in the future that are impossible to predict as of the date of this Memorandum.

**Digital assets represent a new and rapidly evolving industry.** The first digital asset, Bitcoin, was launched in 2009. Ethereum launched in 2015 and, along with Bitcoin, was one of the first cryptographic digital assets to gain global adoption and critical mass. In general, Digital Asset Networks and other cryptographic and algorithmic protocols governing the issuance of digital assets represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. For example, the realization of one or more of the following risks could materially adversely affect the value of the Company's Investment in digital assets:

- Bitcoin, Ethereum and a limited number of digital assets have only recently become selectively accepted by retail and commercial outlets, and use of digital assets by consumers remains limited. Banks and other established financial institutions may refuse to process funds for digital asset transactions; process wire transfers to or from Digital Asset Exchanges, digital asset related companies or service providers; or maintain accounts for persons or entities transacting in digital assets. As a result, the prices of digital assets are largely determined by speculators and miners, thus contributing to price volatility that makes retailers less likely to accept digital assets in the future.
- Banks may not provide banking services, or may cut off banking services, to businesses that provide digital asset-related services or that accept digital assets as payment, which could dampen liquidity in the market and damage the public perception of digital assets generally or any one digital asset in particular and their or its utility as a payment system, which could decrease the price of digital assets generally or individually.
- Certain privacy-preserving features have been or are expected to be introduced to Digital Asset Networks and exchanges or businesses that facilitate transactions in digital assets may be at an increased risk of having banking services cut off if there is a concern that these features interfere with the performance of anti-money laundering duties and economic sanctions checks.
- Users, developers and miners may otherwise switch to or adopt certain digital assets at the expense of their engagement with other Digital Asset Networks, which may negatively impact those networks.

**Smart contracts are a new technology and ongoing development may magnify initial problems, cause volatility on the networks that use smart contracts and reduce interest in them, which could have an adverse impact on the value of digital assets that deploy smart contracts.** Smart contracts are programs that run on a blockchain that execute automatically when certain conditions are met. Since smart contracts typically cannot be stopped or reversed, vulnerabilities in their programming can have damaging effects. For example, in June 2016, a vulnerability in the smart contracts underlying The DAO, a distributed autonomous organization for venture capital funding, allowed an attack by a hacker to syphon approximately \$60 million worth of Ethereum from The DAO's accounts into a segregated account. In the aftermath of the theft, certain developers and core contributors pursued a "hard fork" of the Ethereum network in order to erase any record of the theft. Despite these efforts, the price of Ethereum dropped approximately 35% in the aftermath of the attack and subsequent hard fork. In addition, in July 2017, a vulnerability in a smart contract for a multi-signature wallet software developed by Parity led to a \$30 million theft of Ethereum, and in November 2017, a new vulnerability in Parity's wallet software led to roughly \$160 million worth of Ethereum being indefinitely frozen in an account. Initial problems and continued problems with the development

and deployment of smart contracts may have an adverse effect on the value of the Fund Components and other digital assets that rely on smart contract technology.

**Changes in the governance of a Digital Asset Network may not receive sufficient support from users and miners, which may negatively affect that Digital Asset Network's ability to grow and respond to challenges.** The governance of decentralized networks, such as Bitcoin and the Ethereum network, is by voluntary consensus and open competition. As a result, there may be a lack of consensus or clarity on the governance of any particular decentralized Digital Asset Network, which may stymie such network's utility and ability to grow and face challenges. The foregoing notwithstanding, the protocols for some decentralized networks, such as the Bitcoin network, are informally managed by a group of core developers. The core developers evolve over time, largely based on self-determined participation. To the extent that a significant majority of users and miners adopt amendments to a Digital Asset Network, such Digital Asset Network will be subject to new protocols that may adversely affect the value of the digital asset. If a significant majority of users and miners adopt amendments to a decentralized network based on the proposals of such core developers, such network will be subject to new protocols that may adversely affect the value of the relevant digital asset.

The governance of other networks, such as Stellar, is more formally managed by companies. The Stellar network is largely managed by the Stellar Development Foundation (also known as Stellar.org) ("SDF"). SDF will generally have control over amendments to, and the development of, their respective protocol's source code. To the extent that SDF makes any amendments to the Stellar networks' protocols, respectively, the Stellar networks will be subject to new protocols that may adversely affect the value of XLM, respectively. As a result of the foregoing, it may be difficult to find solutions or marshal sufficient effort to overcome any future problems, especially long-term problems, on Digital Asset Networks.

**Digital Asset Networks face significant scaling challenges and efforts to increase the volume and speed of transactions may not be successful.** Many Digital Asset Networks face significant scaling challenges due to the fact that public blockchains generally face a tradeoff between security and scalability. One means through which public blockchains achieve security is decentralization, meaning that no intermediary is responsible for securing and maintaining these systems. For example, a greater degree of decentralization generally means a given Digital Asset Network is less susceptible to manipulation or capture. In practice, this typically means that every single node on a given Digital Asset Network is responsible for securing the system by processing every transaction and maintaining a copy of the entire state of the network. As a result, a Digital Asset Network may be limited in the number of transactions it can process by the capabilities of each single fully participating node. Many developers are actively researching and testing scalability solutions for public blockchains that do not necessarily result in lower levels of security or decentralization, such as off-chain payment channels and sharding. Off-chain payment channels would allow parties to transact without requiring the full processing power of a blockchain. Sharding can increase the scalability of a database, such as a blockchain, by splitting the data processing responsibility among many nodes, allowing for parallel processing and validating of transactions.

As corresponding increases in throughput lag behind growth in the use of Digital Asset Networks, average fees and settlement times may increase considerably. Increased fees and decreased settlement speeds could preclude certain uses for digital assets (e.g., micropayments), and could reduce demand for, and the price of, digital assets, which could adversely impact the value of the Fund's investment(s).

There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of Digital Asset Network transactions will be effective, or how long these mechanisms will take to become effective, which could adversely impact the value of the Fund's investment(s).

**Digital assets may have concentrated ownership and large sales or distributions by holders of any one digital asset could have an adverse effect on the market price of such digital asset.** Many digital assets have concentrated ownership. For example, as of June

30, 2021 the largest 100 BTC wallets held approximately 16% of the BTC in circulation, the largest 100 ETH wallets held approximately 38% of the ETH in circulation, the largest 100 BCH wallets held approximately 32% of the BCH in circulation, the largest 100 LTC wallets held approximately 47% of the LTC in circulation, and the largest 100 LINK wallets held approximately 81% of the LINK in circulation. Moreover, it is possible that other persons or entities control multiple wallets that collectively hold a significant number of digital assets, even if they individually only hold a small amount, and it is possible that some of these wallets are controlled by the same person or entity. As a result of this concentration of ownership, large sales or distributions by such holders could have an adverse effect on the market price of certain digital assets with highly concentrated ownership.

**Due to the unregulated nature and lack of transparency surrounding the operations of Digital Asset Exchanges, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets, including those held by the Fund.** The Digital Asset Exchanges are relatively new and, in some cases, unregulated. Furthermore, while many prominent Digital Asset Exchanges provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many Digital Asset Exchanges do not provide this information. Digital Asset Exchanges do not appear to be subject to regulation in a similar manner as other regulated trading platforms, such as national securities exchanges or designated contract markets. As a result, the marketplace may lose confidence in Digital Asset Exchanges, including prominent exchanges that handle a significant volume of digital asset trading.

Many Digital Asset Exchanges are unlicensed, unregulated, operate without extensive supervision by governmental authorities, and do not provide the public with significant information regarding their ownership structure, management team, corporate practices, cybersecurity, and regulatory compliance. In particular, those located outside the United States may be subject to significantly less stringent regulatory and compliance requirements in their local jurisdictions. As a result, trading activity on or reported by these Digital Asset Exchanges is generally significantly less regulated than trading in regulated U.S. securities and commodities markets, and may reflect behavior that would be prohibited in regulated U.S. trading venues. For example, in 2019 there were reports claiming that 80- 95% of Bitcoin trading volume on Digital Asset Exchanges was false or non-economic in nature, with specific focus on unregulated exchanges located outside of the United States. Such reports may indicate that the Digital Asset Exchange Market is significantly smaller than expected and that the U.S. makes up a significantly larger percentage of the Digital Asset Exchange Market than is commonly understood. Nonetheless, any actual or perceived false trading in the Digital Asset Exchange Market, and any other fraudulent or manipulative acts and practices, could adversely affect the value of digital assets held by the Fund and/or negatively affect the market perception of the Fund Components.

In addition, over the past several years, some Digital Asset Exchanges have been closed due to fraud and manipulative activity, business failure or security breaches. In many of these instances, the customers of such Digital Asset Exchanges were not compensated or made whole for the partial or complete losses of their account balances in such Digital Asset Exchanges. While smaller Digital Asset Exchanges are less likely to have the infrastructure and capitalization that make larger Digital Asset Exchanges more stable, larger Digital Asset Exchanges are more likely to be appealing targets for hackers and malware and may be more likely to be targets of regulatory enforcement action. For example, the collapse of Mt. Gox, which filed for bankruptcy protection in Japan in late February 2014, demonstrated that even the largest Digital Asset Exchanges could be subject to abrupt failure with consequences for both users of Digital Asset Exchanges and the digital asset industry as a whole. In particular, in the two weeks that followed the February 7, 2014 halt of Bitcoin withdrawals from Mt. Gox, the value of one Bitcoin fell on other exchanges from around \$795 on February 6, 2014 to \$578 on February 20, 2014. Additionally, in January 2015, Bitstamp announced that approximately 19,000 Bitcoin had been stolen from its operational or “hot” wallets. Further, in August 2016, it was reported that almost 118,902 Bitcoins worth around \$78 million were stolen from Bitfinex, a large Digital Asset Exchange. The value of Bitcoin and other digital assets immediately decreased over 10%



following reports of the theft at Bitfinex. In July 2017, the Financial Crimes Enforcement Network (“FinCEN”) assessed a \$110 million fine against BTC-E, a now defunct Digital Asset Exchange, for facilitating crimes such as drug sales and ransomware attacks. In addition, in December 2017, Yopian, the operator of Seoul-based cryptocurrency exchange Youbit, suspended digital asset trading and filed for bankruptcy following a hack that resulted in a loss of 17% of Yopian’s assets. Following the hack, Youbit users were allowed to withdraw approximately 75% of the digital assets in their exchange accounts, with any potential further distributions to be made following Yopian’s pending bankruptcy proceedings. In addition, in January 2018, the Japanese Digital Asset Exchange, Coincheck, was hacked, resulting in losses of approximately \$535 million, and in February 2018, the Italian Digital Asset Exchange, Bitgrail, was hacked, resulting in approximately \$170 million in losses. Most recently in May 2019, one of the world’s largest Digital Asset Exchanges, Binance, was hacked, resulting in losses of approximately \$40 million.

Negative perception, a lack of stability in the Digital Asset Markets and the closure or temporary shutdown of Digital Asset Exchanges due to fraud, business failure or security breaches may reduce confidence in Digital Asset Networks and result in greater volatility in the prices of digital assets. Furthermore, the closure or temporary shutdown of a Digital Asset Exchange used in calculating any of the Digital Asset Reference Rates may result in a loss of confidence in the Fund’s ability to determine its Digital Asset Holdings on a daily basis. These potential consequences of a Digital Asset Exchange’s failure could adversely affect the value of the Fund’s investment(s).

## **Risks Associated with Investments in Real Estate**

### Commercial Real Estate

**Investments in commercial properties involve certain risks in addition to those which exist for real estate properties generally (including certain environmental risks).** The financial failure and resulting lease default of a tenant which occupies a material amount of space at a commercial property would cause a reduction in the cash flow to the Company. Moreover, such reduction could have the effect of decreasing the value of our assets. In the event of such a termination, there can be no assurance that the Company would be able to find a replacement tenant to occupy the space on similar terms, and it is probable that the costs incurred to renovate and prepare the space to meet the needs of a replacement tenant would be significant. It is also possible that such reductions in cash flow could result in the Company to default on a mortgage financing secured by a property. Industrial and commercial properties are also subject to competition from providers of similar or alternative space. Competitors may be able to supply space of similar or superior value at prices equal to or lower than those charged by the Company or the entity that owns the commercial property. Such space is also subject to obsolescence as trends, styles, and technologies change, thereby requiring significant infusions of capital to remain competitive and viable in the marketplace.

