SUBSCRIPTION AGREEMENT
FOR
RANCHO DEL MAR, LLC
A Wyoming Limited Liability Company

THIS SUBSCRIPTION AGREEMENT (the "Agreement") is made by and among Rancho Del Mar, LLC, a Wyoming limited liability company (the "Company"), and the individuals and/or entities purchasing Units hereunder (individually, a "Subscriber" and collectively, the "Subscribers").

WHEREAS, the Company desires to issue up to Ten Thousand (10,000) Class A Membership interests ("Units" or "Class A Units") in the Company (the "Offering") at a price of $1,000 per Unit to certain accredited investors ("Accredited Investor(s)"), as that term is defined in Rule 501 of Regulation D as promulgated under the Securities Act of 1933, as amended (the "Act");

WHEREAS, the Subscriber has been furnished with a copy of the offering documents, including this Agreement, the Risk Factors, the Company's Operating Agreement, Executive Summary, and the Prospective Purchaser Questionnaire, as the same may have been amended or supplemented from time to time (collectively, the "Offering Documents"); and

WHEREAS, the Subscriber desires to purchase that value of Class A Units of the Company set forth on the signature page hereof on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual representations and covenants set forth herein, the parties agree as follows:

1. Purchase and Sale of Units.

1.1 Purchase of Units. Subject to the terms and conditions of this Agreement, the Subscribers agree to purchase at the Closings (as defined below) and the Company agrees to sell and issue to the Subscribers at the Closings an aggregate of up to Ten Thousand (10,000) Class A Units.

1.2 Company Reservation of Rights to Terminate or Deny. The Company reserves the right to refuse all or part of any or all subscriptions. Furthermore, no Subscription Agreement shall be effective until accepted and executed by the Company and the Company shall have the right, in its sole discretion, for any reason or for no reason, to refuse any potential Subscribers.

2. Closing and Delivery. The purchase price for the Units is payable by check or wire transfer payable to the Company or its designee in an amount equal to the applicable purchase price per unit multiplied by the number of Units being purchased by such Subscriber.

3. Representations and Warranties of the Company. The Company hereby represents and warrants to the Subscribers that:

3.1 Organization, Good Standing and Qualification. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the state of Wyoming and has all requisite corporate power and authority to carry on its business as now conducted. The Company is duly qualified to transact business in each jurisdiction in which the failure so to qualify would have a material adverse effect on its business or properties.

3.2 Authorization. All action on the part of the Company, its members and managers, necessary for the authorization, execution and delivery of this Agreement and the issuance of the Units, the performance of all obligations of the Company hereunder and thereunder has been taken or will be taken prior to the Closing, and this Agreement constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms.

3.3 Valid Issuance of Units. The Units, when issued, sold and delivered in accordance with the terms hereof for the consideration expressed herein or therein, will be duly and validly issued and fully-paid and non-assessable. Based in part upon the representations of the Subscribers in this Agreement and subject to the completion of the filings referenced in Section 3.4 below, the Units will be issued in compliance with all applicable federal and state securities laws.

3.4 Governmental Consents. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of the Company is required in connection with the consummation of the transactions contemplated by this Agreement, except for the federal and state securities law filings to be made by the Company as necessary.

3.5 Litigation. There is no action, suit, proceeding or investigation pending or currently threatened against the Company that questions the validity of this Agreement, or the right of the Company to enter into this Agreement, or to consummate the transactions contemplated hereby, or that might result, either individually or in the aggregate, in any material adverse changes in the assets, condition, affairs or prospects of the Company, financially or otherwise, or any change in the current equity ownership of the Company, nor is the Company aware that there is any basis for the foregoing. The Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or which the Company intends to initiate.

3.6 Compliance with Other Instruments. The Company is not in violation or default of any provisions of its Articles of Organization or Operating Agreement or of any

instrument, judgment, order, writ, decree or contract to which it is a party or by which it is bound or, to its knowledge, of any provision of federal or state statute, rule or regulation applicable to the Company. The execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument, judgment, order, writ, decree or contract or an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company.

3.7 Disclosure. The forward-looking statements, including financial projections, contained in the Offering Documents were prepared in good faith; however, the Company does not warrant that such statements will ultimately become true. In addition to the foregoing, the Company restates as if rewritten herein the risk factors set forth in private placement memorandum.

4. Representations and Warranties of the Subscribers. Each Subscriber hereby severally and not jointly represents and warrants to the Company that:

4.1 Risk. The Subscriber recognizes that the purchase of Units involves a high degree of risk in that (i) the Company has no operating history; (ii) an investment in the Company is highly speculative, and only investors who can afford the loss of their entire investment should consider investing in the Company and the Units; (iii) the Subscriber may not be able to liquidate his, her or its investment; (iv) transferability of the Units is extremely limited; and (v) in the event of a disposition, the Subscriber could sustain the loss of his, her or its entire investment.

4.2 Investment Experience. The Subscriber hereby acknowledges and represents that the Subscriber has prior investment experience, including investment in non-listed and unregistered securities, or the Subscriber has employed the services of an investment advisor, attorney and/or accountant to read all of the documents furnished or made available by the Company both to the Subscriber and to all other prospective investors in the Units and to evaluate the merits and risks of such an investment on the Subscriber's behalf.

4.3 Due Diligence. The Subscriber hereby acknowledges receipt and careful review of the Offering Documents, as supplemented and amended, and the attachments and exhibits thereto all of which constitute an integral part of the Offering Documents, and hereby represents that the Subscriber has been furnished by the Company during the course of this transaction with all information regarding the Company which the Subscriber has requested or desired to know, has been afforded the opportunity to ask questions of and receive answers from duly authorized managers, officers or other representatives of the Company concerning the terms and conditions of the offering and has received any additional information which Subscriber has requested. The Subscriber acknowledges that the Subscriber is relying upon the Offering Documents and not relying upon any prior documents prepared by the Company.

4.4 Protection of Interests; Exempt Offering. The Subscriber hereby represents that the Subscriber either by reason of the Subscriber's business or financial experience or

the business or financial experience of the Subscriber's professional advisors (who are unaffiliated with and who are not compensated by the Company or any affiliate of the Company, directly or indirectly) has the capacity to protect the Subscriber's own interests in connection with the transaction contemplated hereby. The Subscriber hereby acknowledges that the offering has not been reviewed by the United States Securities and Exchange Commission (the "SEC") because of the Company's representations that this is intended to be exempt from the registration requirements of Section 5 of the Act. The Subscriber agrees that the Subscriber will not sell or otherwise transfer the Units unless they are registered under the Act or unless an exemption from such registration is available.

4.5 Investment Intent. The Subscriber understands that the Units have not been registered under the Act by reason of a claimed exemption under the provisions of the Act, which depends, in part, upon the Subscriber's investment intention. In this connection, the Subscriber hereby represents that the Subscriber is purchasing the Units for the Subscriber's own account for investment and not with a view toward the resale or distribution to others. The Subscriber, if an entity, was not formed for the purpose of purchasing the Units.

4.6 Restricted Units. The Subscriber understands that there currently is no public market for any of the Units and that even if there were, Rule 144 promulgated under the Act requires, among other conditions, a one-year holding period prior to the resale (in limited amounts) of securities acquired in a non-public offering without having to satisfy the registration requirements under the Act. The Subscriber understands and hereby acknowledges that the Company is under no obligation to register the Units under the Act or any state securities or "blue sky" laws. The Subscriber consents that the Company may, if it desires, permit the transfer of the Units out of the Subscriber's name only when the Subscriber's request for transfer is accompanied by an opinion of counsel reasonably satisfactory to the Company that neither the sale nor the proposed transfer results in a violation of the Act or any applicable state "blue sky" laws (collectively, the "Securities Laws"). The Subscriber agrees to hold the Company and its members, managers, officers, employees, controlling persons and agents and their respective heirs, representatives, successors and assigns harmless and to indemnify them against all liabilities, costs and expenses incurred by them as a result of any misrepresentation made by the Subscriber contained in this Agreement or any sale or distribution by the Subscriber in violation of the Securities Laws. The Subscriber understands and agrees that in addition to restrictions on transfer imposed by applicable Securities Laws, the transfer of the Units will be restricted by the terms of the Offering Documents.

4.7 Legends. The Subscriber consents to the placement of a legend on any certificate or other document evidencing the Units that such Units have not been registered under the Act or any state securities or "blue sky" laws and setting forth or referring to the restrictions on transferability and sale thereof contained in this Agreement. The Subscriber is aware that the Company will make a notation in its appropriate records with respect to the restrictions on the transferability of such Units and may place additional legends to such effect on Subscriber's unit certificate(s).