**Our revenue and expenses are not directly correlated, and, because a large percentage of our costs and expenses are fixed and some variable expenses may not decrease over time, we may not be able to adapt our cost structure to offset any declines in our revenue.** Many of the expenses associated with our business, such as acquisition costs, construction, property management, and maintenance costs, personal and real property taxes, insurance, compensation, and other general expenses are fixed and would not necessarily decrease proportionally with any decrease in revenue. Our assets may also require a significant amount of ongoing capital expenditure. Our expenses, including capital expenditures, will be affected by, among other things, any inflationary increases, and cost increases may exceed the rate of inflation in any given period. Certain expenses incurred on a per-unit basis may be recurring in nature, such as taxes, insurance, property management, and maintenance costs, which may not decrease on a per-unit basis. By contrast, our revenue is affected by many factors beyond our control, such as the availability and price of alternative commercial and industrial space, and economic conditions in our markets. As a result, we may not be able to fully, or partially, offset any increase in our expenses with a corresponding increase in our revenues. In

addition, state and local regulations may require us to maintain our properties, even if the cost of maintenance is greater than the value of the properties or any potential benefit we may receive from renting the properties.

**Long-term leases may not result in fair market lease rates over time; therefore, our income and cash available for distribution to our investors, if any, could be lower than if we did not enter into long-term leases.** As part of our planned business operations, we expect to enter into long-term leases with individual tenants utilizing third-party property management services. If we do not accurately judge the potential for increases in market rental rates, the rent under our long-term leases may be significantly less than then-current market rental rates, even after contractual rental increases and applicable percentage rents. Further, we may have no ability to terminate those leases or to adjust the rent to then-current market rates. As a result, our revenues and cash available for distribution to our investors, if any, could be lower than if we did not enter into long-term leases of properties.

**We may rely on information supplied by prospective tenants in managing our business.** We may rely on information supplied to us by prospective tenants in their leasing applications to make leasing decisions, and we cannot be certain that this information will be accurate. In particular, we may rely on information submitted by prospective tenants regarding financial condition, credit worthiness, and other factors. If tenant-supplied information is inaccurate or our tenants' creditworthiness declines over time, we may make poor leasing or underwriting decisions and our portfolio may contain more credit risk than we believe. Moreover, when we purchase a property subject to existing leases, we may not be able to collect any information on tenant creditworthiness in connection with such purchases.

**We expect to depend on our tenants for a substantial portion of our revenues.** We expect that we will be dependent upon tenants for a substantial portion of our revenues. Our operating results and cash available for distribution would be adversely affected if our tenants were unable to meet their lease obligations or failed to renew their leases with us. Widespread lay-offs and other adverse changes in the economic conditions in our markets could result in substantial tenant defaults or non-renewals. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord at any given property and may incur costs in protecting our investment and re-leasing the property. We may be unable to re-lease the property for the rent previously received.

**We may be unable to renew leases and our occupancy rate could decline.** We cannot assure you that we will be able to attract tenants, or that any future tenant will renew its lease with us. If the rental rates for a property decreases or our tenants do not renew their leases, our financial condition, results of operations, cash flow, cash available for distribution, and our ability to satisfy our debt service obligations, if any, could be materially adversely affected.

A property may become vacant either by a default of tenants under their leases or the expiration or termination of tenant leases. If vacancies continue for a long period of time, we may suffer reduced revenues resulting in less cash available for distribution. In addition, the resale value of a property could be reduced because the market value of a property may deteriorate if it remains unoccupied for an extended period of time.

**The value and operating fundamentals of commercial real estate in our markets may not improve.** A substantial part of our business plan is based on our belief that the value and operating fundamentals of commercial real estate in our markets will improve significantly over the next several years. We cannot assure you as to whether, when or to what extent property values and operating fundamentals will improve. In addition, it is possible that our belief is incorrect and that the value and operating fundamentals of commercial real estate in our markets will not improve and may deteriorate.

It is possible that current trends in the commercial real estate market will not continue. In addition, we expect that as investors like us increasingly seek to capitalize on opportunities to purchase undervalued commercial real estate assets and convert them to productive uses, the

supply of commercial real estate rental properties will decrease and the competition for properties will intensify.

**When evaluating a property for acquisition, we will make a number of significant estimates and assumptions that may prove to be inaccurate.** This could cause us to overpay for a property or incur development and construction costs significantly in excess of our estimates. In determining whether a property meets our investment criteria, we will make a number of significant estimates and assumptions, including the amount of time it will take us to gain possession of the property, estimated construction costs, the amount of time between acquiring the property and leasing it, annual operating costs, rental rates, and tenant default rates. These estimates and assumptions may prove to be inaccurate and cause us to overpay for the property or overvalue the property.

Furthermore, we expect that there will be a significant degree of variability in the amount of time it takes us to gain possession of the property, the amount of construction required at the property (if any), the quality of construction of the property, the desirability of the property's location and other property-specific issues. Our success will depend, to a significant degree, on our ability to evaluate these factors and that we have correctly identifies the property as one that can be rented and maintained at attractive yields, and/or sold at a profit. To the extent our evaluation of these factors or our assumptions are inaccurate, our investment may not meet our expectations.

In addition, the global market and regulatory environments relating to commercial property have been changing rapidly, making future trends difficult to forecast. For example, an increasing number of commercial tenants now wait for an eviction notice or eviction proceedings to commence before vacating a foreclosed property, which significantly increases the time period between the acquisition and leasing of a property. Such changes affect the accuracy of our assumptions and, in turn, may adversely affect us.

**The success of our business is particularly sensitive to changes in the commercial real estate markets in which our properties are located.** If the regional economies of the jurisdictions we target and/or their associated commercial real estate markets weakens, a property may experience a high rate of loss related to rental rates as well as ultimate resale difficulties, resulting in losses to the Company and investors. A region's economic condition and real estate market may be adversely affected by a variety of events, including natural disasters such as earthquakes, hurricanes, floods and eruptions, power shortages and other natural disasters, terrorist activities and civil disturbances such as riots.

**Buying real estate assets at a discount may not result in obtaining the bottom of the market price.** Acquired assets may decline in value. Any need to liquidate prior to cost recovery or a sale without cost recovery could then result in a loss.

**Limited representations and warranties.** The sellers of a property may make only limited or no representations and warranties regarding the condition of a property, the status of leases, the presence of hazardous materials or hazardous substances within the property, the status of governmental approvals and entitlements for a property, or other matters adversely affecting a property that are discovered. The Company may not be able to pursue a claim for damages against a seller except in limited circumstances. The extent of damages that the Company may incur as a result of such matters cannot be predicted but potentially could result in a significant adverse effect on the value of the property, and the financial condition of the Company.

**Acquiring a property during a period when the commercial real estate sector is experiencing substantial inflows of capital and intense competition may result in an inflated purchase price and increase the likelihood that a property will not appreciate in value and may, instead, decrease in value.** The allocation of substantial amounts of capital for investment in the commercial real estate sector and significant competition for income producing real estate may inflate the purchase prices for such assets. To the extent we may purchase a property in such an environment, it is possible that the value of the property may not appreciate

and may, instead, decrease in value, perhaps significantly, below the amount we paid for the property. In addition to macroeconomic and local economic factors, technical factors, such as a decrease in the amount of capital allocated to the commercial real estate sector and the number of investors participating in the sector, could cause the value of the property to decline.

**The costs and amount of time necessary to secure possession and control of a newly acquired property may exceed our assumptions, which would delay our receipt of revenue from, and return on, the property, if any.** Upon acquiring a property, we may have to evict occupants who are in unlawful possession before we can secure possession and control of the property. The holdover occupants may be the former owners or tenants of the property, or they may be squatters or others who are illegally in possession. Securing control and possession from these occupants can be both costly and time-consuming. If these costs and delays exceed our expectations, our financial performance may suffer because of the increased expenses incurred or the unexpected delays in turning the property into viable resale property.

#### Risks Associated with Residential Housing

**The value and operating fundamentals of residential housing in our markets may not improve.** A substantial part of our business plan is based on our belief that the value and operating fundamentals of residential housing in our markets will provide opportunities over the next several years. We cannot assure you as to whether, when or to what extent property values and operating fundamentals will improve. In addition, it is possible that our belief is incorrect and that the value and operating fundamentals of residential housing in our markets will not improve and may deteriorate.

Many factors impact the residential multi-family real estate market, and if rents in our markets do not increase sufficiently to keep pace with rising costs of operations, our cash available for distribution, if any, may decline. The success of our business model will depend in part on conditions in the residential rental market in our geographic markets. Our asset acquisitions are premised on assumptions about, among other things, occupancy and rent levels, and if those assumptions prove to be inaccurate our cash flows will be lower than expected. Rental rates and occupancy levels have benefited in recent periods from macroeconomic trends affecting the U.S. economy and residential real estate markets in particular, including:

- a tightening of credit that has made it more difficult to finance a home purchase, combined with efforts by consumers generally to reduce their exposure to credit;
- weak economic and employment conditions that have increased foreclosure rates and made it more difficult for families to remain in homes that were purchased prior to the economic downturn;
- declining real estate values that have challenged the traditional notion that homeownership is a stable investment; and

We do not expect these favorable trends in the residential rental market to continue indefinitely. Eventually, a strengthening of the U.S. economy and job growth, coupled with government programs designed to keep homeowners in their homes and/or other factors, may contribute to a stabilization or reversal of the current trend that favors renting rather than homeownership. In addition, we expect that as investors like us increasingly seek to capitalize on opportunities to purchase undervalued housing assets and convert them to productive uses, the supply of residential rental properties will decrease and the competition for tenants will intensify. A softening of the rental market in our markets would reduce our rental revenue.

**Long-term leases may not result in fair market lease rates over time; therefore, our income and cash available for distribution to our investors, if any, could be lower than if we did not enter into long-term leases.** As part of our planned business operations, we may enter into long-term leases with individual tenants utilizing in-house or third-party property management services. If we do not accurately judge the potential for increases in market rental rates, the rent under our long-term leases may be significantly less than then-current market rental rates, even after contractual rental increases and applicable percentage rents. Further, we may have no ability to terminate those leases or to adjust the rent to then-current market rates.

As a result, our revenues and cash available for distribution to our investors, if any, could be lower than if we did not enter into long-term leases of properties.

**We may rely on information supplied by prospective tenants in managing our business.** We may rely on information supplied to us by prospective tenants in their rental applications to make leasing decisions, and we cannot be certain that this information will be accurate. In particular, we may rely on information submitted by prospective tenants regarding household income, tenure at current job, number of children and size of household. If tenant-supplied information is inaccurate or our tenants' creditworthiness declines over time, we may make poor leasing or underwriting decisions and our portfolio may contain more credit risk than we believe. When we purchase properties that are subject to existing leases, we would not be able to collect any information on tenant creditworthiness in connection with such purchases.

**When evaluating a property for acquisition, we will make a number of significant estimates and assumptions that may prove to be inaccurate.** This could cause us to overpay for a property or incur restoration and marketing costs significantly in excess of our estimates. In determining whether a particular property meets our investment criteria, we will make a number of significant estimates and assumptions, including the amount of time it will take us to gain possession of the property, estimated restoration costs, the amount of time between acquiring the property and leasing it, annual operating costs, rental rates and tenant default rates. These estimates and assumptions may prove to be inaccurate and cause us to overpay for properties or overvalue our properties. If we determine to make the estimates and assumptions used in evaluating potential properties for purchase more stringent, it would likely reduce the number of properties that we deem acceptable for purchase. Increases in the market prices for or decreases in the inventory of residential property in our markets could also reduce the number of properties that meet our investment criteria. These factors could adversely affect our ability to deploy the net proceeds from this Offering in accordance with our investment strategy.

Furthermore, we expect that there will be a significant degree of variability in the amount of time it takes us to gain possession of a property, the amount of restoration required at a property (if any), the quality of construction of a property, the desirability of a property's location and other property-specific issues. Our success will depend, to a significant degree, on our ability to evaluate these factors and identify and acquire properties that can be rented and maintained at attractive yields, and/or sold at a profit. To the extent our evaluation of these factors or our assumptions are inaccurate, our investments may not meet our expectations.

In addition, the market and regulatory environments relating to residential property have been changing rapidly, making future trends difficult to forecast. For example, an increasing number of homeowners now wait for an eviction notice or eviction proceedings to commence before vacating a foreclosed property, which significantly increases the time period between the acquisition and leasing of a property. Such changes affect the accuracy of our assumptions and, in turn, may adversely affect us.