4.8 Rejection. The Subscriber understands that the Company will review this Agreement and that the Company reserves the unrestricted right to reject or limit any subscription and to close the offering to the Subscriber at any time.

4.9 Address. The Subscriber hereby represents that the address of the Subscriber furnished by the Subscriber on the signature page hereof is the Subscriber's principal residence if the Subscriber is an individual or its principal business address if it is a corporation or other entity.

4.10 Authority. The Subscriber represents that he, she or it has full power and authority (corporate, statutory and otherwise) to execute and deliver this Agreement and to purchase the Units. This Agreement constitutes the legal, valid and binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms.

4.11 Entity. If the Subscriber is a corporation, company, trust, employee benefit plan, individual retirement account, Keogh Plan, or other tax-exempt entity, it is authorized and qualified to become an investor in the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

4.12 Foreign Investors. If the Subscriber is not a United States citizen, such Subscriber hereby represents that he/she/it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Units or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Units, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Units. Such Subscriber's subscription and payment for, and his, her or its continued beneficial ownership of the Units, will not violate any applicable securities or other laws of the Subscriber's jurisdiction.

5. Limitations on Transfer.

5.1 The Units are restricted as to transfer by the terms of the Operating Agreement and as set forth in this Agreement.

6. Miscellaneous.

6.1 Survival of Representations and Warranties. The warranties, representations and covenants of the Company contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing for a period of one (1) year following the last Closing.

6.2 Governing Law. NOTWITHSTANDING THE PLACE WHERE THIS AGREEMENT MAY BE EXECUTED BY ANY OF THE PARTIES HERETO, THE PARTIES EXPRESSLY AGREE THAT ALL THE TERMS AND PROVISIONS HEREOF SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF WYOMING WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

6.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall

constitute one and the same instrument.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices.

(a) All notices, requests, demands and other communications under this Agreement or in connection herewith shall be given to or made upon the respective parties as follows: if to the Subscribers, to the addresses set forth on the signature page hereto, or, if to the Company, c/o Newport Land Group, LLC, 3333 Michelson Dr, Suite 500, Irvine CA 92612.

(b) All notices, requests, demands and other communications given or made in accordance with the provisions of this Agreement shall be in writing, and shall be sent by certified or registered mail, return receipt requested, or by overnight courier, and shall be deemed to be given or made when receipt is so confirmed.

(c) Any party may, by written notice to the other, alter its address or respondent, and such notice shall be considered to have been given ten (10) days after the airmailing, telexing or telecopying thereof.

6.6 Brokers.

(a) Each Subscriber severally represents and warrants that it has not engaged, consented to or authorized any broker, finder or intermediary to act on its behalf, directly or indirectly, as a broker, finder or intermediary in connection with the transactions contemplated by this Agreement. Each Subscriber hereby severally agrees to indemnify and hold harmless the Company from and against all fees, commissions or other payments owing to any such person or firm acting on behalf of such Subscriber hereunder. The Company will pay finder's fees only in compliance with applicable law.

(b) The Company agrees to indemnify and hold harmless the Subscribers from and against all fees, commissions or other payment owing by the Company to any other person or firm acting on behalf of the Company hereunder.

6.7 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

6.8 Third Parties. Nothing in this Agreement shall create or be deemed to create any rights in any person or entity not a party to this Agreement.

6.9 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a

particular instance and either retroactively or prospectively), only with the written consent of the Company and Subscribers holding a majority in interest of the Units purchased in the offering.

6.10 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

6.11 Entire Agreement. This Agreement, the Offering Documents and the Prospective Investor Questionnaire constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto are expressly canceled.

SIGNATURE PAGE FOLLOWS

I hereby agree to make a cash contribution in the sum of $ $1,400,000.00 (minimum purchase is $100,000) as my initial capital contribution to the Company, which represents funds needed for the operations of the Company.

SUBSCRIBER:

Michael and Carole Santos
(Print or Type Name of Subscriber)

Michael Santos
(Signature)

Carole Santos
(Second Signature, if subscribing jointly)

(Title of Signatory, if applicable)

[If joint subscriber, manner in which Title is to be held (e.g., Joint Tenants, Tenants in Common)]

Address: 1807 Coastal Way
Costa Mesa, CA 92627

Telephone: 949-520-0236
Facsimile:
Tax I.D.#: 535-84-7842

All the information that I consider necessary and appropriate for deciding whether to purchase the interest hereunder has been provided to me, and, I have had an opportunity to ask questions and receive answers from the Company to verify the accuracy of the information supplied or to which I had access. I acknowledge that I am solely responsible for my own "due diligence" investigation of the Company, for my own analysis of the merits and risks of my own investment made pursuant to this purchase and for my own analysis of the fairness and desirability of the terms of this investment. I hereby acknowledge that the investment is a speculative investment. I represent that I have such knowledge and experience in financial business matters and that I am capable of evaluating the merits and risks of the investment contemplated hereunder and that I have the ability to risk losing my entire investment.

This Subscription Agreement is agreed to and accepted as of July 31, 2018.

Rancho Del Mar, LLC,
A Wyoming limited liability company
by: Newport Land Group, LLC
its: Manager

Rod Kazazi, Manager
Newport Land Group, LLC

EXHIBIT A

RISK DISCLOSURES

The purchase of the Class A Units involves a high degree of risk to the prospective investor including certain risks relating to regulatory, operating, tax and investment matters. Prospective investors for Class A Units in the Company should give careful consideration to the following risk factors contained herein. An investment in the Company for a Class A Unit involves risk and is suitable only for persons of financial means who have no need for liquidity in investments and who can afford the possible loss of their entire investment. Prospective inventors should consult with their own professional advisor(s) to consider carefully the following factors, the Operating Agreement, and the Company.

Real Estate Risks

1. Risks of Real Estate in General. The risks and benefits of investment in real estate depend upon many factors over which the Company has little or no control, including, without limitation, (i) changes in the economic conditions in the country of Panama, in general, and in the area in which the Company's real property is located, which changes could give rise to a decrease in local demand, an increase in local supply of land, an increase in unemployment, a change in the characteristics of the area in which the real property is located, and restrictive governmental regulation, (ii) various uninsurable risks, (iii) increases in the costs in excess of the budgeted costs, and (iv) the continuing advance of certain provisions of the Panamanian and U.S federal tax laws.

2. Appeal of the Property. A major risk of developing any property is its appeal. The appeal to prospective tenants and/or buyers of any given property depends, among other things upon unpredictable public tastes and such appeal cannot be predicted in advance with any degree of certainty. While the experience and talent of the persons involved with a property generally improve the chances of any given development project achieving success there can be no assurance that any particular property will appeal to prospective buyers.

3. Competition. Another major risk is competition from other resort development properties. The Company expects to encounter competition from others in the area, and a certain number of competitors may be better capitalized and more established in the market. Furthermore, the investment in competing assets may have been materially lower than the Company's anticipated costs, thus permitting the competing owners to offer lower prices than those anticipated to be sought by the Company.

4. Economic Uncertainties. The success of the Company will depend upon certain factors, which are beyond the control of the manager, Newport Land Group, LLC (the "Manager") and cannot be predicted accurately at this time. Such factors include general and local economic conditions, US general economic conditions, increased competition, increased construction costs, changes in demand, and limitations, which may be imposed by government regulation. Prospective investors should also be aware that if the Company experiences liquidity constraints, the Members may find it prudent or necessary to fund deficits that are not funded from Company receipts and therefore made available to the Company to provide any required funds to meet such deficits in order to protect their investment. The Members, however, would not be under any legal obligation to pay such additional funds.

5. Reliance on Manager and Marketing Company for the Management and Success of the Project. The Company will be dependent upon the experience and expertise of the Company's manager, Newport Land Group, in Project business activities. Principals and team members of

Newport Land Group were instrumental in the success of The Reserve Belize project, in southern Belize. In the event the Manager cannot serve as manager of the Company for any reason, experienced management may not be readily available, and the Company may be negatively affected. The Company does not expect to obtain a "key man" life insurance policy for the principals of the Manager. In addition, Newport Land Group intends to retain the services of Buy International for the pivotal role of sales and marketing. Buy International was also instrumental in the marketing and success of The Reserve Belize project. In the event that Buy International cannot serve as marketing consultants to this project, experienced marketers may not be readily available.

6. Uninsured Losses; Cost of Insurance. Although the Manager will arrange for certain insurance coverage to the extent that doing so is reasonable, costs of insurance may escalate beyond those anticipated, or certain kinds of losses may be uninsurable or may exceed available coverage. In the event of an uninsured loss, Members may recognize a loss of all or a portion of investment.

7. Financing Requirements. The Company's investment in the Property may depend in part upon the successful future acquisition of debt financing secured by real property. There can be no assurance that such financing can be obtained given prevailing uncertainties in the real estate financing markets.