**Our long-term growth will depend significantly upon future acquisitions of residential properties that meet our acquisition criteria.** The acquisition of residential properties entails various risks, including the risks that we may overvalue a home, our homes may not perform as we expect, we may be unable to quickly and efficiently restore and sell or lease our properties, our tenants may default and our cost estimates for restoring an acquired home may prove inaccurate. In addition, we cannot assure you of the continued availability of acquisition opportunities in our markets at attractive pricing levels.

**We may be unable to renew leases and our occupancy rate could decline.** We cannot assure you that tenants will renew their leases with us. If the rental rates for our properties decrease or our tenants do not renew their leases, our financial condition, results of operations, cash flow, cash available for distribution, and our ability to satisfy our debt service obligations, if any, could be materially adversely affected.

Some or all of our properties may become vacant either by a default of tenants under their leases or the expiration or termination of tenant leases. If vacancies continue for a long

period of time, we may suffer reduced revenues resulting in less cash available for distribution. In addition, the resale value of the property could be reduced because the market value of a particular property may deteriorate if it remains unoccupied for an extended period of time.

Our revenue and expenses are not directly correlated, and, because a large percentage of our costs and expenses are fixed and some variable expenses may not decrease over time, we may not be able to adapt our cost structure to offset any declines in our revenue. Many of the expenses associated with our business, such as acquisition costs, restoration and maintenance costs, possible HOA fees, personal and real property taxes, insurance, compensation and other general expenses are fixed and would not necessarily decrease proportionally with any decrease in revenue. Our assets may also require a significant amount of ongoing capital expenditure. Our expenses, including capital expenditures, will be affected by, among other things, any inflationary increases, and cost increases may exceed the rate of inflation in any given period. Certain expenses incurred on a per-unit basis may be recurring in nature, such as possible HOA fees, taxes, insurance and restoration and maintenance costs, which may not decrease on a per-unit basis as our portfolio grows through additional property acquisitions. By contrast, our revenue is affected by many factors beyond our control, such as the availability and price of alternative rental housing and economic conditions in our markets. As a result, we may not be able to fully, or partially, offset any increase in our expenses with a corresponding increase in our revenues. In addition, state and local regulations may require us to maintain our properties, even if the cost of maintenance is greater than the value of the property or any potential benefit we may receive from renting the property.

**The success of our business may be particularly sensitive to changes in the real estate markets in which our properties are located.** If the regional economy of those real estate market weakens, our real estate assets may experience a high rate of loss related to resale difficulties, resulting in losses to the Company and investors. A region's economic condition and real estate market may be adversely affected by a variety of events, including natural disasters such as earthquakes, hurricanes, floods and eruptions, pandemics (such as the current COVID-39 pandemic), power shortages and other natural disasters, terrorist activities and civil disturbances such as riots.

**Buying real estate assets at a discount may not result in obtaining the bottom of the market price.** Acquired assets may continue to decline in value. Any need to liquidate prior to cost recovery or a sale without cost recovery could then result in a loss.

**Limited representations and warranties.** The sellers of the properties we acquire may make only limited or no representations and warranties regarding the condition of any such property, the status of leases, the presence of hazardous materials or hazardous substances within any such property, the status of governmental approvals and entitlements for any such property, or other matters adversely affecting the property that are discovered. The Company may not be able to pursue a claim for damages against a seller except in limited circumstances. The extent of damages that the Company may incur as a result of such matters cannot be predicted but potentially could result in a significant adverse effect on the value of any such property, and the financial condition of the Company.

**Acquiring properties during periods when the residential real estate sector is experiencing substantial inflows of capital and intense competition may result in inflated purchase prices and increase the likelihood that our properties will not appreciate in value and may, instead, decrease in value.** The allocation of substantial amounts of capital for investment in the residential real estate sector and significant competition for income producing real estate may inflate the purchase prices for such assets. To the extent we may purchase real estate in such an environment, it is possible that the value of our properties may not appreciate and may, instead, decrease in value, perhaps significantly, below the amount we paid for such properties. In addition to macroeconomic and local economic factors, technical factors, such as a decrease in the amount of capital allocated to the residential home sector and the number of investors participating in the sector, could cause the value of our properties to decline.

**The costs and amount of time necessary to secure possession and control of a newly acquired property may exceed our assumptions, which would delay our receipt of revenue from, and return on, the property, if any.**

### **Risks Specific to Memorabilia and Collectibles**

**Potential negative changes within the Memorabilia and Collectible Asset Class.** We intend to invest in a broad range of memorabilia items. Memorabilia and Collectible Asset Class is subject to various risks, including, but not limited to, currency fluctuations, changes in tax rates, consumer confidence and brand exposure, as well as risks associated with the Memorabilia and Collectible Asset Class in general, including, but not limited to, economic downturns and the availability of desirable Memorabilia and Collectible Assets. Changes in the Memorabilia and Collectible Asset Class could have a material and adverse effect upon the Company's ability to achieve its investment objectives of acquiring additional Memorabilia and Collectible Assets.

**Industry concentration and general downturn in industry.** Popularity within categories of the broader market can impact the value of the Memorabilia and Collectible Assets within categories of the Memorabilia and Collectible Asset Class, and consequently the value of the Interests. Furthermore, as the Memorabilia and Collectible Asset Class is comprised of collectible items, the value of such Memorabilia and Collectible Assets may be impacted if an economic downturn occurs and there is less disposable income for individuals to invest in the Memorabilia and Collectible Asset Class. In the event of a downturn in the industry, the value of the Memorabilia and Collectible Assets is likely to decrease.

**Volatile demand for the assets in the Memorabilia and Collectible Asset Class.** Volatility of demand for luxury goods, in particular high value Memorabilia and Collectible Assets, may adversely affect the Company's ability to achieve its investment purpose. The Memorabilia and Collectible Asset Class has been subject to volatility in demand in recent periods, particularly around certain categories of assets and investor tastes (ex. trading cards). Demand for high value Memorabilia and Collectible Assets depends to a large extent on general, economic, political, and social conditions in a given market as well as the tastes of the collector community and in the case of sports, the general fan community resulting in changes of which Memorabilia and Collectible Assets are most sought after.

Volatility in demand may lead to volatility in the value of the Memorabilia and Collectible Assets, which may result in further downward price pressure and adversely affect the Company's ability to achieve its objective of acquiring additional Memorabilia and Collectible Assets and monetizing Memorabilia and Collectible Assets through exhibiting them at public events, including any Premium Membership Programs that we might develop to generate distributions for Investors.

**We will rely on data from past auction sales and insurance data, among other sources, in determining the value of the Memorabilia and Collectible Assets, and have not independently verified the accuracy or completeness of this information. As such, valuations of the Memorabilia and Collectible Assets may be subject to a high degree of uncertainty and risk.** The Memorabilia and Collectible Asset Class is difficult to value. We understand that there are companies with stated intentions to create platforms that will help create a market by which the Interests (and, indirectly, the Memorabilia and Collectible Assets) may be more accurately valued due to the creation of a larger market for the Memorabilia and Collectible Asset Class than exists from current means. Such platforms, however, do not currently exist and the development of one that functions appropriately is uncertain. We, for example, currently, have no plans to develop such a platform. Until such a platform is developed, however, valuations of the Memorabilia and Collectible Assets will be based upon the subjective approach taken by the members of the Manager's expert network, valuation experts appointed by the asset seller or other data provided by third parties (e.g., auction results and previous sales history). Due to the lack of third-party valuation reports and potential for one-of-a-kind assets, the value of the Memorabilia and Collectible Assets may be more difficult for potential investors to compare against a market benchmark. Furthermore, if similar assets to the Memorabilia and Collectible

Assets are created or discovered it could in turn negatively affect the value of the Memorabilia and Collectible Assets. The Manager sources data from past auction sales results and insurance data; however, it may rely on the accuracy of the underlying data without any means of detailed verification. Consequently, valuations may be uncertain.

### **Risks relating to the Memorabilia and Collectible Assets**

**The value of the Memorabilia and Collectible Assets can go down as well as up.** Valuations are not guarantees of realizable price, do not necessarily represent the price at which the Interests may be sold and the value of the Memorabilia and Collectible Assets may be materially affected by a number of factors outside the control of the Company, including, any volatility in the economic markets, the condition of the Memorabilia and Collectible Assets and physical matters arising from the state of their condition.

**Competition in the Memorabilia and Collectibles Asset Class from other business models.** There is potentially significant competition for Memorabilia and Collectible Assets from many different market participants, including those with existing fractional ownership offerings. While the majority of transactions continue to be peer-to-peer with very limited public information, other market players such as dealers, trade fairs and auction houses continue to play an increasing role. Furthermore, the presence of corporations such as eBay or Amazon in the Memorabilia and Collectible Asset Class adds further competition from non-traditional players.

This competition may negatively affect the liquidity of the Interests, as it is dependent on the Company acquiring attractive and desirable Memorabilia and Collectible Assets to ensure that there is an appetite of potential investors for the Interests. In addition, there are companies that are developing crowd funding models for other alternative Memorabilia and Collectible Asset Classes such as cars, art or wine, who have entered the Memorabilia and Collectible Asset Class as well. Others may do so in the future, increasing the competition within the Memorabilia and Collectible Asset Class.

**The valuation of a Memorabilia and Collectible Asset may be negatively affected by the reputation of the person, group or matter with which it is associated.** The value of a Memorabilia and Collectible Asset is likely to be connected to its association with, a certain person or group or in connection with certain events (prior to or following the acquisition of the Fund Asset by the Company). In the event that such person, group or event loses public affection, then this may adversely impact the value of the Memorabilia and Collectible Asset. For example, San Francisco Giants' outfielder Barry Bonds was on a career path to becoming a first-ballot Hall of Famer due to his home run records. At the turn of the century his game used memorabilia and cards were at a premium. However, steroid use and a poor public image not only put his Hall of Fame election in doubt (he was recently passed over by journalists in his last year of eligibility) but also damaged the value of his memorabilia. The same can also be said for a promising rookie whose career either ends prematurely due to injury or does not meet all the early expectations placed on them.

**The valuation of a Memorabilia and Collectible Asset may be negatively affected by the reputation or brand of the manufacturer of Memorabilia and Collectible Assets.** The Memorabilia and Collectible Assets of the Company will consist of Memorabilia and Collectible Assets from a very wide variety of manufacturers, many of which are still in operation today. The demand for the Memorabilia and Collectible Assets may be influenced by the general perception of the Memorabilia and Collectible Assets that manufacturers are producing today. In addition, the manufacturers' business practices may result in the image and value of the Fund Asset produced by certain manufacturers being damaged. This in turn may have a negative impact on the Memorabilia and Collectible Assets made by such manufacturers and, in particular, the value of the Memorabilia and Collectible Assets. For example, the reputation of a manufacturer of certain sporting equipment that is used by a prominent player may negatively affect the collectability of such equipment.



**Title, authenticity or infringement claims.** There is no guarantee that a Memorabilia or Collectible Asset will be free of any claims regarding title and authenticity (e.g., counterfeit, altered, manipulated, or previously stolen items) even after verification through a third-party authenticator, or that such claims may arise after acquisition. The Company may not have complete ownership history or records for a particular asset. In the event of a title or authenticity claim against the Company, the Company may not have recourse against the Asset Seller or the benefit of insurance and the value of the related asset. Furthermore, the Company and the related asset could be adversely affected if a piece of memorabilia, such as a sports card, was found to be created without all appropriate consents, such as consent from the athlete or league.

**There are risks associated with reliance on third party authenticators.** While there is no guarantee that a Fund Asset will be free of fraud, we intend to mitigate this risk by having the item graded or authenticated by a reputable firm. In the event of an authenticity claim against an authenticated item, the Company may have recourse for reimbursement from the authenticator, although there can be no guarantee of the Company's ability to collect or the authenticator's ability to pay.

Furthermore, authenticators may occasionally make mistakes by either giving their approval or grade to a counterfeit card or piece of memorabilia. Sometimes this mistake is not uncovered until years later when evidence to the contrary surfaces or updated scientific methods are applied. The Company may not have recourse, if such an event occurs, and the value of the Fund Asset will likely deteriorate. A piece of a Fund Asset may also be mislabeled by an authenticator such as giving it the wrong year or attributing it to the wrong person, which may adversely affect its value.

Additionally, it is possible that there are unknown issues with a Fund Asset that are not immediately apparent but arise at a later date. For example, prior storage and display methodologies for a Fund Asset might have adverse effects that are only apparent at a later date. Even through the asset undergoes an authentication process, there are still scenarios where these issues may not be apparent at the time of authentication. Finally, there is reputational risk of the authenticator, which may fall out of favor with collectors, which may impact the value of all items authenticated by the particular authenticator.

**Third party liability.** The Company will assume all of the ownership risks attached to the Fund Asset, including third party liability risks. Therefore, the Company may be liable to a third party for any loss or damages incurred by such third party in connection with a Fund Asset. This would be a loss to the Company and, in turn, adversely affect the value of the Company's assets and would negatively impact the ability of the Company to make distributions.

**A Fund Asset may be lost or damaged by causes beyond the Company's control while being transported or when in storage or on display. There can be no guarantee that insurance proceeds will be sufficient to pay the full market value of a Fund Asset which has been damaged or lost which will result in a material and adverse effect in the value of the related interests.** Any Fund Asset may be lost or damaged by causes beyond the Company's control when in storage or on display. There is also a possibility that a Fund Asset could be lost or damaged while being exhibited at a public event. Any damage to a Fund Asset or other liability incurred as a result of participation in these programs, including personal injury to participants, could adversely impact the value of the Fund Asset or adversely increase its liabilities or operating expenses. Further, when a Fund Asset has been purchased, it will be necessary to transport it to the Asset Manager's preferred storage location or as required to participate in any public event. A Fund Asset may be lost or damaged in transit, and transportation, insurance or other expenses may be higher than anticipated due to the locations of particular events.

Although we intend for the Memorabilia and Collectible Assets to be insured at replacement cost (subject to policy terms and conditions), in the event of any claims against such insurance policies, there can be no guarantee that any losses or costs will be reimbursed, that a

Fund Asset can be replaced on a like-for-like basis or that any insurance proceeds would be sufficient to pay the full market value (after paying for any outstanding liabilities including, but not limited to any outstanding balances under Operating Expenses Reimbursement Obligations), if any, of the Interests. In the event that damage is caused to a Fund Asset, this will impact the value of the Fund Asset, and consequently, the Interests related to the Fund Asset, as well as the likelihood of any distributions being made to its Investors.

**Insurance of Memorabilia and Collectible Assets may not cover all losses which will result in a material and adverse effect in the valuation of such damaged Memorabilia and Collectible Assets.** Insurance of any Fund Asset may not cover all losses. There are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war that may be uninsurable or not economically insurable. Inflation, environmental considerations and other factors, including terrorism or acts of war, also might make insurance proceeds insufficient to repair or replace an asset if it is damaged or destroyed. Under such circumstances, the insurance proceeds received might not be adequate to restore the Company's economic position with respect to its affected Fund Asset. Furthermore, the Company would bear the expense of the payment of any deductible. Any uninsured loss could result in both loss of cash flow from, and a decrease in value of, the affected Fund Asset.

**Forced sale of Memorabilia and Collectible Assets.** The Company may be forced to sell one or more of the Memorabilia and Collectible Assets (e.g., upon the bankruptcy of the Manager) and such a sale may occur at an inopportune time or at a lower value than when the Memorabilia and Collectible Assets were first acquired or at a lower price than the aggregate of costs, fees and expenses used to purchase the Memorabilia and Collectible Assets. In addition, there may be liabilities related to the Memorabilia and Collectible Assets, i at the time of a forced sale, which would be paid off prior to Investors receiving any distributions from a sale. In such circumstances, the capital proceeds from any Fund Asset and, therefore, the return available to Investors, may be lower than could have been obtained if the Company held the Fund Asset and sold it at a later date.

**Market manipulation or overproduction Market manipulation may be a risk with the Memorabilia and Collectible Asset Class.** Market manipulation may be a risk with the Memorabilia and Collectible Asset Class. For example, one trading card manufacturer was caught secretly producing examples of hard to find and valuable cards that were given to its executives. This loss of faith in the company led to a devaluation of the cards involved. Another example is that a modern football and baseball player is issued many uniforms over the course of a season. The more a team issues, the less exclusive said item becomes. Also, many players have exclusive contracts with outlets that sell the players game used uniforms and equipment. There is no way of knowing if a company or player is secretly hoarding items which might be "dumped" in the market at a later date.

**Environmental damage could negatively affect the value of a Fund Asset which will result in a material and adverse effect in the value of the related Interests.** Improper storage may lead to the full or partial destruction of an item. For instance, trading cards, tickets, posters or other paper piece can be destroyed by exposure to water or moisture. Likewise, equipment such as a bat may warp, or a leather glove may grow mold due to exposure to the elements. Autographs that are signed with inferior writing instruments or rendered on an unstable substrate may fade or "bleed," thereby reducing its value to collectors. Some of the defects may not be initially visible or apparent, for example moisture in a frame, and may only become visible at a later date, at which point the value of the Fund Asset and in turn the Company may be negatively affected.

**Potentially high storage and insurance costs for the Memorabilia and Collectible Assets.** In order to protect and care for the Memorabilia and Collectible Assets, the Manager must ensure adequate storage facilities, insurance coverage and, if required, maintenance work. The cost of care may vary from year to year depending on changes in the insurance rates for covering the Memorabilia and Collectible Assets and changes in the cost of storage for the

Memorabilia and Collectible Assets, and if required, the amount of maintenance performed. It is anticipated that as the Company acquires more Memorabilia and Collectible Assets, the Manager may be able to negotiate a discount on the costs of storage, insurance and maintenance due to economies of scale. These reductions are dependent on the Company acquiring a number of Memorabilia and Collectible Assets and service providers being willing to negotiate volume discounts and, therefore, are not guaranteed.

If costs turn out to be higher than expected, this would impact the value of the Interests related to a Fund Asset, the amount of distributions made to Investors holding the Interests, on potential proceeds from a sale of the Fund Asset (if ever), and any capital proceeds returned to Investors after paying for any outstanding liabilities, including, but not limited to any outstanding balances under Operating Expenses Reimbursement Obligation.

**The general sentiment of underlying fan base may negatively affect the value of memorabilia.** This is particularly prominent in sports memorabilia, but also holds true for memorabilia categories such as movie franchises, musicians, and others.

By example, leagues such as the NBA, MLB, NHL and NFL have a long and reliable fan base. However, events, such as player strikes, general public appeal of a league or a particular sport, may have an impact on the associated Memorabilia and Collectible Assets. For instance, the NHL strike of 1994-1995 caused a loss of fan interest. Upstart leagues such as the USFL in football may cause an early interest in memorabilia from that league but may lose interest from lack of success.

Similarly, various forms of Memorabilia and Collectible Assets go in and out of favor with collectors. For example, there was a renewed interest in soccer within the United States after the U.S. team won the Women's World Cup in 2012. When there were no further victories on the same scale, the value of and interest in women's soccer memorabilia generally returned to previous levels.

### **Risks Associated with an Investment in Artwork and/or Rare Books**

**There is no assurance of appreciation of the Artwork and/or rare books or sufficient cash distributions resulting from the ultimate sale of the Artwork and/or rare books.** There is no assurance that the Artwork and/or rare books will appreciate, maintain its present value, or be sold at a profit. The marketability and value of the Artwork and/or rare books will depend upon many factors beyond our control. There can be no assurance that there will be a ready market for the Artwork and/or rare books, since investment in Artwork and/or rare books is generally illiquid, nor is there any assurance that sufficient cash will be generated from the sale of the Artwork and/or rare books to compensate investors for their investment. Even if the Artwork and/or rare books does appreciate in value, the rate of appreciation may be insufficient to cover our administrative costs and expenses.

**The value of the Artwork and/or rare books is subjective.** The value of the Artwork and/or rare books is inherently subjective given its unique character. The acquisition of the Artwork and/or rare books by the Company is planned to occur on or before the initial closing of this Offering. The future realizable value of a fine Artwork and/or rare books may differ widely from its estimated or appraised value for a variety of reasons, many of which are unpredictable and impossible to discern. In addition, the net realizable value to a seller at auction is often significantly lower than the published sale price because the net proceeds are typically reduced by all or a portion of the buyer's premium and there may also be a sales commission.

For non-cash generating assets, such as fine art, valuation is heavily reliant on an analysis of sales history of similar Artwork and/or rare books. Experts often differ on which historical sales are comparable and the degree of comparability. The attempt to discern value from historical sales data is extremely challenging for a variety of reasons, including, without limitation:

- **Qualitative Factors.** Differences in perceived quality or condition between the subject work and the so-called “comparable” sale. Perceived differences in the physical quality and condition of the respective works require subjective judgments as to the valuation impact attributable to such differences.
- **Lack of Reliable Data.** Data from non-auction sales, comprising a majority of all sales, is largely unavailable and historical sales data may be inaccurate. Also, data may be stale or unavailable to the public because comparable works may remain off market for extended periods of time, often for generations. Even for public auctions, sale prices may be incorrectly reported due to credits for guarantees entered into with buyers (though under current rules in certain jurisdictions, these are required to be deducted from the reported sale price), or other credits provided to potential buyers.
- **Idiosyncratic Factors.** Idiosyncratic motivations of a buyer or seller may significantly affect the sale price. These motivations may relate to an emotional attachment to the work, ego, financial, estate or tax planning objectives, the desire to enhance or complete a specific collection objective, perceptions of supply and scarcity and other factors.
- **Timing Differences.** Historical transactions must be viewed in light of market conditions at the time compared to current conditions. Overall market conditions are difficult to track in recent periods and extremely difficult to discern for historical periods. Harder still, is the ability to track the relative popularity of specific works, artists and genres over historical periods.
- **Market Depth.** Sale prices only reflect the price a single buyer was willing to pay for a work, so it is very difficult to determine the depth of demand, as defined by the number of potential buyers that are ready, willing and able to purchase an Artwork and/or rare books at or below a given price level.
- **Entanglements.** It is not uncommon in the art market for buyer, sellers and intermediaries to enter into private contractual arrangements that may affect the selling price in a specific transaction. It is often impossible to know of the existence or terms of any such contractual arrangements.

Accordingly, due to the inherent subjectivity involved in estimating the realizable value of the Artwork and/or rare books, any appraisal or estimate of realizable value may prove, with the benefit of hindsight, to be different than the amount ultimately realized upon sale and such differences can be, and often are, material.

**Since the valuation of high-end Artwork and/or rare books relies in large part on an analysis of historical auction sales, it is more difficult to accurately determine fair value of Artwork and/or rare books by artists that have fewer auction sales.** Certain artists such as Andy Warhol and Pablo Picasso have a relatively large global collector base and a well-established track record of auction sales over a lengthy period. These artists were also extremely prolific during their careers, so their artwork is frequently bought and sold at auction. This relatively large volume of data makes estimates of historical pricing trends and fair value ranges for artwork produced by these artists more reliable. By contrast, valuation of works by other artists who have a smaller collector base and or a shorter track record of auction sales is comparatively more difficult and such assessments are generally prone to wider margins of error. When assessing the historical auction performance of artwork by a particular artist, investors are urged to consider the volume of public auction data available. As a general matter, historical pricing trends and fair value estimates are more likely to be more accurate for artists with higher volumes of prior auction sales than pricing trends and estimates for artists that have fewer historical auction sales. Accordingly, there is a higher risk that we may overpay for, or misprice, artwork by artists with fewer auction sales than those with higher volumes of prior auction sales.

An investment in the Artwork is subject to various risks, any of which could materially impair the value of the Artwork which would reduce the amount available to distribute to investors.

Investing in Artwork is subject to the following risks:

- **Authenticity.** Claims with respect to the authenticity of a work may result from incorrect attribution, uncertain attribution, lack of certification proving the authenticity of the artwork, forgery of a work of art, or falsification of the artist's signature. We generally obtain representations of authenticity from sellers, but these representations may not effectively eliminate the risk.
- **Provenance.** Claims related to provenance, or history of ownership, are relatively common and allege that an artwork has an uncertain or false origin. Buyers may also negatively perceive some elements of the prior ownership history, or whether the work is considered to have sold too often in the past. With respect to the Artwork, buyers may negatively perceive our ownership in the Artwork when considering a purchase.
- **Condition.** The physical condition of an artwork over time is dependent on technical aspects of artistic workmanship, including the materials used, the manner and skill of application, handling and storage and other factors.
- **Physical Risks.** Artwork is subject to potential damage, destruction, devastation, vandalism or loss as a result of natural disasters (flood, fire, hurricane), crime, theft, illegal exportation abroad, etc.
- **Legal Risks.** Artwork ownership is prone to a variety of legal challenges, including challenges to title, nationalization, purchase of work of art from unauthorized person, risk of cheating, money laundering, violation of legal regulations and restitution issues. Purchasing from major auction houses and reputable galleries can reduce, but not eliminate these risks.
- **Market Risks.** The art market is prone to change due to a variety of factors, including changes in transaction costs, substantial changes in fees, tax law changes, export licenses etc., changes in legal regulations, changes in attitudes toward art as an investment, changes in tastes, trends (fashion) and changes in supply, such as the liquidation of a major collection. These risks can be specific to certain geographies.
- **Economic Risks.** Art values and demand are affected by economic confidence among ultra-high-net-worth individuals.
- **Fraud Risk.** The art market is unregulated and prone to abusive practices, including price manipulation, disguised agencies and lack of transparency.