8. Environmental Hazards. If the Property contains or becomes contaminated with, toxic or hazardous substances, the value and the marketability of the Property will decrease and your investment may decrease. While the Manager will make reasonable investigations into whether the Property contains toxic or hazardous substances, these investigations will not guarantee that the Property is free of toxic or hazardous substances, nor can the Manager ensure that the Property will not become contaminated with toxic or hazardous substances subsequent to our investment.

Project Risks

9. Property Demand. Our financial projections are based on analysis of current demand and economic conditions. They also rely heavily on the Sponsor's experience with similar models at Sanctuary Belize. There is no guarantee that the same demand or economic conditions will exist at the time we start operating the Property or when we plan to refinance or sell the Property.

Operating Risk

10. Profitability. The Company is a newly formed entity, which will in turn wholly own its Panamanian subsidiary, both of which had no operations prior to this Offering. There can be no assurance that either company will operate profitably in the future.

11. Likelihood of Success-Business Risks. The likelihood of success of the Company must be considered in the light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the acquisition, improvement, and sale of real estate. There can be no assurance the Company will be able to acquire, improve, or sell real property, or that the Company will be able to achieve profitability.

12. Risk of Interpretation of Real Estate Documents and Agreements. There are certain risks in connection with any real estate acquisition resulting from the drafting and subsequent interpretation of mortgages, deeds, leases, purchase agreements, management contracts, etc. Any documents describing the Property or the legal relations thereto could be subject to various interpretations and potential disputes, especially since all contracts will be drafted and enforced in Spanish. Although a translation of all documents will be made and provided to the Manager and its US counsel, the Spanish version remains the official version and has the legal effect. While Manager has retained local Panamanian legal counsel who will review certain legal documents, it is impossible to prevent and be secured against such various differing interpretations.

13. Risks of Real Estate Ownership. Real estate is not readily marketable. It is fixed in location and is subject to adverse social and economic changes and uses, rising operating costs, construction-related deficiencies, vacancies and collection difficulties. Operating expenses may increase beyond the receivables obtainable by the Company or receivables may decline due to non-payment.

14. Results of Operations - Possible Operating Deficits. Pursuant to this Offering, the Company is raising capital of $10,000,000 payable in full upon subscription. It is not anticipated that the Company or the Project will require additional capital beyond that mentioned above, however, there is no assurance that these funds will be adequate. This Offering is based upon projected results, which may be greater than results obtained from actual operations. Actual results may differ adversely for a number of reasons; following the purchase, the Company may be subject to rising operating costs, government delays, and adverse economic and social events. These factors could also affect the operation of the Company. If operating income is substantially less than projected, and additional cash requirements are necessary and such funds are not provided by the Members or by outside financing, the Project could go into default and be foreclosed. (See "USES OF FUNDS".)

If additional capital is needed, the Manager may seek additional capital contributions from the Company, and the other Members, and then, if they fail to contribute sufficiently, the Manager expect to sell interests in the Company or the Property to new prospective investors or other investors, which would result in dilution of the interest of the existing Members. The Class B Member may loan funds to the Company from time to time on an interest only basis with principal payments deferred. Any such loans will bear interest at the rate of 10% per annum with interest accrued monthly in arrears. The Manager may also procure additional funds through loans from an affiliate or outside sources.

15. Dependence Upon Issuer. The Manager has full discretion in the management of the Property and in the management and control of the affairs of the Company, including the authority to sell less than all or substantially all of the Company's assets for whatever consideration it deems appropriate. Except upon the sale of all or substantially all of the Company's assets, the sale of such assets will not result in the dissolution of the Company. The sale of all or substantially all of the Company's interests will result in the dissolution of the Company. The success of the operations of the Company will be dependent in large measure on the judgment and ability of the Manager.

16. Limited Transferability. The Units have not been registered under the Securities Act of 1933, as amended (the "Act"), or under the securities laws of any state, but are being offered and sold in reliance upon exemptions from registration thereunder, including the exemptions from

federal registration contained in Section 4(A)(2) of the Act and/or Regulation D, Rule 506(b) promulgated thereunder. As a consequence of the restrictions on subsequent transfer imposed by these exemptions, the Units may not be subsequently sold, assigned, conveyed, pledged, hypothecated or otherwise transferred by the holder thereof, whether or not for consideration, except in compliance with the Act and applicable state securities laws. There will be no public market for the Units following termination of this Offering and it is not expected that a public market for the Units will ever develop.