**We may not be able to find a buyer for the Artwork at a reasonable price.** Art is a highly illiquid asset and a significant percentage of objects go unsold when sent to auction. Even in the event that we attempt to sell the Artwork, we cannot guarantee that there will be a buyer at any reasonable price. Additionally, if the Artwork does go to an auction sale and is not sold, such failure could damage the reputation of the Artwork in the marketplace and make it even more difficult to sell in the future.

**Temporary popularity of some Artworks or categories of art may result in short-term value increases that prove unsustainable as collector tastes shift.** Temporary consumer popularity or "fads" among collectors may lead to short-term or temporary price increases, followed by decreases in value. The demand for specific categories of art and artists is influenced by changing trends in the art market as to which collecting categories and artists are most sought after and by the collecting preferences of individual collectors. These conditions and trends are difficult to predict and may adversely impact our ability to sell the Artwork for a profit. These risks of changes in popularity may be greater for a living or emerging artist, as compared to other categories which may have a proven valuation track record over a longer period of time. These trends could result in reduced profitability or a loss upon the sale of the Artwork.

**We could be exposed to losses in the event of title or authenticity claims.** The buying and selling of artwork can involve potential claims regarding title, provenance and or authenticity of the artwork. Authenticity risk related to works of art may result from incorrect attribution, uncertain attribution, lack of certificate proving the authenticity of the artwork, purchase of a non-authentic artwork, or forgery. In the event of a title or authenticity claim against us by a buyer of the Artwork from us, we would seek recourse against the seller to us of the Artwork pursuant to authenticity and title representations obtained by us at the time of purchase, but a claim could nevertheless expose us to losses. In addition, we do not maintain liquid assets to defend or settle any such legal claims and would be reliant on the Administrator to outlay the cost of such defense or settlement.

**Ownership of the artist's work may be concentrated, and any large-scale divestiture of a collection could negatively affect prices.** If any major collector were to liquidate a large number of Artworks by the artist, the supply and demand dynamic could shift dramatically. A significant increase in the number of Artworks by the artist available for sale could reduce prices.

**The Artwork could be subject to damage, theft or deterioration in condition, which could have a material adverse effect on the value of the Artwork.** We plan to store the Artwork in a protected environment with security measures, but no amount of security can fully protect a Artwork from damage or theft. The damage or theft of valuable property, despite these security measures could have a material adverse impact on the value of the Artwork and, consequently, the value of our Class A shares. The Company maintains insurance, but there is no guaranty that such coverage would be adequate to mitigate all of such losses.

**Changes in opinions by experts in the artwork regarding authenticity could damage or eliminate the value of the Artwork.** Authenticity is often completed by art world experts, and opinions often matter more than scientific data. If a well-respected art expert were to opine negatively on the authenticity of the Artwork, it could reduce or eliminate the value of the Artwork.

**Insurance coverage for the Artwork does not cover title claims and may not cover all possible contingencies, exposing us to losses resulting from the damage or loss of the Artwork.** We plan to maintain insurance coverage for the Artwork against damage or loss of the Artwork. Our insurance coverage does not cover title claims and may expressly exclude damage caused by war, losses caused by chemical or biological contamination and certain other potential loss scenarios. Accordingly, in the event of a successful claim that we do not have valid title and ownership to the Artwork we would rely solely on the representations obtained from the seller to compensate us for such losses, which may prove to be inadequate. In addition, uncovered damage or destruction of the Artwork that is not fully covered by insurance will have a material adverse impact on the Company's profitability.

**Industry sales cycles can be unpredictable.** Purchase behavior by collectors is generally unpredictable due primarily to the discretionary nature, relative scarcity and high values of art purchases. An art buyer may typically purchase art when excess liquidity is abundant. When economic conditions preclude art collectors from purchasing the Artwork, such a downturn in sales will affect our ability to sell the Artwork. Additionally, many art buyers have significant access to credit to facilitate the purchase of artwork and any changes which would cause art collectors to not access credit could have a serious impact on a collector's ability to purchase the Artwork.

**Purchasing the Artwork in a privately negotiated transaction may involve greater risk than purchasing artwork at a public auction.** There are differences between purchasing artwork in a private transaction and purchasing at a public auction. Auctions are generally conducted by large companies that often perform higher levels of research and due diligence than private galleries. Auction houses typically have greater financial and other resources as compared to private galleries. Accordingly, if an authenticity claim were to arise, an auction house

would likely have greater financial resources (and or higher levels of insurance coverage) to be able to address such claims than private galleries. In addition, sales practices by auction houses are regulated by laws in the countries in which they operate. These laws vary by jurisdiction, but generally prevent unfair and improper practices and require certain mandatory disclosures. By contrast, private galleries are largely unregulated and operate under general legal principles of agency which do not necessarily require the level of fairness, transparency and disclosure that apply to public auctions. Accordingly, there may be higher risks attendant to purchasing artwork in privately negotiated transactions.

## **Risks Relating to The Music Industry**

Set forth below are generic risk factors relating to the music industry.

**The streaming industry is vulnerable to market concentration, which may enhance the ability of certain digital service providers (“DSPs”) to reduce royalty rates or alter royalty collection practices.** The streaming industry is relatively new and remains vulnerable to certain DSPs, such as Spotify, Apple Music, Amazon Music or other providers, dominating the market in the near future. If the popularity of a small number of DSPs increases, the Company may become more exposed to the performance of those DSPs, or to those DSPs’ promotion of songs owned by the Company relative to other songs on their platforms. To the extent that a small number of DSPs achieve an oligopoly or near oligopoly over competitors, those DSPs could use their leverage to reduce royalty rates or alter royalty collection practices in a manner which is detrimental to copyright owners, songwriters and publishers.

If one or more dominant DSPs is successful in adversely altering royalty collection practices, or reducing royalty rates, then this may have a material adverse effect on the Company’s financial condition, business, prospects and results of operations and, consequently, the Company’s Net Asset Values and/or the market price of the Shares, and the Company’s ability to deliver the target dividend yield or target total NAV return to Shareholders.

The Company will be increasingly reliant on consumers streaming music at a consistently high volume. If consumer streaming volumes drop significantly due to changes in consumer sentiment and behavior or otherwise, this will affect the revenues received from the Portfolio and may have a material adverse effect on the Company’s financial condition, business, prospects and results of operations.

**If the US Copyright Royalty Board’s decision to increase songwriter royalty rates by 2023 is successfully challenged by certain DSPs, the Company’s revenue in future periods may be adversely impacted.** Certain laws and regulations regarding the rates paid for streaming activities to content holders dictate that such rates are set outside of the free market and are instead determined by an empaneled tribunal, namely the Copyright Royalty Board in the United States.

In January 2018, the US Copyright Royalty Board ruled to increase songwriter rates for interactive streaming by 44 per cent. by 2023. However, on 15 August 2019, certain DSPs (including Spotify, Google and Amazon) filed their appeal of this ruling in the US Court of Appeal for the DC Circuit, arguing that the US Copyright Royalty Board made numerous legal errors while adopting a rate structure that was not justified by explanation or evidence and that, in any event, the rates should not have been applied retrospectively to 1 January 2018. If the appeal is successful (or, if unsuccessful in the US Court of Appeal, if the DSPs are able to successfully appeal this decision to a higher court), this could result in the songwriter rates reverting to the lower rates in effect before the ruling, which is likely to result in the Company receiving lower royalty payments than forecast. Any such occurrence, or any other adverse action taken by, or occurring to, that DSP, may have a material adverse effect on the Company’s financial condition, business, prospects and results of operations.

**The Company is directly affected by the macroeconomic conditions in the jurisdictions in which its songs generate revenue, including the United States.** The

Company expects to experience periods of macroeconomic uncertainty in the jurisdictions in which its songs generate revenue. Factors affecting macroeconomic conditions include, for example, currency devaluation and exchange rate fluctuations, domestic, transnational, international and worldwide political, military and diplomatic events. Such events may affect the continued availability of songs, the payment of cross-border or domestic royalties, trends across the music industry and innumerable other factors (such as the continued popularity of DSPs among customers), none of which will be under the control of the Company.

**The Company's purchase and management of songs generates income outside of the United States, which is subject to additional risks, such as exchange rate fluctuations, unexpected political and regulatory changes and adverse tax systems.** Generating income on an international scale is subject to:

- adverse changes in local economic and political stability in countries in which a song is generating income, particularly where such situations impact the availability, popularity or payment and collection of royalties in respect of that song;
- exchange rate fluctuations;
- unexpected changes in the regulatory environment, such as changes to a country's intellectual property rights which make it more difficult, more expensive or impossible for the Company to enforce its rights to collect income in respect of songs played in that jurisdiction;
- the imposition of sanctions and corresponding banking restrictions in respect of any DSPs, portfolio administrators or publishers which are registered in certain sanctioned jurisdictions or in jurisdictions which may be subject to sanctions regulations in the future, such as China;
- tax systems that may have an adverse effect on the Company's operating results or cash flows, and in particular regulations relating to transfer costs and the withholding tax on the repatriation of capital or income from those jurisdictions in which songs owned by the Company are generating income; and
- tariff barriers, customs duties, export controls and other trade barriers adopted by jurisdictions in which songs owned by the Company are generating income, such that the income received by the Company from royalties triggered by songs in that jurisdiction are reduced or stopped entirely. For example, if the governments of key overseas jurisdictions such as India, China and various African countries, were to impose restrictions on the accessibility of DSPs in their respective countries, this would result in songs no longer generating streaming revenues from the affected DSPs in those countries, reducing overall income received by the Company.

Any of the above may have an adverse effect on the Company's ability to repatriate the relevant income streams (or reduce the amount of income that the Company may receive from the affected songs), which would in turn have an adverse effect on the Company's financial condition, business, prospects and results of operations.

The Company's exposure to emerging markets makes it susceptible to risks associated with making investments in emerging markets in general, notably piracy and infrastructural deficiencies, which may include less developed or less rigorously enforced royalty collection practices. This may impact the Company's ability to collect royalties efficiently from jurisdictions in which such deficiencies exist. Furthermore, the Company's ability to enforce its intellectual property rights in emerging markets is subject to the local legal regime and local courts.

Piracy and poor infrastructure in emerging markets may reduce royalty revenue for the Company which may, in turn, have an adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's Net Asset Values and/or the market price of the Shares, and the Company's ability to deliver the target dividend yield or target total NAV return to Shareholders.



**The value of a catalog or song could be adversely impacted in the event of intellectual property infringement claims.** The songs purchased by the Company may be, or may become, subject to intellectual property infringement claims. If such a claim does arise, or is threatened, the Company may be forced to spend considerable time and expense defending such claims, which can be expected to affect the performance of the Portfolio. Recent examples of such infringement claims, including the Estate of Randy Wolfe vs. Led Zeppelin case and the Ed Sheeran vs. Edward Townsend and Marvin Gaye case, highlight the possibility and the potential impact of any such claims, with multi-million payouts being awarded in each case.

In order to enable revenues to continue to be generated on a disputed song, and depending on the contractual relationship the Company has with the relevant portfolio administrator, a portfolio administrator may place the accrued revenues in relation to the disputed song in a “dispute account” for the duration of the dispute. The accrued revenues will be paid out once the dispute has been settled, in such proportions as determined by the settlement agreement or judgment relating to the dispute. This process is likely to delay the receipt by the Company of any revenues due in respect of that song and, in the event that the dispute is not settled in favor of the Company, the revenues received by the Company may be less than had been forecast at the time of acquisition of the song. This may have a material adverse effect on the revenues received in respect of the affected songs and consequently, an adverse effect on the Company. Depending on the precise outcome of the judgment, the Company, as the owner of the copyright to songs played on the DSPs, may also be required to make reconciliatory payments to DSPs for revenues generated by the songs in respect of historic periods (which may even include periods prior to when the Company acquired the relevant song). In such cases, the Company may have less cash to deploy for investment purposes and the fair value of the affected song may decline.