17. Restriction on Transferability of Units. The Operating Agreement places restrictions on the transfer or assignment of the Units. Any Member who desires to transfer a Unit in the Company in accordance with the terms of the Operating Agreement will nevertheless be prohibited from transferring said Unit except in compliance with all applicable federal and state securities laws. Accordingly, prospective investors in the Company should be prepared to remain Members until the termination of the Company.

18. Lack of Liquidity. There is no present market for the Units, and no such market is anticipated. Further, there can be no assurance that a market for the Units will develop or, if such market develops that it will continue. Further, there are restrictions on transfer of the Unit in the event that a market develops for the Company's Units. Accordingly, an investment in the Units will not be liquid and there can be no assurance that the Units offered hereby can be resold at or near the Offering price and, in fact, purchasers of the Units may be unable to resell them for an indeterminate period of time.

19. Management Decisions. The Manager is vested with the exclusive authority as to the management and conduct of the business and affairs of the Company. The success of the Company depends, to a large extent, upon the management decisions made by the Manager.

20. No Business Appraisal of the Units. The Offering price per Unit was unilaterally and arbitrarily determined by the Manager based upon acquisition costs, estimated operating expenses, estimated fees to be paid and estimated offering expenses. However, the Manager believes the purchase price to be on competitive terms.

21. No Assurance of Return on Invested Capital. Any return to the Members on their capital contribution will be dependent upon the ability of the Manager. Such ability will be determined in part, upon economic factors and conditions beyond the control of the Manager.

22. Adequacy of Capital and Reserves. An adequate amount of capital is necessary for success of the Company. In the event there are cost overruns or delays, further capital may be necessary.

Special Risks of the Company Form and Class A Units

23. Liability for Return of Capital Contribution. Under Wyoming Law, which is applicable to the Company, any Member who receives a return of any portion of the capital contribution to the Company may be liable to Company for the amount of the returned portion of the capital contribution, plus interest only to the extent necessary to discharge the Company's liabilities to creditors who extended credit to the Company or whose claims arose during the period the returned portion or capital contribution was held by the Company.

24. No Right to Manage. A Member is not permitted to take any part in management or control of the business or affairs of the Company except as specifically provided for in the Operating Agreement. The Operating Agreement vests exclusive control and management of the Company in the Manager as a result which the Members have no right to participate in the management of the Company except for only those matters which are specifically reserved in the Operating Agreement to require a vote of the Members. Accordingly, the Company will be totally dependent on the Manager and its affiliates to manage the business of the Company. Accordingly, the success of the Company's business will depend in large upon the expertise of the Manager. Removal of the Manager is permitted only under certain limited conditions as set forth in the Operating Agreement.

25. Limitation of Manager's Liability. The Manager, its affiliates, its officers, shareholders, directors, employees, and agents will not be liable to any Member, and the Company will indemnify the foregoing against any and all liabilities, or damages, including attorney fees incurred by them by virtue of the performance any of them of the duties of the Manager acting as Manager in connection with Company's business, so long as such person acted within the scope of its, his, or her authority and in good faith on behalf of the Company, but only if such course of conduct does constitute gross negligence, fraud, and/or willful or intentional misconduct. Under the terms of the Operating Agreement, the Manager, its affiliates, and its officers, shareholders, directors, employees and agents will not be liable for any loss or damage to Company property caused by any occurrence beyond the control of the Manager. A Member may have a limited right of action against the Manager than would be available absent indemnification provisions contained in the Operating Agreement.

26. Securities Law Compliance. This Offering has not been registered under the Securities Act of 1933, as amended, in reliance on the exceptive provisions of Section 4(A)(2) of the Act and Regulation D, 506B promulgated thereunder. Similar reliance has been placed on exemptions from securities registration requirements under various state securities laws. There is no assurance that the offering presently qualifies or will continue to qualify under such exceptive provisions due to, other things, the adequacy of disclosure, the manner of distribution of the offering, the existence of similar offerings conducted by the Company, or the retroactive change of any securities or regulations. If suits for rescission are brought against the Company under the Act or laws, both capital and assets of the Company could be adversely affected. Further expenditures of Company time and capital in defending an action by investors, the Securities Exchange Commission, or state regulators, even if the Company is ultimately exonerated, adversely affect the Company's ability to profitably develop the Property.