**The music industry is highly innovative and new technology is constantly being introduced.** The Company will be heavily reliant on streaming, or an equivalent technology which generates high volumes and rates of royalty revenues for songwriters, continuing to be popular with consumers. Historically, the music industry has been shown to be especially innovative, with new technology causing changes in consumer demand and experience. Innovation which negatively impacts the Company’s revenues may, consequently, have an adverse effect on the Company’s financial condition, business, prospects and results of operations a.

**The value of a song or a catalog may be adversely affected in the event of piracy and counterfeiting.** The Company is dependent on the decisions of public or administrative authorities and their determination to find effective means to fight piracy. Persistent difficulties in passing and applying suitable legislation or in enforcing court rulings, particularly in certain regions of the world where piracy is endemic, constitute a threat to the Company’s business, which depends heavily on the intellectual property rights owned by or licensed to the Company and their enforceability.

If the Company (and, more widely, the music industry) does not succeed in finding ways to protect its businesses against any new methods of piracy and counterfeiting, that may have an adverse effect on the revenues received from such songs.

**Intellectual property and other legal protections may not adequately protect the Company’s interest in the songs it owns.** In many cases, the obligation for a user of a song to make a royalty payment to the Company, or the Company’s ability to realize its investment in a particular song, will depend on the Company’s intellectual property rights in that song being and remaining appropriately protected including by registration (where necessary), having appropriate arrangements with collection societies and by the assertion of those rights directly against third parties and/or by some other method. The Company intends to enforce its intellectual property rights vigorously in the case of any unauthorized use or infringement of its rights relating to a song but its success in so doing will be heavily dependent on the legal regime applicable to such claims in the jurisdiction where the unauthorized use or infringement takes place. Legal means can only afford limited protection and may not provide sufficient or adequate protection against infringement or circumvention by a third party. The fact that an intellectual property right is

granted or issued does not guarantee that it will be valid or enforceable. The enforcement of intellectual property rights may also be subject to high costs and significant time delays.

The Company's interest in a song may be the subject of a legal challenge from third parties. Such a challenge could come, for example, from another songwriter claiming to be the creator of the original work and, therefore, to be the party entitled to copyright protection, from an heir of the songwriter (notwithstanding that the songwriter or their estate may have validly assigned the rights to the song) or from other third parties. The Company would expect to contest any such allegations vigorously, which may prove costly and time consuming. If any such challenge is successful, the Company's entitlement to past and future royalty payments could be lost or reduced. These factors could impact the revenues the Company receives from its investment in a song and, therefore, may have a material adverse effect on the Company's financial condition, business, prospects and results of operations.

### **Risks Relating to Investments in Wine and Spirits**

**Demand for and the value of spirits and/or wine products may be adversely affected by many factors, including changes in consumer preferences and trends.** Consumer preferences may shift due to a variety of factors including changes in demographic and social trends, public health initiatives, product innovations, changes in travel, vacation or leisure activity patterns and a downturn in economic conditions, which may reduce consumers' willingness to purchase distilled spirits and/or wine products or cause a shift in consumer preferences toward beer, wine or non-alcoholic beverages. In addition, concerns about health issues relating to alcohol consumption, dietary effects, regulatory action or any litigation against companies in the industry may have an adverse effect on our business.

A limited or general decline in consumption and value in one or more of these categories could occur in the future due to a variety of factors, including:

- A general decline in economic or geopolitical conditions;
- Concern about the health consequences of consuming beverage alcohol products and about drinking and driving;
- A general decline in the consumption of beverage alcohol products in on-premise establishments, such as may result from smoking bans and stricter laws related to driving while under the influence of alcohol;
- Consumer dietary preferences favoring lighter, lower calorie beverages such as diet soft drinks, sports drinks and water products;
- The increased activity of anti-alcohol groups;
- Increased federal, state, provincial or foreign excise or other taxes on beverage alcohol products and possible restrictions on beverage alcohol advertising and marketing; and
- Increased regulation placing restrictions on the purchase or consumption of beverage alcohol products.

Our success depends in part on anticipating changes in consumer preferences and the market for and valuation of spirits and/or wine. While we expect to devote significant focus to predicting value and consumer interest, we may not be successful. In addition, global economic conditions or market trends could cause consumer preferences to trend away from ultra-premium spirits and wines and categories toward lower cost alternatives, which may also adversely impact our results of operations and cash flows.

### **Other General Risks**

**Overall market, industry or economic conditions, which the Manager cannot predict or control, may have a material effect on performance.** Market disruptions such as those that occurred during October of 1987, after the terrorist attacks of September 11, 2001, and during the 2008-09 financial crisis could have a material effect on general economic conditions and market liquidity which could result in substantial losses to the Company.

There is no guarantee that exchanges and markets can at all times provide continuously liquid markets in which the Company can close out its positions in those instruments that the Company purchases that are publicly traded. The Company could experience delays and may be unable to sell instruments purchased through a broker or clearing member that has become insolvent due to the deterioration of industry conditions in general. In that event, positions could also be closed out fully or partially without the Company's consent.

**We are relying on certain exemptions from registration.** The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act and applicable state securities laws. If the sale of the Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of the Units. If a number of purchasers were to obtain rescission, the Company would face significant financial demands, which could adversely affect the Company as a whole, as well as any non-rescinding purchasers.

**If the Company were deemed an "investment company" under the U.S. Investment Company Act, applicable restrictions could make it impractical for the Company to continue its respective businesses as contemplated and could have a material adverse effect on the Company's businesses and prospects.** We do not believe that we are an "investment company" as defined in the U.S. Investment Company Act of 1940, as amended, because the nature of our assets and the sources of our income exclude us from the definition of an investment company under the Investment Company Act and we are primarily engaged in a non-investment company business.

The Investment Company Act and the rules thereunder contain detailed requirements for the organization and operation of investment companies. Among other things, the Investment Company Act and the rules thereunder limit transactions with affiliates, impose limitations on the issuance of debt and equity securities, generally prohibit the issuance of options and impose certain governance requirements. The Company intends to conduct its operations so that the Company will not be deemed to be an investment company under the Investment Company Act. If anything were to happen which would cause the Company to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on its capital structure, ability to transact business with affiliates (including subsidiaries) and ability to compensate key employees, could make it impractical for the Company to continue its business as currently conducted, impair the agreements and arrangements between and among it, its subsidiaries and its senior personnel, or any combination thereof, and materially adversely affect its business, financial condition and results of operations. Accordingly, the Company may be required to limit the amount of investments that it makes as a principal or otherwise conduct its business in a manner that does not subject the Company to the registration and other requirements of the Investment Company Act.

### **Risks Associated with an Investment in Securities**

**Best efforts offering.** This Offering is being made on a "best efforts" basis with no minimum number of Units required to be sold. As subscriptions are accepted (and any required rescission periods expire), the subscription funds will be available for use by the Company immediately for its intended use of proceeds. Subscriptions are irrevocable (after expiration of any rescission period) and subscribers will not have the opportunity to have their funds returned notwithstanding any future lack of success in recruiting other investors. Accordingly, initial subscribers will necessarily have a greater degree of risk. The Company has not engaged the services of a placement agent or underwriter with respect to the Offering, and will offer the Units through its managers and executive officers at its discretion. Nevertheless, the Company may seek to elect, at its discretion, to engage the services of a qualified broker-dealer or outside salesperson in connection with the Offering.

**There is no minimum capitalization for this offering and investors' subscription funds will be used by us as soon as they are received.** There is no minimum capitalization required in this Offering. There is no assurance that all or a significant number of Units may be sold in this Offering. We will use investors' subscription funds as soon as they are received. If

only small portions of the Units are placed, then the Company may not have sufficient capital to operate. There is no assurance that we could obtain additional financing or capital from any source, or that such financing or capital would be available to us on terms acceptable to us. Under such circumstances, the Company's plans would need to be scaled down, and this would have a material adverse effect on the Company's business and consequently the investor's realization on their investment.

**Units are not guaranteed and could become worthless.** The Units are not guaranteed or insured by any government agency or by any private party. The amount of earnings is not guaranteed and can vary with market conditions. The return of all or any portion of capital invested in the Units is not guaranteed, and the Units could become worthless.

**We are relying on certain exemptions from registration.** The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act and applicable state securities laws. If the sale of the Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of the Units. If a number of purchasers were to obtain rescission, the Company would face significant financial demands, which could adversely affect the Company as a whole, as well as any non-rescinding purchasers.

**If the Company incurs debt, there may be risks associated with such borrowing.** If the Company incurs indebtedness, a portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. Typical loan agreements also might contain restrictive covenants, which may impair the Company's operating flexibility. Such loan agreements would also provide for default under certain circumstances, such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if unpaid, a judgment in favor of such lender which would be senior to the rights of shareholders of the Company. A judgment creditor would have the right to foreclose on any of the Company's assets resulting in a material adverse effect on the Company's business, operating results or financial condition.

**Future capital needs.** The Company believes that the net proceeds of the Offering of the Units will be sufficient to fund the implementation of the Company's business plan, operations and growth for the foreseeable future, assuming that it sells all 9,451 Units offered hereby and that year one revenue forecasts are substantially achieved. Nevertheless, in the event additional capital is required, no assurance can be given that additional financing will be available at all or on terms favorable to the Company. If adequate funds were not available to satisfy either short or long-term capital requirements, the Company would be required to limit its operations significantly and could be unable to continue in business, with a resulting loss of all or part of investments made by the Company's investors.

**The Units are restricted securities and a market for such securities may never develop.** Investors should be aware of the potentially long-term nature of their investment. Each purchaser of Units will be required to represent that it is purchasing such securities for its own account for investment purposes and not with a view to resale or distribution. Purchasers may be required to bear the economic risks of the investment for an indefinite period of time. The Company has neither registered the Units nor underlying securities, nor any other securities under the Securities Act. Consequently, shareholders may not be able to sell or transfer their securities under applicable federal and state securities laws. Moreover, there is no public market for the Company's securities, such a market is not likely to develop prior to a registration undertaken by the Company for the public offering of its securities for its own account or the account of others, and there can be no assurance that the Company will ever have such a public offering of its securities. Ultimately, each investor's risk with respect to this Offering includes the potential for a complete loss of his or her investment.

**We may be required to register under the Securities Exchange Act.** The Company will be required to conform to the rules and regulations promulgated under the various federal and state securities laws applicable to the conduct of its business. Management does not believe that the Company's activities, as presently contemplated, will require registration or qualification of the Company with any federal or state agency.

Although the Company does not intend to be required to register its securities under the Securities Exchange Act of 1934, as amended, it is possible that the Securities and Exchange Commission (the “SEC”) may require the Company to so register. For example, under Section 12(g)(1) of the Securities Exchange Act (as amended by the JOBS Act of 2012), private companies with over 2,000 shareholders and over \$9,451,000 in assets, may be required to register with the SEC within 120 days after their fiscal year end. Such registration would increase the operational expenses of the Company and would restrict its activities, thereby possibly having an adverse effect on its business.

The Sarbanes-Oxley Act of 2002 could, should the Company take such action, make the Company’s entrance into the public market difficult and expensive. In the wake of well-publicized corporate scandals associated with Enron and WorldCom involving management self-dealing and accounting fraud, in July 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act—the most far reaching legislation affecting the federal securities laws since they were created in the 1930’s—impacts everything from the role of auditors to public reporting of stock trades by management, from committee independence to reporting of off-balance sheet transactions, and from officer loans to employee whistle-blowing.

Public and registered companies are facing dramatic changes in disclosure and corporate governance requirements under the Sarbanes-Oxley Act, and under new and proposed rules from the SEC, NASDAQ and the NYSE. While these new rules and regulations do not generally cover private companies, their influence on private companies is being felt in the following ways:

- A private company will become subject to the Sarbanes-Oxley Act upon filing a registration statement with the SEC in anticipation of an IPO.
- The Sarbanes-Oxley Act may result in increased scrutiny of a private company being considered for acquisition by a public company.
- In order to conduct an IPO, a private company would need to evaluate its organization against the requirements of the Sarbanes-Oxley Act and develop a compliance program.
- Full compliance with the Sarbanes-Oxley Act – which can be time-consuming and expensive – can significantly slow the efforts of private companies such as the Company that may seek to enter the public markets.