Tax Risks

27. General. A summary of Federal income tax provisions is included in this Memorandum. No representation or warranty of any kind is made by the Manager, the Company, counsel to the Manager or the Company with respect to any tax consequences relating to the Company, or the allocation of taxable income or loss set forth in this Memorandum or the Operating Agreement and each Prospective Investor should seek his own tax advice concerning the purchase of an Interest.

28. Suitability of the Investment to the Investor. It is expected that the Company will produce taxable income to its Members. Because of the 1986 Reform Act, in the event taxable loss is produced by the Company in any year, such loss will be available to a Member only to the extent of the Member's passive income from other sources. Unutilized tax losses may be carried forward into subsequent years to offset future passive income or offset taxable gain upon disposition of the Company's assets.

29. Federal Income Tax Risks.

i *Necessity of Obtaining Professional Advice.* THERE IS NO GENERAL EXPLANATION OF THE FEDERAL INCOME TAX ASPECTS OF INVESTMENT IN THE COMPANY CONTAINED IN THIS MEMORANDUM, AND ACCORDINGLY, EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT SUCH PROSPECTIVE INVESTOR'S OWN TAX INVESTMENT AND LEGAL ADVISORS WITH RESPECT TO SUCH MATTERS AND WITH RESPECT TO THE ADVISABILITY OF INVESTING IN THE COMPANY. The income tax consequences of an investment in the Company are complex, subject to varying interpretations, and may vary significantly between Members depending upon such personal factors such as sources of income, investment portfolios and other tax considerations. A Prospective Investor should consider with his professional advisors the tax effects of his becoming a Class A Member. Each Prospective Investor should, at his own expense, retain, consult with and rely on his own advisors with respect to the tax effects of his investment in the Company. In addition to considering the federal income tax consequences, each Prospective Investor should also consider with his own advisors the state and local tax consequences of an investment in the Company.

No representations are made as to any federal, state or local tax consequences resulting from an investment in the Company, and no assurances are given that any deduction or other federal income tax benefits will be available to Members in the Company in the current or future years.

ii *Company Tax Status.* Although the Manager believes that the Company will be treated as a partnership for federal income tax purposes, such treatment cannot be assured. If the Company were to be classified as an association taxable as a corporation, the tax status of the Company and the Members would be adversely affected, and any tax benefits expected from an investment in the Company would be lost.

iii *Tax Law Changes.* The existence and amount of particular credits and deductions, if any, claimed by the Company may depend upon various determinations and allocations, characterizations of payments, and other matters which are subject to potential controversy on factual as well as legal grounds. Changes in the Code and official interpretations thereof after the date of this Memorandum may eliminate or reduce any perceived tax benefits from an investment in the Units. There can be no assurance that regulations having an adverse effect on the Members will not be issued in the future and enforced by the courts. Any modification or change in the Code or the regulations promulgated thereunder, or any judicial decision, could be applied retroactively to any investment in the Company. In view of this uncertainty, Prospective Investors are urged to consider ongoing developments in this area and consult their advisors concerning the

effects of such developments on an investment in the Company in light of their own personal tax situations.

iv *Absence of Ruling or Opinion.* The Company will not seek a ruling from the IRS or an opinion of counsel with respect to any tax matters described in this Memorandum.

v *Passive Activity Loss Rules.* Under the Tax Reform Act of 1986, non-corporate taxpayers may use losses from passive activities only to offset taxable income from other passive activities. Passive activity income includes income from investments in a trade or business in which the taxpayer does not materially participate, other than "portfolio income" such as interest, dividends, royalties and gain from the sale of property producing portfolio income. It is unlikely that a Member's share of any losses will constitute losses from a passive activity. However, in the event a Member's share of any losses does constitute losses from a passive activity then, to the extent that a Member's share of losses has not been deducted against passive activity income, it may be deducted against any type of income upon a taxable disposition of the Member's entire interest in the Company (subject to any other restrictions in the Code).

vi *Disallowance and Reallocation.* The Company will claim all deductions for federal income tax purposes that the Manager believes the Company is entitled to claim. However, there can be no assurance that such deductions, or the allocation of such deductions to the Member, will not be contested or disallowed. Any challenge or disallowance may be raised in connection with the tax returns filed by the Company or any Member. The costs of any administrative or legal proceedings regarding any such challenge or disallowance, if raised in connection with the tax returns filed by a Member, will be borne solely by the affected Member. If the IRS contests the deductibility of some or any of the items of expense of which deductions are to be claimed, such a contest could result in the disallowance of some or all of the tax benefits to the Members. Furthermore, other audit adjustments may affect both the timing and the tax benefits available.

Under Section 704(a) of the Code, allocations of income, gain, loss, deduction, or credit among partners pursuant to the provisions of a written partnership agreement will be respected, so long as such allocations have substantial economic effect. If the allocations under the Operating Agreement were deemed not to have substantial economic effect or were deemed not to be in accordance with the Member's interest in the Company, partnership tax treatment could be denied.

vii *Distributions.* Cash distributions by a partnership to its partners are taxable only to the extent the amount of such a distribution exceeds the partner's tax basis for his interest in the partnership, or to the extent a distribution causes a recapture of losses under the Code. It is possible for a partner to have income reported on his federal income tax return although no cash (or cash in an amount less than is reported as income) is distributed to him. It is also possible for a partner to have a loss reported on his federal income tax return, even though cash is distributed to him (which will be treated as a reduction of his tax basis for his interests). If a major capital transaction should occur with respect to the Company, a Member will be deemed, for tax purposes, to have received a distribution of money in the amount of his share of any debt of the Company that is assumed or canceled. The tax upon income allocated to the Members could exceed cash flow and net sale

proceeds distributed to the Members and, to the extent of the excess, the payment of such taxes will be out-of-pocket expenses of the Members.

viii *Deductibility of Fees*. The deductibility of fees, if any, to be paid by the Company to the Manager, its affiliates and others may be subject to challenge and disallowance, in whole or in part, on the ground that such fees: (i) are not reasonable in amount for the services performed; (ii) constitute non-deductible syndication costs; (iii) must be amortized over longer periods of time than contemplated by the Company or are deductible only upon dissolution of Company income. If all or a portion of any fees were disallowed as current deduction, a Member's tax losses would be reduced in the years in which such deductions were disallowed.

ix *Risk of Audit*. Information returns filed by the Company are subject to audit by the IRS. An audit of the Company's returns may lead to adjustments of a Member's return with respect to items other than those relating to the Member's investment in the Company, the costs of which would be borne by the affected Members.

The tax treatment of items of partnership income, loss, deductions, and credits is determined at the partnership level in a unified partnership proceeding, and the Manager, as the "tax matters Member" of the Company, may, under certain circumstances, represent and bind all of the Members. Any adjustment made to the Company's or a Member's return could result in the affected Members being subject to an imposition of interest, additional taxes and penalties.

x *Profit Motive*. The IRS has advised its agents to examine certain partnership tax returns to determine the partnership's profit motive. A partnership lacking a profit motive may not deduct expenses in excess of revenues (except for interest and state and local taxes). If the operation of the Company is deemed to be an activity not engaged in for profit, or should any Member be found not to have the requisite profit motive, the tax benefits of an investment in the Company would be substantially reduced. The Manager believes that the Company has a significant profit motive.

xi *"At-Risk" Rules*. Partners in a partnership are subject to Section 465 of the Code, and the rules and regulations promulgated thereunder, limiting the partner's share of an otherwise deductible loss to the total amount of the partner's investment. A limited partner may not include any partnership liability in determining his or her "at-risk" limitation.

30. Controlled Foreign Corporation. Sponsors will form a Panamanian Corporation that shall be 100% owned and controlled by the Company. Although the Manager believes that the Company will be treated as a Controlled Foreign Corporation for federal income tax purposes, such treatment cannot be assured. If the Company were to be classified as a Controlled Foreign Corporation, then Members may have certain annual tax filings with the IRS, Department of the Treasury, and other governmental agencies. Failure to make these filings, could result in extreme penalties (as much as $10,000 per violation, per year). PLEASE CONSULT WITH YOUR TAX PROFESSIONALS TO DETERMINE WHETHER YOU ARE REQUIRED TO MAKE THESE FILINGS AND, IF SO, TO ENSURE THESE FILINGS ARE MADE ON A TIMELY BASIS.

CONSULT YOUR OWN ATTORNEY, ACCOUNTANT AND/OR FINANCIAL CONSULTANT FOR AN EVALUATION OF THE MERIT OF AND THE RISK INHERENT IN THIS INVESTMENT. EACH PROSPECTIVE INVESTOR IS RESPONSIBLE FOR ANY FEES OR CHARGES INCURRED IN CONNECTION WITH SUCH AN EVALUATION.