**The Offering price is arbitrary.** The price of the Units and the underlying securities offered has been arbitrarily established by the Company, without considering such matters as the state of the Company’s business development and the general condition of the industry in which it operates. The price of the Units and underlying securities bears little relationship to the assets, net worth, or any other objective criteria of value applicable to the Company.

## **Management Risks**

**Reliance on the Manager and no authority by investors.** All decisions regarding the management and affairs of the Company will be made exclusively by the Manager. Accordingly, no person should invest in the Company unless such person is willing to entrust all aspects of management of the Company to the Manager. Investors will have no right or power to take part in the management of the Company. As a result, the success of the Company for the foreseeable future depends solely on the abilities of the Manager.

**Changes in investment strategies.** The Manager has broad discretion to expand, revise or contract the Company’s business without the consent of the investors. The Company’s investment strategies may be altered, without prior approval by, or notice to, the investors, if the Manager determines that such change is in the best interest of the Company.

**Discretionary decision-making may result in missed opportunities.** The Company’s trading strategies do involve some discretionary aspects. Discretionary decision-making may

result in failure to capitalize on certain price trends or unprofitable trades in a situation where a strictly systematic approach might not have done so.

The proprietary nature of our applications strategy, including techniques or specific investments held by the Company will not be disclosed to investors. All documents and other information concerning the Company's portfolio of investments will be made available to the Company's auditors, accountants, attorneys and other agents in connection with the duties and services performed by them on behalf of the Company. However, because the Manager's investment techniques are proprietary, the Company, and any of its auditors, accountants, attorneys or other agents may not disclose to any person, including investors in the Company, any of the investment techniques employed by the Manager in managing the Company's investments or the identity of specific investments held by the Company at any particular time.

**Limitations on the Manager's liability and indemnification.** The Company's limited liability operating agreement provides that the Manager and its affiliates, shareholders, members, partners, managers, directors, officers, and employees shall not be liable, responsible nor accountable in damages or otherwise to the Company or any member, or to any successor, assignee or transferee of the Company or of any member.

**Investors will only receive limited reporting from the Company.** The Company will provide monthly unaudited reports of Company activity. As a result, Investors will not be able to evaluate the Company's activity at shorter intervals.

**The Company has a limited operating history and an investment in the Company is only suitable for persons willing to accept this high level of risk.** The Company is a recently formed entity and has limited operating history upon which prospective investors can evaluate its likely performance. There can be no assurance that the Company will achieve its investment objective. The Company may encounter start-up periods during which it will incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up periods also represent a special risk in that the level of diversification of the Company's portfolio may be lower than in a fully invested portfolio. Accordingly, investors could incur substantial, or even total, losses on an investment in the Company

**Certain tax considerations; distributions to investors and payment of tax liability may negatively impact investors.** It is not possible to provide here a description of all potential tax risks to a person considering investing in the Company. Prospective investors are urged to consult their own legal counsel and tax advisors with respect thereto. The Company will not seek a ruling from the Internal Revenue Service ("IRS") with respect to any tax issues affecting the Company.

It should also be noted that the Company's tax return may be audited by the IRS, and any such audit may result in an audit of the returns of the investors for the year(s) in question or unrelated years. Further, any adjustment resulting from an audit would also result in adjustments to the tax returns of the Investors and may result in an examination and adjustment of other items in such returns unrelated to the Company. Investors could incur substantial legal and accounting costs in litigation of any IRS challenge, regardless of the outcome (see "INCOME TAX CONSIDERATIONS").

The Company does not intend to make periodic distributions of its net income or gains, if any, to Investors. Investors will be required each year, however, to pay applicable U.S. federal and state income taxes on its share of the Company's taxable income, and will have to obtain cash from other sources in order to pay such applicable taxes. The amount and timing of any distributions will be determined in the sole discretion of the Manager.

The Manager in its sole discretion may, but is not required to, make distributions to Investors during the term of the Company. Taxable income realized in any year by the Company will be taxable to the members in that year regardless of whether they have received any distributions from the Company. Accordingly, investors may recognize taxable income for federal, state, and local income tax purposes without receiving any or a sufficient distribution from the Company with which to pay the taxes thereon. The Manager may consider such possible tax

liability of the investors when determining whether to make distributions, but no assurance is given that distributions, if made, will equal the amount of any Investor's tax liability.

**Investments in the Company are not insured.** The assets of the Company are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured by the Federal Deposit Insurance Corporation and such deposits are subject to such insurance coverage.

**Additional unforeseen risks.** In addition to the risks described in this section, "RISK FACTORS," and elsewhere in this Memorandum, other risks not presently foreseeable could negatively impact our business, could disrupt our operations and could cause the Company to fail. Ultimately, each investor in the Units bears the risk of a complete and total loss of their investment.

## **BUSINESS OF THE COMPANY**

### **Overview of the Business**

The Company will (a) identify, acquire, hold, market, manage and sell memorabilia and collectible items (the "Memorabilia Assets"), (b) to own, invest in, hedge, mine, stake, build nodes and trade crypto-currency, NFTs and other cryptoassets ("Cryptoassets"), (c) make opportunistic investments in works of art ("Artwork"), (d) make opportunistic investments in real estate and real estate related assets (the "Real Estate Assets"), (e) acquire and manage music and other intellectual property rights ("Intellectual Property Rights"), (f) identify, acquire, hold, market, manage and sell collectible wine and whiskey ("Wine and Whiskey"), (g) identify, acquire, hold, market, manage and sell collectible vintage sneakers ("Vintage Sneakers"), and (h) identify, acquire, hold, market, manage and sell collectible rare books ("Rare Books").

### **Investment Strategy**

A summary of the Company's investment strategy is set forth in Exhibit A to this Memorandum.

### **Competition**

Our direct competitors may include brokerage firms, investment advisors, and banks. Many of these competitors are much larger than us, have much greater financial resources, and much greater brand recognition. They may have similar business models to ours, and may operate in the same markets.

These competitors are much larger than us, have much greater financial resources, and much greater brand recognition. They have similar business models to ours, and operate in the same industries, but their technologies deploy audio recognition or other methodologies rather than video optical recognition methods.

In addition, there is also the possibility that new competitors could seize upon certain aspects of our business model and produce competing products. Likewise, these new competitors may be better capitalized than the Company, which could give them a significant advantage. There is the possibility that such competitors could capture significant market share of our intended market.

See "RISK FACTORS" for a discussion of the risks associated with the Company's competition.

### **Offices**

The Company's mailing address is 651 N. Broad Street, Suite 206, Middletown, Delaware 19709, and the registered Delaware address is 651 N. Broad Street, Suite 206, Middletown, Delaware 19709. The Company's telephone number is (717) 379-7301. The Company believes that it currently has adequate space to accommodate current operations and that facilities for administrative personnel are adequate for expansion plans. Office space will be increased as the Company deems necessary.

## **MANAGEMENT**

### **Alts Management Co LLC, Sole Manager**

The Company is a manager-managed limited liability company. The Company's sole Manager is Alts Management Co LLC, a Delaware limited liability company formed on January 28, 2022. The Manager is 100% owned by Alt Assets Inc.

#### Responsibility of the Manager

The Manager is accountable to the Company and must exercise good faith and integrity in handling Company affairs. The Manager is authorized to direct all operations and actions of the Company.

### **Key Management**

#### Stefan von Imhof - CEO

Stefan von Imhof, CEO - lives and breathes asset analysis and valuations. Formerly the Head of Product at Flippa – the world's largest marketplace for buying & selling online businesses, he built Flippa's Due Diligence Program, and has bought & sold dozens of websites & newsletters. Prior to Flippa he was the first product manager at HG Insights, a market intelligence company sold to Riverwood Capital Partners in 2020.

#### Wyatt Cavalier

Wyatt Cavalier, CIO - In addition to founding and selling several companies, Wyatt has over 20 years of experience in finance, consulting, and intelligence analysis. He's been the Chief Investment Officer for Alts Management Co LLC for a year. He received an MBA from Chicago Booth, an MA from Georgetown, and a BA from UCLA. He retired from the US Army as a Captain.

#### Brian Jacques

Brian Jacques, Head of Finance/Ops - has worked in multiple industries over a 20 year career in various accounting and finance roles. A Certified Public Accountant, he has extensive accounting and reporting experience. A self-directed investor for most of his adult life, he is familiar with regulatory and reporting requirements for investment funds and publicly traded companies.

### **No Removal of the Managers by Unit Holders**

It is not possible for investors to elect or remove the Manager of the Company because only holders of our Voting Common Membership Interests may elect or remove the Manager, and no investors of this Offering are being offered Voting Common Membership Interests. See "MEMORANDUM SUMMARY—Ownership in the Company" above.



## **Board of Advisors**

The Company may also seek to establish a board of advisors, which would include one or more highly qualified business and industry professionals. The board of advisors will advise management in making appropriate decisions and taking effective action. However, the board of advisors will not be responsible for management decisions and has no legal or fiduciary responsibility to the Company.

## **COMPENSATION TO MANAGEMENT**

### **Alts Management Co LLC (the “Manager”)**

The Manager is entitled to receive (a) a management fee equal to 1% per annum of the invested amount (the “Management Fee”), payable on a quarterly basis; (b) and carried interest of (i) its 20% pro rata share of net profits not allocated to investors holding A-3 Units and B-3 Units; (ii) its 15% pro rata share of net profits not allocated to investors holding C-3 Units; (iii) its 10% pro rata share of net profits not allocated to investors holding D-3 Units (collectively, (b)(i)-(iii) the “Carried Interest”). The Manager is also entitled to be reimbursed for expenses associated with this Offering and operating the Company.

## **RETURNS TO INVESTORS**

Investors are entitled to their Allocable Share of Net Profits (defined below), if any, based on their Ownership Percentage to be paid out annually commencing at the expiration of the Reinvestment Period. Investor principal is expected to be returned to investors upon the termination of the Fund within ten (10) years unless earlier redeemed.

### **Allocation of Net Profits**

The “Allocable Share of Net Profits”, if any, to be distributed to holders of the Series A-3 Interests, Series B-3 Interests, Series C-3 Interests, Series D-3 Interests and the Voting Common Membership Interests shall be allocated based on the holder’s Ownership Percentage commencing at the expiration of the Reinvestment Period.

“Ownership Percentage” with respect to each holder of the A-3 Units, B-3 Units, C-3 Units, D-3 Units and the Voting Common Membership Interests and shall be calculated for each holder based on the total number of the applicable Units or Voting Common Membership Interests held by such holder and dividing that number by the total aggregate number of all outstanding membership interest units.

After the expiration of the Reinvestment Period, the Company anticipates that Allocable Net Profits, if any, shall be paid promptly following the liquidation of the related assets.

### **Reinvestment Period**

Until 10 years from the commencement of the Fund (the “Reinvestment Period”), the Company will reinvest all amounts received in respect of any Fund asset (net of expenses, accrued and unpaid Management Fees, accrued and unpaid Preferred Return and working capital requirements) will be used to make additional investments in real estate and real estate related assets pursuant to the Company’s investment strategy.

### **Distribution Policy**

The Manager's objective is to maximize the Company's capital gains and therefore does not anticipate making distributions to investors except as otherwise provided herein. The Manager also reserves the right to suspend any and all future distributions in order to capitalize future investment opportunities.

Distributions with respect to investments in properties will only be made to the extent cash on-hand from such properties exceeds required reserves or anticipated cash requirements. Net cash flow from the Company's investments will only be available for distribution after paying all expenses and retaining reasonable cash reserves, and then only to the extent not reinvested.

Distributions to investors, if available, will be made on an annual basis, or as otherwise determined by the Manager.

See "RISK FACTORS" for investors' risks concerning the possible loss of all or part of their investment.

### **Depreciation Method and Accounting Method**

The Company reserves the right to select any depreciation method most suitable to the Company objectives. As tax law often changes, the Company will, in consultation with the Company's certified public accountant, select the depreciation method most suitable to the Company's objectives. The Company intends to use the accrual method of accounting.

### **Tax Matters**

Investors should be aware of the material federal and state income tax aspects of an investment in the Units, effective as of the date of this Memorandum. An investor should consult with their tax professional to determine the effects of the tax treatment of their purchase of Units on their individual situation.

### **Financial Assumptions**

Income that is expected to be derived from the operations, as described in this Memorandum, (the "Revenues"), are the only moneys available to make distributions to investors. Certain assumptions have been made in the structuring of the Company. To the extent that there are losses associated with our operations, the Company may not be able to make any distributions to investors. No assurance can be given that we will generate Revenues. In any event, no assurances can be given that our expected level of returns to investors can be obtained. Independent of the amounts raised in this Offering, and/or the Revenues, the Company does not have any other assets available to use to make distributions.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### **Management of the Company**

The Company's Manager and advisors devote only such time to our operations as they, in their sole discretion, deem necessary to help carry out our operations effectively. The Company's manager and advisors may work on other projects, and conflicts of interest may arise in allocating management time, services or functions among affiliates.

### **Conflicts of Interest**

Potential conflicts of interest may arise in the course of our operations involving affiliate companies, as well as their interests in other potential unrelated activities. Accordingly, in addition

to such potential conflicts of interest noted herein and under “Management of the Company” above, other conflicts of interest may exist or may arise in the future. The Company does not have any formally documented procedures to identify, analyze or monitor conflicts of interest.

### **Duties of the Manager to the Company**

#### Duty of Care and the ‘Business Judgment Rule’

Just as officers and directors of corporations owe a fiduciary duty to their shareholders, the Manager is required to perform their duties with the care, skill, diligence, and prudence of like persons in like positions. The Manager will be required to make decisions employing the diligence, care, and skill an ordinary prudent person would exercise in the management of their own affairs. The ‘business judgment rule’ should be the standard applied when determining what constitutes care, skill, diligence, and prudence of like persons in like positions.

#### Duty of Disclosure

The Manager has an affirmative duty to disclose material facts to the members. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. The Manager must not make any untrue statements to the members and must not omit disclosing any material facts to the members.

#### Duty of Loyalty

The Manager has a duty to avoid undisclosed conflicts of interest. Before raising money from members, the Manager must disclose any conflicts that may exist between the investment interests of such Manager and the investment interests of the Company or any of the individual Members.

### **Litigation**

None of the Company, its affiliates, including the Manager, or their respective officers are presently a party to any material litigation, nor to their knowledge is any litigation threatened against such party, which may materially affect the business of the Company or its assets.

### **Transfer Agent and Registrar**

Presently, the Company expects to engage and utilize Vertalo (<https://www.vertalo.com/solutions/transfer-agent-services>) as its transfer agent. Founded in 2017, Vertalo is an SEC-registered digital transfer agent that connects and enables the digital asset ecosystem.

## **OPERATING AGREEMENT**

### **Manager-Managed**

The Company’s limited liability company operating agreement (the “Operating Agreement”) provides for the sole authority to manage the Company to reside with one or more managers. Moreover, the Operating Agreement does not require annual meetings of the members.

The Manager of the Company is currently in place, and a Manager may only be removed by the majority vote of the voting members at a special meeting called for such purpose in accordance with the Operating Agreement.

Each member's and Manager's liability for the debts and obligations of the Company shall be limited as set forth in our Operating Agreement, the Delaware Limited Liability Company Law, and other applicable law. All distributions, except in the case of dissolution or liquidation, will be in the sole discretion of the Manager, subject to the provisions of our Operating Agreement and the Delaware Limited Liability Company Law.

### **Indemnification by Company**

Our Operating Agreement provides for indemnification of Manager and officers to the fullest extent permitted under the Delaware Limited Liability Company Law (the "Act"), as follows:

To the fullest extent permitted by the Act, the Company shall indemnify each Manager and member and make advances for expenses to each Manager and member arising from any loss, cost, expense, damage, claim or demand, in connection with the Company, the Manager's or member's status as a Manager or member of the Company, the Manager's or member's participation in the management, business and affairs of the Company or such Manager's or member's activities on behalf of the Company. To the fullest extent permitted by the Act, the Company shall also indemnify its officers, employees and other agents who are not Managers or members arising from any loss, cost, expense, damage, claim or demand in connection with the Company, any such person's participation in the business and affairs of the Company or such person's activities on behalf of the Company.

### **Limitation of Liability**

The Operating Agreement provides that our management will not be liable for actions taken by them in good faith in furtherance of our business, and will be entitled to be indemnified by us in such cases. Therefore, our members may have a more limited right against the management, their affiliates and their respective related parties than they would have absent such limitations in the Operating Agreement. In addition, indemnification of the management, their affiliates and their respective related parties could deplete our assets possibly resulting in loss by the Unit holders of a portion or all of their investment.

### **Not a Complete Description**

The foregoing description of the Company's Operating Agreement should in no way be relied upon as complete, and it is qualified in its entirety by the actual Operating Agreement of the Company.

All Interest holders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum, the Company's Operating Agreement, and the Company's certificate of formation (the "Certificate of Formation").

Nothing in this Memorandum purports to be and should not be construed as a complete description of the Operating Agreement or Certificate of Formation of the Company, copies of which may be furnished on request made to the Company at its principal office.

## **MARKET PRICE OF COMMON EQUITY AND RELATED INTEREST HOLDER MATTERS**

The offering price of the securities to which the Memorandum relates has been arbitrarily established by the Company and does not necessarily bear any specific relation to the assets, book value or potential earnings of the Company or any other recognized criteria of value. Neither the Units, nor the underlying securities, have been registered under the Securities Exchange Act of 1934. Our Units have not been traded or quoted on any exchange or quotation system. There is no public market in which shareholders may sell their securities, and there can be no

assurance given that such a market will ever develop. The securities offered hereby are restricted and the investors' rights to sell or transfer their interests are severely limited.

### **ESTIMATED USE OF PROCEEDS**

It is intended that substantially all (up to 96%) of the proceeds of this Offering will be used to invest in accordance with the Company's investment strategy, and in the following anticipated allocations:

<b>Asset Class</b>	<b>Weighting Low End</b>	<b>Weighting High End</b>
Collectables	20%	25%
Crypto	10%	15%
NFTs	10%	15%
Cultural Items	10%	15%
Art	5%	10%
Real Estate	5%	10%
Music	5%	10%
Wine & Spirits	5%	10%
Sneakers	3%	5%
Rare Books	3%	5%

The remaining funds will be used to (i) pay the expenses, which may include without limitation costs associated with operations of the Company, including consulting fees, other professional service fees, and any other costs associated with trading in securities, (ii) copies of documents relating to trading securities, legal fees, and other miscellaneous offering costs. Pending use, the Company may invest the proceeds of this Offering in money market accounts or other cash items, or other similar investments that the Company deems appropriate.

Assuming the Company sells the full 9,451 Units offered hereby, the Company believes that the net proceeds from the Units offering will be sufficient to fund the Company's operations for at least 12 months. If the Company sells less than the full number of Units offered hereby, the Company may need to raise additional capital sooner than expected. In addition, the Company expects that it may require significant additional capital in the future to fund operations and growth. There can be no assurance that the Company will be able to obtain additional capital, or on terms agreeable to the Company.

The Company's use of proceeds may differ materially from the foregoing as a result of changing conditions and as deemed appropriate in the absolute discretion of the management. Therefore, we reserve broad discretion in the use of proceeds and the right to alter the use of proceeds of this Offering without notice in the interest of the Company and its stakeholders.

## DESCRIPTION OF SECURITIES

### General

Our securities consist of five classes of limited liability membership interests (collectively, the “Membership Interests”), including non-voting Series A-3 Interests, non-voting Series B-3 Interests, non-voting Series C-3 Interests, non-voting Series D-3 Interests and Voting Common Membership Interests. Prior to the date of this Memorandum, we have issued a total of 2,500 Voting Common Membership Interests; no (zero) Series A-3 Non-Voting Membership Interests; no (zero) Series B-3 Non-Voting Membership Interests; no (zero) Series C-3 Non-Voting Membership Interests; and no (zero) Series D-3 Non-Voting Membership Interests as of March 10, 2022 (see “MEMORANDUM SUMMARY—Company Capitalization” above). Authority to govern the affairs of the Company rests solely with the Manager of the Company and not with members in their capacity as members. Managers may also be members of the Company. Only holders collectively of a majority of the Voting Common Membership Interests can elect and remove the Manager(s) of the Company. Voting Common Membership Interests are our only authorized voting securities, and Series A-3 Interests, Series B-3 Interests, Series C-3 Interests and Series D-3 Interests have no voting rights whatsoever.

### Common Voting Membership Interests

Holders of our Voting Common Membership Interests have very limited voting authority and are deemed members of the Company. The holders of our Interests are entitled to one vote for each interest held of record by them (see “MEMORANDUM SUMMARY—Company Capitalization” and “MEMORANDUM SUMMARY—Ownership in the Company” above). Holders of a majority of the aggregate issued and outstanding Voting Common Membership Interests can elect and remove the Manager of the Company in accordance with the Company’s Operating Agreement. The holders of the Voting Common Membership Interests have the right to receive distributions of net profits when, as, and only if declared by the Manager out of funds legally available therefore. In the event of our liquidation, dissolution or winding up, the holders of the Voting Common Membership Interests would have the right to share proportionately in the Company’s remaining net assets to the extent funds/profits are available after payment of the Company’s creditors and liquidation expenses.

### Series A-3, B-3, C-3 and D-3 Membership Interests

Holders of our Series A-3, Series B-3, Series C-3 and Series D-3 Membership Interests, have no voting authority nor any other rights to governance of the Company, but they are deemed members of the Company. The holders of the Series A-3, Series B-3, Series C-3 and Series D-3 Membership Interests have the right to receive distributions of net profits of the Company, when, as, and only if declared by the Manager out of funds legally available therefore, and as otherwise provided herein and in the Company’s Operating Agreement. In the event of the liquidation, dissolution or winding up of the Company, the holders of the Series A-3, Series B-3, Series C-3 and Series D-3 Membership Interests would have the right to share proportionately in the Company’s remaining net assets to the extent funds/profits are available after payment of the Company’s creditors and liquidation expenses. See “RETURNS TO INVESTORS” and “DISBURSEMENTS” above.

#### *Membership Perks*

Holders of our Series A-3, Series B-3, Series C-3 and Series D-3 Membership Interests have certain membership perks as listed below and as set forth in our Operating Agreement.

Series A-3	Series B-3	Series C-3	Series D-3
ENTRY	BRONZE	SILVER	GOLD

Perks:	Perks:	Perks:	Perks:
Quarterly updates from the Manager, including a snapshot view of the future of the Fund	ENTRY, plus:	BRONZE, plus:	SILVER, plus:
Quarterly AMA webinar lead by the Manager	Quarterly check-in calls with the Manager	Concierge onboarding	Direct hotline to Wyatt Cavalier to discuss any investment opportunity
Fund goodies package	Physical replicas or other mementos of some of the Fund's most timeless asset acquisitions	Quarterly AMA with Wyatt Cavalier and any member of the research team	Alts Black Box. A regular gift box of cool, creative stuff, it might include samples of rare whiskey, prints of rare film posters, or limited edition books and other specialty items
		Priority access to the next Alts fund	A one-off unforgettable experience tailored to the member
		Management dinner at AltsCon 2023	

### Subscription Agreement

Purchase of the Units shall be made pursuant to the execution of a subscription agreement, the form of which is attached hereto as Appendix A, and which contains, among other things, certain representations and warranties by the subscribers and covenants reflecting the provisions set forth herein.

## OTHER MATTERS

### Certain Transactions

#### Other Contemporaneous and Subsequent Offering Transactions

The Company, in its absolute discretion may carry out contemporaneous and additional subsequent offerings of its securities on terms and conditions it deems appropriate without notice to investors herein or other stakeholders, subject to applicable securities laws.

## FINANCIAL INFORMATION

This Memorandum contains forward-looking statements. These statements are based on the Company's current expectations about the businesses and the markets in which it operates.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties or other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual operating results may be affected by various factors including, without limitation, changes in national economic conditions, competitive market conditions, uncertainties and costs related to government regulation, and actual versus projected timing of events, all of which may cause such actual results to differ materially from what is expressed or forecast in this Memorandum.

### **Results of Operations**

The Company anticipates that it will cover its working capital requirements until sufficient investments are received.

### **ADDITIONAL INFORMATION**

Brian Jacques, Head of Finance, will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. Mr. Jacques can be reached by telephone at (717) 379-7301 or by e-mail at [brian@alts.co](mailto:brian@alts.co). You should rely only on the information contained in this Memorandum. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Memorandum is accurate as of the date on the front cover of this Memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date.

*[Remainder of Page Intentionally Left Blank]*



**INVESTOR PRESENTATION**

**SUBSCRIPTION AGREEMENT**

**ACCREDITED INVESTOR QUESTIONNAIRE AND VERIFICATION LETTER**

**LIMITED LIABILITY COMPANY OPERATING AGREEMENT**